

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

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

| | | | | | | | | |
|---|--|--|---|--|--|--|--|--|
| 1. Name and Address of Reporting Person* VACZY CATHERINE M <hr/> (Last) (First) (Middle) C/O PHASE III MEDICAL, INC. 330 SOUTH SERVICE ROAD, SUITE 120 <hr/> (Street) MELVILLE NY 11747 <hr/> (City) (State) (Zip) | | | 2. Issuer Name and Ticker or Trading Symbol PHASE III MEDICAL INC/DE [PHSM] | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) Exec. V.P. & General Counsel | | |
| | | | 3. Date of Earliest Transaction (Month/Day/Year) 06/02/2006 | | | | | |
| | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | | | | |
| | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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 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 | 06/02/2006 | | A | | 609,703 | A | (1) | 6,316,191 | 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 |
| Stock option (right to buy) | \$0.053 | 06/02/2006 | | A | | 1,000,000 | | (2) | 06/01/2016 | Common Stock | 1,000,000 | \$0 | 1,000,000(3) | D | |

Explanation of Responses:

- On June 2, 2006, Phase III Medical, Inc. (the "Company") entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with certain investors listed therein, pursuant to which it agreed to convert the salary of certain officers of the Company into shares of its common stock. Pursuant to the Stock Purchase Agreement, the Company issued to Ms. Vaczy 609,703 shares of its unregistered common stock, \$.001 par value (the "Common Stock") in payment of \$26,826.93 in accrued salary at a per share price of \$.044.
- Pursuant to the Stock Purchase Agreement, 33% of these options vest when the Company's cumulative revenue reaches \$1,000,000, another 34% will vest when the Company's cumulative revenue reaches \$2,000,000, and the final 33% will vest when the Company's cumulative revenue reaches \$3,000,000.
- If Ms. Vaczy pays the exercise price with shares of common stock, the option agreement provides that Ms. Vaczy shall be granted a "reload" option to purchase the sum of (i) the number of shares of common stock equal to the sum of the number of shares used to exercise the option (or the number of shares not received if Ms. Vaczy paid the option price by receiving a reduced number of shares on exercise), and (ii) in the case of non-qualified stock options, the number of shares of common stock used to satisfy any tax withholding requirement related to the exercise of such option. The term of a reload option will be equal to the remaining term of the option which gave rise to the reload option.

/s/ Catherine M. Vaczy

06/06/2006

** 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.