UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 17, 2006

PHASE III MEDICAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	0-10909	22-2343568
(State Or Other Jurisdiction Of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

420 Lexington Avenue, Suite 450 New York, New York	10170
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212)-584-4814

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.02. Unregistered Sales of Equity Securities.

Phase III Medical, Inc. (the "Company") has made the following unregistered sales of equity securities:

As disclosed further in Item 8.01 of this current report, as of August 14, 2006, the Company issued to nine investors an aggregate of 4,829,538 shares of the Company's common stock, $.001 par value (the "Common Stock") for conversion of an aggregate amount of $212,500 of convertible promissory notes. The Company also issued, in connection with such conversions, an aggregate of 965,906 shares of Common Stock to such investors. The Company also issued warrants to purchase up to, in the aggregate, 3,541,661 shares of Common Stock, at $.08 per share and reduced the exercise price of warrants to purchase an aggregate of 3,541,061 shares of Common Stock from $.12 to $.08 per share.

As disclosed further in Item 8.01 of this current report, as of August 14, 2006, the Company issued to two investors an aggregate of 113,636 shares of Common Stock and reduced the per share exercise price of warrants to purchase up to 833,332 shares of Common Stock from $.12 to $.08 per share, as consideration for the investors' agreement to extend the term of their convertible promissory notes for four months.

As disclosed further in Item 8.01 of this current report, as of August 22, 2006, the Company issued to three investors an aggregate of 198,863 shares of Common Stock and reduced the per share exercise price of warrants to purchase up to 1,458,331 shares of Common Stock from $.12 to $.08 per share, as consideration for the investors' agreement to extend the term of their convertible promissory notes for four months.

On August 17, 2006, the Company sold 5,681,818 shares of Common Stock and a warrant to purchase 2,840,909 shares of Common Stock to a private investor for $250,000.

On August 17, 2006, the Company sold 100,000 shares of Common Stock and a warrant to purchase 50,000 shares of Common Stock to a private investor for $4,400.

None of the above transactions involved a public offering, and the Company believes that each transaction was exempt from the registration requirements of the Securities Act of 1933, as amended, by virtue of Rule 506 of Regulation D and/or Section 4(2) of the Securities Act. The securities granted in these transactions are restricted and may not be resold unless they are subsequently registered under the Securities Act or resold pursuant to an applicable exemption therefrom.

Item 7.01. Regulation FD Disclosure.

The Company is furnishing presentation materials, included as Exhibit 99.1 to this current report and incorporated into this item by reference, which were used by the Company at an investor meeting on August 18, 2006 and will be used to present at future meetings with potential investors.

Item 8.01. Other Events.

As previously disclosed, between December 30, 2005, and January 31, 2006, the Company entered into subscription agreements with a number of accredited investors and consummated the sale of units consisting of convertible promissory notes and detachable warrants under Regulation D under the Securities Act of 1933, as amended. Each unit was comprised of comprised of: (a) a nine month note in the principal amount of $25,000 bearing 9% simple interest, payable semi-annually, with the second payment paid upon maturity, convertible into shares of Common Stock at a conversion price of $.06 per share (the "Note"); and (b) 416,666 detachable three year Warrants, each for the purchase of one share of Common Stock at an exercise price of $.12 per share (the "Warrant").

On August 1, 2006, the board of directors of the Company approved an offer to holders of the units, in which the holders were given the option to either:

(1) Extend the term of the Note for an additional four months from the maturity date in consideration for which:

- (i) the Company would issue to the investor 56,818 shares of unregistered Common Stock for each $25,000 in principal amount of the Note; and
- (ii) the exercise price per Warrant would be reduced from $.12 to $.08; or

(2) Convert the Note into shares of Common Stock, in consideration for which:

- (i) the conversion price per share of Common Stock issuable under the Note would be reduced to $.044;
- (ii) the Company would issue to the investor 113,636 shares of Common Stock for each $25,000 in principal amount of the Note;
- (iii) the exercise price per Warrant would be reduced from $.12 to $.08; and
- (iv) a new warrant would be issued to investor, on substantially the same terms as the original Warrant, to purchase an additional 416,666 shares of Common Stock for each $25,000 in principal amount of the Note, at an exercise price of $.08 per share.

In addition, each investor would be required to waive any penalties and liquidated damages accumulated as of the date of the subscription agreement arising from the Company's failure to file the Registration Statement, so long as the Registration Statement is declared effective by the Securities and Exchange Commission by February 28, 2007.

As of August 14, 2006, nine investors have agreed to convert their Notes under option #2, above, for an aggregate amount of $212,500. The Company issued, as a result of such conversions, an aggregate of 4,829,538 shares of Common Stock and issued an aggregate of 965,906 shares of Common Stock. The Company also reduced the exercise price from $.12 to $.08 per share of warrants to purchase an aggregate of 3,541,061 shares of Common Stock, and issued warrants to purchase up to, in the aggregate, 3,541,661 shares of Common Stock, at $.08 per share.

As of August 22, 2006, five investors have agreed to extend the term of their Notes for four months. As a result of such agreements, the Company issued an aggregate of 312,499 shares of Common Stock and warrants to purchase up to, in the aggregate, 2,291,663 shares of Common Stock, at $.08 per share.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Presentation to Investors

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHASE III MEDICAL, INC.

By: /s/ Catherine M. Vaczy

Catherine M. Vaczy
Executive Vice President and
General Counsel

Dated: August 29, 2006


NeoStem
A subsidiary of Phase III Medical, Inc.

FORWARD LOOKING STATEMENTS

- THIS PRESENTATION CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF PHASE 3, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. WHEN USED IN THIS CONFIDENTIAL PRESENTATION, STATEMENTS THAT ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. ADDITIONALLY, STATEMENTS CONCERNING THE COMPANY'S ABILITY TO DEVELOP THE ADULT STEM CELL BUSINESS, THE FUTURE OF REGENERATIVE MEDICINE AND THE ROLE OF ADULT STEM CELLS IN THAT FUTURE, THE FUTURE USE OF ADULT STEM CELLS AS A TREATMENT OPTION AND THE POTENTIAL REVENUE GROWTH OF SUCH BUSINESS ARE FORWARD-LOOKING STATEMENTS. THE COMPANY'S ABILITY TO ENTER THE ADULT STEM CELL ARENA AND FUTURE OPERATING RESULTS ARE DEPENDENT UPON MANY FACTORS, INCLUDING THOSE SET FORTH IN THE COMPANY"S SEC FILINGS. RECIPIENTS OF THIS PRESENTATION ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

Medical researchers, scientists, institutions, physicians, pharmaceutical companies, and biotechnology companies are racing to develop treatments of many diseases using stem cells.

NeoStem is the first company that specializes in the collection, processing, and long-term storage of adult stem cells for autologous use *(Your cells for Your use)*.

- ♣Two patent applications filed on collection and storage process
- ♣ Multiple use
- ♣Unique library being developed important to pharmaceutical companies

There are many Adult Stem Cell Therapies being used today and the development of new and promising medical treatments are imminent…

Diseases Treatable with Stem Cells

TODAY

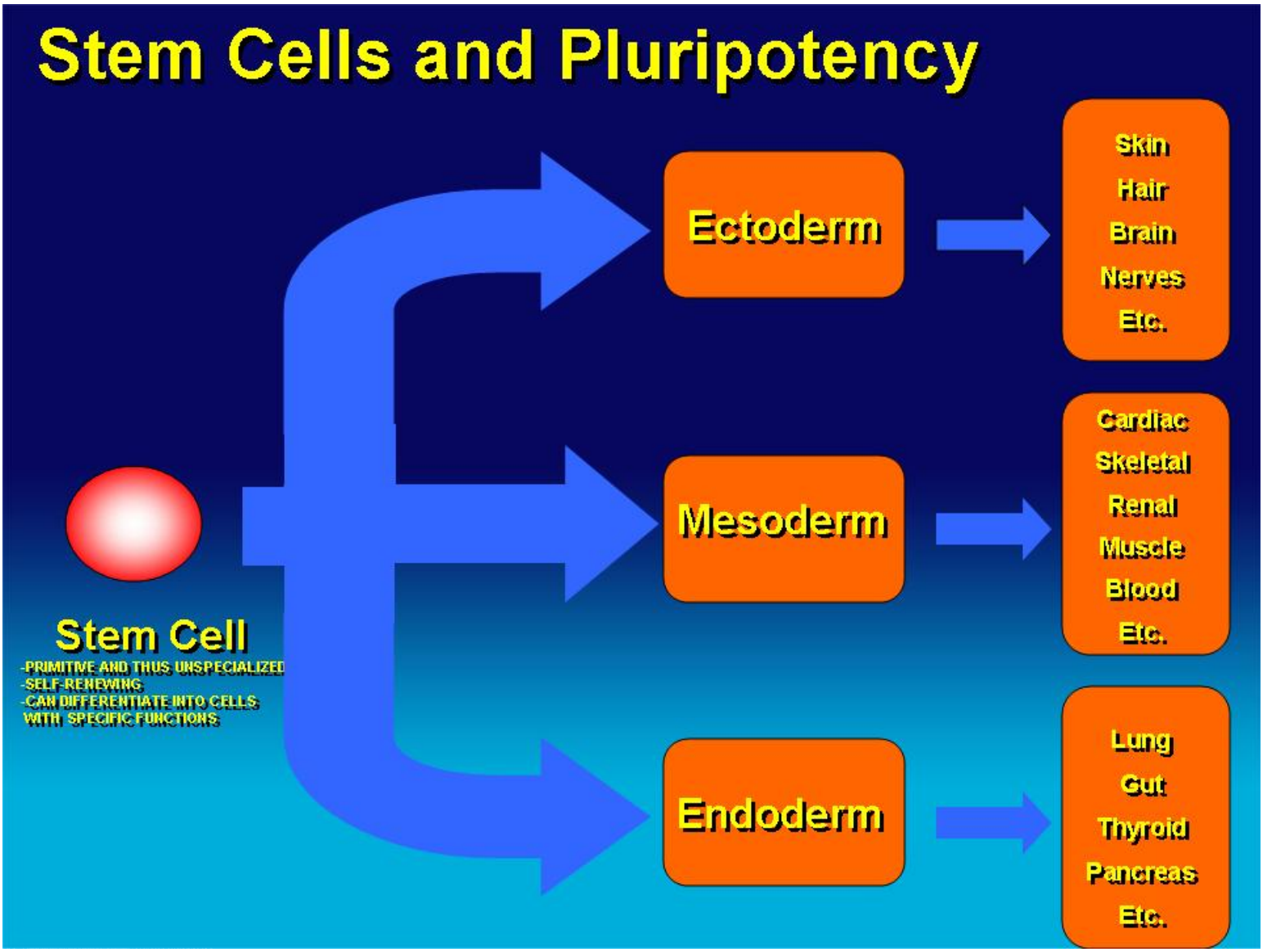
- Leukemias
- Lymphoma
- Multiple Myeloma
- Radiation Sickness
- Autoimmune Diseases
- Tissue Repair & Burns
- Breast & Ovarian CA

Future

- Diabetes
- Cardiovascular Dx
- Spinal Cord Injuries
- Skin Rejuvenation
- Rheumatologic
- Orthopaedic
- Stroke

Stem Cell Origination

- **Controversial**
  - Embryo
  - Fetal Tissue
- **Non-Controversial**
  - Umbilical Cord Blood
  - Bone Marrow
  - Adult Peripheral Blood


Stem Cells and Pluripotency
Ectoderm
Skin
Hair
Brain
Nerves
Etc.
Mesoderm
Cardiac
Skeletal
Renal
Muscle
Blood
Etc.
Endoderm
Lung
Gut
Thyroid
Pancreas
Etc.
Stem Cell
-PRIMITIVE AND THUS UNSPECIALIZED
-SELF-RENEWING
-CAN DIFFERENTIATE INTO CELLS
WITH SPECIFIC FUNCTIONS

Autologous vs. Allogeneic Stem Cells

	Autologous	*Allogeneic*
Tissue Matching	Not Required	Required
Rejection	No	Yes
Graft v. Host	No	Yes
Engraftment	Faster	Slower
Immune Recon.	Faster	Slower
HIV, Hepatitis etc. from Donor	None	Possible

Appeal to Insurance Companies- $avings

	Autologous	*Allogeneic*
Hospitalization	Short (<5 days)	Long (>30 days)
Time to T_x	1-2 days	90 days (avg.)
Cost of Cells	~$6,000	>$22,000
Total Cost of T_x	~$50,000	$300 - $500 K
Minority Avail.	With Storage	Very Low
Match Avail.	Not Applicable	<50%
Post-T_x Drugs	None	~$4,000/ yr.

The Process

NeoStem, Inc.

Comparison of Various Sources of Adult Stem Cells

	Typical Collection			Published Dosage Information		
	Gross Volume	TNC Volume	CD34+ Cells	Diabetic Foot Ulcers (A)	Cardiac Repair (B)	Immune Reconstitution (C)
NeoStem, Inc.	300ml*	20,900,000,000	123,100,000	5,000,000	16,000,000	180,000,000
Stem Cells from Adipose Tissue	100ml to 1.2 liters		4,000,000***	5,000,000	16,000,000	180,000,000
Micro Collections of Stem Cells	300ml**	1,000,000,000	5,000,000	5,000,000	16,000,000	180,000,000
Stem Cells from Cord Blood	75ml	750,000,000	3,750,000	5,000,000	16,000,000	180,000,000

*Primarily Buffy Coat

**Whole Blood

***Estimate, no known published data

(A) Badiavas & Falanga Arch. Derm 139:510, 2003

(B) Andreas Zeiher (Schachinger et al) J. Amer. Coll. Cardiology. 44:1690, 2004

(C) Typical dosing for a 90 kg patient requiring an allogenic transplant, an autologous transplant would require fewer cells but no published data available.

Intellectual Property

- NeoStem has two key patent applications describing key aspects of our process. These applications are:

- Elective Collection and Banking of Autologous Peripheral Blood Stem Cells. Application Number 20040258673, Priority Date April 2003.
  - This patent application addresses the process by which NeoStem prepares and stores stem cells
  - Our methodology to separate the cells and store them in numerous aliquots in order to be used for individual disease-related therapies.
  - This enables the client to maintain sufficient cells in the bank for future use. As a result, each collection results in multiple doses of stem cells.

Intellectual Property (Cont.)

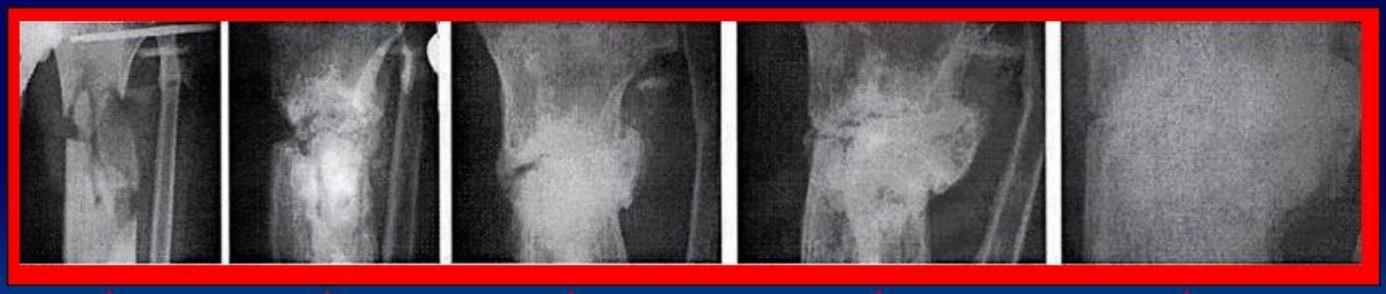
- System Capable of Treating and Defining Various Disease States Using Stem Cells. Application Number 20040265281, Priority Date April 2003.
  - This patent application addresses the use of stored stem cells to form the basis for a data set that will provide statistical information on the etiology of disease.
  - The establishment of a broad bank of stem cells will allow the Company to capitalize on the information contained within these cells that can be sold to pharmaceutical companies to in connection with pre-clinical research and discovery
  - Each client is asked to donate a small number of cells to this data bank.

Radiation Sickness
(Hematopoietic Syndrome)

- At 3.5 Gy 50% will die within 60 days w/o intervention
- Primary cause of death is infection
- Individuals exposed to 0.7 – 4.0 grays (Gy) will develop syndrome
- Rescue through SC transplant – treatment of choice
- Success rate very high when administered within 7-10 days following exposure
- Banking SC for autologous use critical to First Responders, Military, etc.

Percutaneous Autologous Bone Marrow Grafting for Nonunions

Hernigou P et al. J Bone & Joint Surg 87A: 1430, 2005



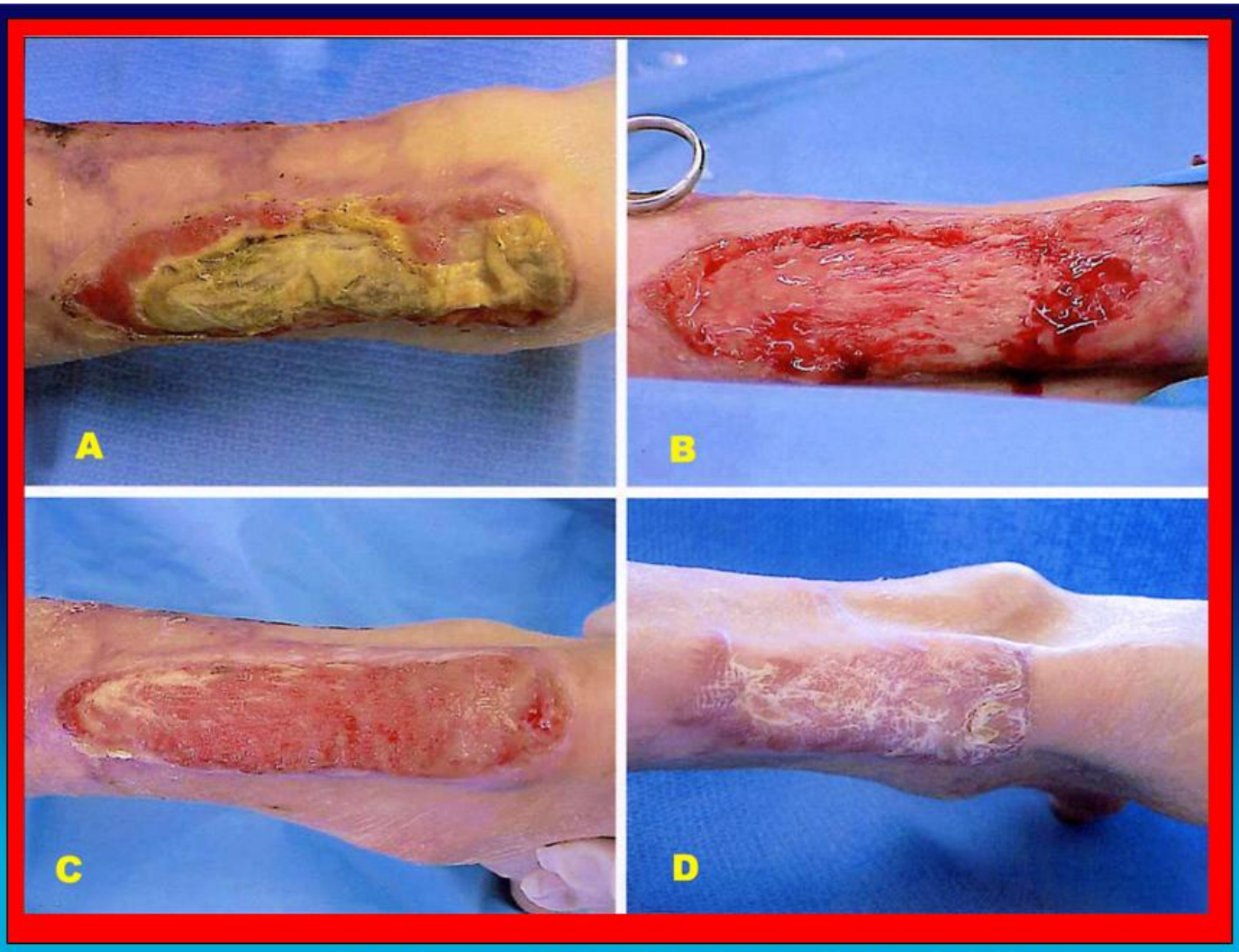
Fracture

Nonunion

1m post BMSG

2m post BMSG

3m post BMSG

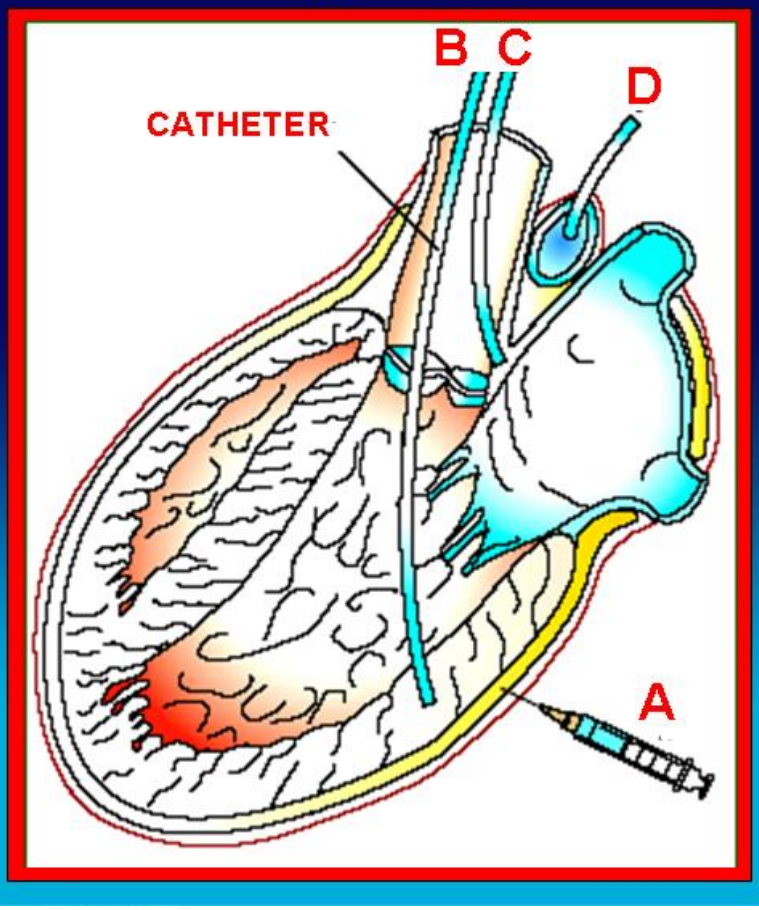


From: Evangelos V. Badiavas and Vincent Falanga
Arch.Dermatol. 139:510, 2003

Chronic Heart Disease

- 5 million people in U.S. have chronic heart disease - 550K new diagnoses each year
- Until now no effective therapy
- Adult stem cells can repair heart muscle
- American Heart Association ranks restoration of failing hearts by adult stem cells among top 10 lifesaving advances of 2004

Potential Routes of Direct Delivery of Stem Cells to Heart



A. Direct intramyocardial through the epicardium

B. Direct intramyocardial via the endocardium

C. Intracoronary

D. Retroperfusion via the cardiac veins

From: Mathur, A and Martin, JF Lancet 364: 183, 2004

University of Pittsburgh School of Medicine

- 20 patients w/ Severe Chronic Heart Disease
  - NY Heart Assoc Classification III & IV
  - <35% ejection fraction (55% normal adult)
- 10 patients received By-Pass surgery & Adult Stem Cells during surgery
- 10 patients received By-Pass surgery only
- At six month follow-up average ejection fractions were:
  - 46.1 % Adult Stem Cell Therapy (83% of normal) – patients cured
  - 37.2 % w/o Adult Stem Cell Therapy (67% of normal) – patients continue to suffer from severe chronic heart disease

Texas Heart Institute

- Post-AMI Trial
- 14 patients with an average age of 56 received the stem cell therapy
- 7 patients served as a control group
- At 4 months, the treated patients had a sustained improvement in pumping power and ability to supply blood to the body
- FDA Approved Trial in US March 2004

Measurements of Improvement

- 20-30% decrease in infarct size
- 11-15% increase in ejection fraction
- 51-57% increase in infarction wall velocity
- 11% increase in oxygen uptake

Who should bank their stem cells?

- Health conscious individuals
- Individuals with family histories of heart disease or cancer
- Individuals diagnosed with chronic cancers
- Individuals that are exposed to radiation or harmful toxins because of their jobs
- "First Responders," (firemen, policemen, military personnel, Homeland Security personnel, Energy Department personnel, etc.), who may be exposed to lethal levels of radiation should bank their stem cells in advance of possible need.

Comp Table

Company	Smbl	Current Price	52 Week Hi	52 Week Low	Market Cap (Mil/B/K)	Shares O/S	Capital Raised in last 12 Months	2005 Revenues (000)	2005 Net Income/ (Loss) (000)
Celgene Corp	CELG	$44.00	$49.41	$22.59	$16.63B	$347.41		$30.99K	$0
Geron Corp	GERN	$7.50	$12.18	$6.00	$489.6	65.3	$94.5	$ 6,158	$(33,528)
BioStem, Inc.	BTEM	$2.71	$7.00	$0.27	$474.8	175.2	$0.0	$ 1,085	$ (940)
ViaCell Inc	VIAC	$5.79	$11.51	$4.66	$223.5	38.6	$53.2	$ 44,443	$(15,663)
StemCells Inc	STEM	$2.58	$6.58	$2.56	$200.6	77.7	$35.8	$ 206	$(11,738)
Aastrom BioSci	ASTM	$1.50	$3.56	$1.50	$179.0	119.3	$11.3	$ 844	$ (9,579)
Cytori Therapeu	CYTX	$8.13	$9.60	$6.65	$125.2	15.4	$4.7	$ 5,634	$(26,538)
CryoCell, Inc	CCEL	$3.05	$4.13	$2.10	$35.5	11.6	$0.0	$ 14,450	$ 1,033
Cord Blood Am	CBAI	$0.18	$0.87	$0.09	$7.3	40.5	$4.3	$ 2,278	$ (6,126)

Management/Directors/Staff

- **Robin Smith, M.D., MBA,** Chairman of the Board and CEO of Phase III, Chairman Advisory Board of China Biopharmaceuticals (OTC BB: CHBP), Chairman of NYU-Hospital for Joint Diseases
- **Mark Weinreb,** Director and President of Phase III, Former Owner, Bio Health Laboratories
- **Larry A. May,** Chief Financial Officer of Phase III, Former Treasurer, Amgen (NASDAQ: AMGN)
- **Wayne A. Marasco, M.D., Ph.D.,** Phase III Director, Senior Scientific Advisor, Associate Professor-Department of Cancer and Immunology, Dana-Farber Cancer Institute, Associate Professor of Medicine, Harvard Medical School
- **Denis Rodgerson, Ph.D.** Director of Stem Cell Science of Phase III, Founder of NeoStem, Former Founder of StemCyte, Former Head of Clinical Chemistry and Toxicology and Clinical Laboratory Computing, UCLA Medical Center
- **George Smith, M.D.,** Medical Director Laboratory Operations of Phase III in California. Among his many distinguished career accomplishments, Dr Smith is cofounder of UCLA Bone Marrow Transplant Center
- **Catherine M. Vaczy,** VP & General Counsel of Phase III, Former VP and Associate General Counsel, ImClone (NASDAQ: IMCL)
- **Abner M. Mhashilka, PH.D**., Director of Stem Cell Banking and Clinical Applications of Phase III, former Group Leader in research, Process Development and Manufacturing Athersys, Inc.
- **Joseph Zuckerman, M.D.,** Phase III Director, Chairman of NYU-Hospital for Joint Diseases, Department of Orthopaedic Surgery

Why Is This A Unique Opportunity

- Low Money Pre-valuation
- Publicly Traded PHSM.OB
- Answer for Religious Rights and Politicians
- Potential Alliances With Known Companies
  - Quest
  - HemaCare
  - Cord Blood Companies (ViaCell, Cord Blood America, Lifebank USA)
- Pending Partnerships
  - Houston, San Diego, Connecticut
  - Independent Center in NY
  - Puerto Rico