Geron Corporation desires to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Specifically, Geron wishes to alert readers that, except for historical information contained herein, the matters discussed in the stockholder letter and annual report regarding product development and future applications of Geron's technology constitute forward-looking statements that involve risks and uncertainties, including, without limitation, risks inherent in the development and commercialization of potential products, reliance on collaborators, need for additional capital, need for regulatory approvals or clearances, and the maintenance of our intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements. The information in the annual report is being provided as a convenience to investors. Geron is providing this information as of February 27, 2004. Geron disclaims any duty to update information provided herein and does not plan to update this information until its next annual report to stockholders. Additional information on potential factors that could affect our results and other risks and uncertainties are detailed from time to time in Geron’s periodic reports, including the annual report on Form 10-K for the year ended December 31, 2003.
Oncology: Clinical Validation of the Telomerase Target

Telomerase Immunotherapy

3 / 18 / 03
Geron researchers publish research results showing that telomerase-based immunotherapy can kill different types of cancer cells, including cancer cells without any known tumor-associated antigens.

4 / 7 / 03
Geron presents positive preliminary results from a Phase I/II clinical trial of telomerase immunotherapy for metastatic prostate cancer showing that (1) the vaccinations were very well tolerated, without any adverse effects attributable to the treatment and (2) vaccination resulted in the generation of an anti-telomerase immune response in almost all patients.

12 / 8 / 03
Geron collaborator, Dr. Johannes Vieweg of Duke, presents additional positive results from the telomerase immunotherapy clinical trial, showing that (1) all but one of the patients in the clinical trial evaluated so far showed strong telomerase-specific cellular immune responses, (2) no patients exhibited any sign of treatment-related adverse effects, and (3) in three of three patients thus far analyzed from the high-dose group, stabilization of serum PSA values was observed.

Telomerase Inhibitor Drugs
GRN163 and GRN163L

12 / 11 / 02
Geron researchers and collaborators, UCSF and Memorial Sloan-Kettering Cancer Center, present data demonstrating safety and efficacy of GRN163 in animal models of human brain cancer, lymphoma, and multiple myeloma.

7 / 14 / 03
Geron researchers present preclinical data on the safety and stability of GRN163, showing excellent safety and tolerability of daily intravenous dosing in rats for 4 weeks and, in a separate study, in dogs for 7 days, as well as good tolerability of continuous intracranial delivery for the same time periods in both species and stability in both liquid and powder formulations.
Oncology: Clinical Validation of the Telomerase Target

Telomerase Inhibitor Drugs
GRN163 and GRN163L

7 / 15 / 03
Geron and Kyowa Hakko researchers publish studies demonstrating that GRN163 suppressed the growth of human prostate cancer when administered systemically to cancer-bearing mice.

11 / 20 / 03
Geron researchers present preclinical data on GRN163L (the lipidated form of GRN163), demonstrating (1) enhanced bioavailability and potency compared to GRN163, (2) high specificity for telomerase, (3) good safety and tolerability, and (4) appropriate stability in both liquid and freeze-dried formulations.

Oncolytic Virus

6 / 4 / 03
GTI/Novartis reports data from studies with mice carrying human liver and prostate cancers, in which a single intravenous injection of an oncolytic virus controlled by the hTERT promoter and a second promoter led to significant anti-tumor efficacy and improved survival, without significant toxicity.

8 / 26 / 03
Issuance to Geron of U.S Patent No. 6,610,839 for the promoter that regulates expression of the human telomerase reverse transcriptase gene triggers a milestone payment from GTI/Novartis.

Human Embryonic Stem Cell-Based Therapeutics: Positioned for Product Development

1 / 21 / 03
Geron collaborators present data showing that hematopoietic (blood-forming) cells can be produced from human embryonic stem cells (hESCs).

4 / 1 / 03
Geron scientists publish protocols for the production of human hepatocytes (liver cells) from hESCs.
4 / 3 / 03
Geron researchers present data at the Keystone Symposium showing:

- Production of functional populations of hESC-derived cardiomyocytes. These heart muscle cells display normal human cardiomyocyte biology and appropriate responses to cardiac drugs.
- Production from hESCs of human dopaminergic neurons (cells potentially useful for treating Parkinson’s Disease). These neurons are capable of engraftment in the brain of a rat model of Parkinson’s.
- Successful testing of a Geron hESC line demonstrating that it is free of human, porcine, murine and bovine viruses and therefore suitable for use in manufacturing hESC-based therapeutic cells.

5 / 22 / 03
Geron collaborators publish data showing that hematopoietic cells can be produced from hESCs using a scalable process.

6 / 11 / 03
Authorization granted to the Roslin Institute by the Human Fertilization & Embryology Authority (HFEA) of the United Kingdom to derive new human embryonic stem cell lines (to which Geron will have rights) from donated unused embryos created as a result of in vitro fertilization (IVF) treatment.

7 / 10 / 03
Geron collaborators publish data demonstrating that osteoblasts (bone-forming cells) can be derived from hESCs.

8 / 20 / 03
Geron collaborators report on successful transplantation of human cardiomyocytes (heart muscle cells) derived from hESCs into healthy animals.

11 / 13 / 03
Geron collaborators present studies demonstrating that transplantation of hESC-derived glial cells results in functional improvement in animals with permanent spinal cord injuries. This work provides proof-of-concept for the use of hESC-derived glial transplants in spinal cord injury.
Human Embryonic Stem Cell-Based Therapeutics: Positioned for Product Development

11 / 19 / 03
Geron scientists present data showing the utility of a defined, serum-free culture system for the propagation of hESCs. This new culture system relies solely on completely defined components for hESC growth, facilitating safe and scalable expansion of these cells for cell-based therapeutics.

12 / 15 / 03
Geron scientists publish two studies showing that hESCs are highly stable when cultured over long periods using Geron’s feeder-free culture methods, and that different hESC lines exhibit substantial uniformity of biological characteristics.

Growth in Intellectual Property

1 / 14 / 03
U.S. Patent No. 6,506,574 issued to Geron for the use of hepatocytes derived from hESCs for drug screening.

4 / 15 / 03
U.S. Patent No. 6,548,298 issued to Geron for the use of oligonucleotide drugs to inhibit telomerase in patients.

6 / 10 / 03
U.S. Patent No. 6,576,464 issued to Geron for pluripotent stem cells that are engineered to permit the elimination of any undifferentiated cells that might remain after production of a batch of therapeutic cells.

8 / 19 / 03
U.S. Patent No. 6,608,036 issued to Geron for oligonucleotides that are targeted to the RNA component of human telomerase and have thio-phosphoramidate linkages.

8 / 26 / 03
U.S. Patent No. 6,610,839 issued to Geron for the promoter sequence that regulates expression of the human telomerase reverse transcriptase gene.

11 / 7 / 03
U.S. Patent No. 6,642,048 issued to Geron for methods and compositions of growing hESCs using cell-free conditioned medium.
Strengthened Balance Sheet

4 / 8 / 03
Geron receives gross proceeds of $20.2 million from the sale of 4.4 million shares of Geron common stock to two investors.

5 / 27 / 03
Geron amends all outstanding Series D convertible debentures to provide for an automatic conversion into equity on the maturity date. All convertible debentures were fully converted into common stock by June 30, 2003.

10 / 29 / 03
Geron receives gross proceeds of $60 million from the sale of 5 million shares of Geron common stock in a public offering.

11 / 5 / 03
Geron receives gross proceeds of $9 million from the underwriters exercise of their over-allotment option in full to purchase 750,000 additional shares of Geron common stock.
Dear Stockholders:

2003 was a very good year for Geron Corporation.

- We generated data in human trials that validates telomerase as an important clinical target for cancer therapy.
- We identified a second telomerase inhibitor drug with improved pharmacokinetic properties, and our IND-enabling studies with both compounds in different cancers are progressing well.
- We made substantial progress on our human embryonic stem cell (hESC) platform with six different differentiated cell types now in preclinical animal testing, two hESC lines qualified for human use, scalable manufacturing methods established, and our first clinical target identified—acute spinal cord injury.
- Our intellectual property portfolio was further enhanced with significant new patents issuing on hESC-derived hepatocytes, telomerase inhibitor drugs and oncolytic virus technology.
- We strengthened our balance sheet by eliminating virtually all debt and raising $89 million in two equity financing transactions.

Collectively, these 2003 accomplishments have enhanced both the present value of our enterprise and the likelihood of our ultimate commercial success. Our proprietary product candidates have great promise, and our strengthened balanced sheet ensures their uninterrupted development.

As you will see from the 2003 accomplishments summarized in this letter and detailed in the accompanying 10-K, we have weathered a down cycle in the capital markets and emerged stronger than before. Thank you for staying with us.
Our cancer programs are all based on a simple proposition: if telomerase is properly targeted, cancer cells are selectively killed. We now have clinical results with telomerase immunotherapy that validate that proposition, as well as a growing body of positive published data generated by our scientists and academic collaborators working with our telomerase inhibitor drugs and the oncolytic virus.

Our most advanced program, telomerase immunotherapy, is being clinically developed in collaboration with Merix Bioscience, Inc. and the Duke University School of Medicine. The ongoing Phase I/II trial in prostate cancer patients is demonstrating safety (no adverse reactions to date), robust and specific immunity to telomerase, and surrogate marker evidence of clinical activity (clearance of circulating tumor cells and stabilization of PSA levels). Our publication in Cancer Gene Therapy suggests that telomerase immunotherapy can kill a wide variety of cancer cells, even those without known tumor antigens. Other independent publications on telomerase immunotherapy have supported these findings in prostate and breast cancers, renal cell carcinoma, colon and lung cancers, and hematologic malignancies. Our issued patent on telomerase immunotherapy protects this approach and serves as the basis for our collaborations with Merix, Dendreon and others to identify the best mode of delivering the telomerase antigen to the cancer patients' immune system. Advancing the telomerase immunotherapy program is one of our highest priorities for 2004.

Our telomerase inhibitor drug program has been strengthened by the development of GRN163L, a second generation lipidated oligonucleotide drug with improved potency, bioavailability and pharmacokinetics compared to the same molecule without lipid (GRN163). We have shown these compounds to be effective in vitro against all of the most frequently occurring human cancers. The drugs are safe and effective in all five of the different animal models of human cancers studied thus far. In head-to-head comparison studies, GRN163L is five to ten times more potent in vitro than GRN163, and at least three times more potent in vivo.
Human Embryonic Stem Cell-Based Therapeutics: Positioned for Product Development

We have progressed our human embryonic stem cell (hESC) program substantially with eight different differentiated cell types produced from hESCs, six of which are currently in preclinical animal testing.

Our most advanced hESC-derived therapeutic cell type is the oligodendrocyte (supportive cells for neurons). We have validated the utility of these cells in treating acute spinal cord injuries in a rat model. The injured animals recover significant motor function after injection of human oligodendrocytes into the injury site. Histological examination of the treated animals spinal cords shows re-myelination and new neuronal growth. These results serve as the rationale for our proposed clinical study in which these cells will be injected directly into the injury site in patients with acute spinal cord injuries. Our IND-enabling studies to support this approach are underway.

We are generating equally exciting data in animal models of myocardial infarction (heart attacks) using cardiomyocytes (heart muscle cells) produced from hESCs.
In these studies, injection of the cells into the animal’s infarcted heart restores cardiac output to normal after four weeks. On histological examination, the data show engraftment of the human cells and integration with the animal’s heart muscle tissue.

These two sets of animal data with two very different therapeutic cell types illustrate the medical potential embodied generally in our embryonic stem cell platform. We are achieving functional recovery of tissue that has been permanently damaged by injury or disease—an achievement not possible with current pharmacological approaches. We have the potential to significantly improve patient outcome, not only in these two examples, but also in diabetes (with islet cells), Parkinson’s Disease (with dopaminergic neurons), osteoporosis (with osteoblasts), and arthritis (with chondrocytes). In each of these cases, the cells we produce have normal in vitro function. We are also testing islets, dopaminergic neurons and osteoblasts in animals, and we look forward to reporting on these animal models in the coming months.

Finally, our collaborators have demonstrated that our hESC-derived hematopoietic cells (cells that form blood) engraft in animals, setting the stage for their potential use in bone marrow transplantation procedures as well as in strategies to prevent immune rejection of other hESC-derived therapeutic cells. We have shown that our hESC lines are stable in long-term culture using our feeder-free culture system, and we have established two of our lines to be free of mouse, pig, cow and human viruses and therefore suitable for human therapeutic use. We are investing in manufacturing process development to enable low cost of goods/multi-dose production lots, critical to a high-margin, product-based business model. As our experience with the hESC platform grows, we are becoming more confident that these cells will fundamentally change the practice of medicine.

Our hESC programs are not limited to therapeutic applications. Our hepatocyte program (human liver cells for in vitro drug screening) is being developed in collaboration
with the Roslin Institute in the UK. We are working to characterize and format the cells for use in defining the hepatic metabolism of new drugs in development and to screen out compounds or their metabolites that are hepatotoxic. If successful, this approach will address the largest bottleneck in preclinical drug development facing the pharmaceutical industry worldwide.

Growth in Intellectual Property

Successful product commercialization requires not only solid science, clinical evidence of safety and efficacy, and cost-effective manufacturing, but also a strong intellectual property (IP) position. Two principles guide our IP strategy: obtaining patents that protect us from competitors; and securing freedom to operate so that we have a clear path to commercialization. We have protected the three pioneering technologies of the company with broad, dominating patent estates—175 allowed/issued patents worldwide on telomerase with another 108 pending; 19 allowed/issued patents worldwide on human embryonic stem cells with 177 pending; and 38 allowed/issued patents worldwide on nuclear transfer technology with 42 pending. We follow our platform patents with product patents, as last year’s list of newly issued patents illustrates: patents issued on hepatocytes for drug screening, our telomerase-inhibiting oligonucleotides to treat cancer patients, and the telomerase promoter sequence used in the oncolytic virus. But our work to obtain patents is only part of our IP position—we are equally active in protecting our freedom to operate through diligent monitoring of competitors’ patent positions coupled with appropriate actions to avoid patent roadblocks, such as the filing of oppositions and interferences against competitors’ patents. An example of this is our recent success in an interference with Infigen over rights to nuclear transfer IP. Taken together, these two aspects of our IP strategy work to protect our investments in technology and product development, and strengthen our competitive position.
Strengthened Balance Sheet

The period from late 2001 to mid-2003 was a difficult time for fundraising in the biotechnology sector. Nevertheless, our 2003 successes give us a stronger balance sheet today than we had at the end of 2001. We converted all outstanding debentures to free the company of debt. We raised $89 million in two equity financings to enable us to start 2004 with over $100 million in cash.

A Stronger, Product-Oriented Company

We took the necessary steps last year to support our transition from a research company to a product development company. We reduced the research staff to concentrate human and economic resources on product development. We have changed our collaborator mix to emphasize product production (telomerase inhibitor drugs) and animal testing of products (telomerase inhibitor drugs and hESC-derived therapeutic cells).

These are the reasons why 2003 was a very good year for Geron Corporation. We will demand from ourselves an equally successful 2004. We ask you, our stockholders, to continue your support of our efforts to develop and commercialize products that should dramatically improve clinical outcomes in cancer and chronic disease.

Thomas B. Okarma, Ph.D., M.D.
President and Chief Executive Officer
Geron Corporation
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2003

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From to __________ to __________.

Commission File Number: 0-20859

GERON CORPORATION
(Exact name of registrant as specified in its charter)
Delaware 75-2287752
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

230 Constitution Drive, Menlo Park, CA 94025
(Address, including zip code, of principal executive offices)

Registrant’s telephone number, including area code: (650) 473-7700

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock $0.001 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of
the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ]

The aggregate market value of voting stock held by non-affiliates of the registrant was approximately
$191,569,155 based upon the closing price of the common stock on June 30, 2003 on The Nasdaq National Market.
Shares of common stock held by each officer, director and holder of five percent or more of the outstanding Common
Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is
not necessarily a conclusive determination for other purposes.

As of December 31, 2003, there were 39,316,742 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

<table>
<thead>
<tr>
<th>Document</th>
<th>Form 10-K Parts</th>
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<tr>
<td>Portions of the Registrant’s definitive proxy statement for the 2004 annual meeting of stockholders</td>
<td>III</td>
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<tr>
<td>to be filed pursuant to Regulation 14A within 120 days of the Registrant’s fiscal year end</td>
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<td>December 31, 2003</td>
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Forward-Looking Statements

This annual report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7, contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of Geron Corporation (Geron) to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The risks and uncertainties referred to above include, without limitation, risks inherent in the development and commercialization of Geron’s potential products, dependence on collaborative partners, need for additional capital, need for regulatory approvals or clearances, the maintenance of Geron’s intellectual property rights and other risks that are described herein and that are otherwise described from time to time in Geron’s Securities and Exchange Commission reports including, but not limited to, the factors described in “Additional Factors That May Affect Future Results” set forth in Item 1 of this report. Geron assumes no obligation and does not intend to update these forward-looking statements.

PART I

Item 1. Business

Overview

We are a biopharmaceutical company focused on developing and commercializing therapeutic and diagnostic products for cancer based on our telomerase technology, and cell-based therapeutics using our human embryonic stem cell technology.

Telomerase is an enzyme that is expressed in nearly all cancer cells, but not in most normal cells. We hope to kill cancer cells in which telomerase is abnormally expressed by inhibiting or targeting telomerase, and to diagnose cancer by measuring telomerase activity.

Human embryonic stem cells can develop and differentiate into all cells and tissues in the body. As such, they are a potential source for the manufacture of replacement cells and tissues for organ repair applications in chronic diseases.

We were incorporated in 1990 under the laws of Delaware. Our principal executive offices are located at 230 Constitution Drive, Menlo Park, California, 94025. Our telephone number is (650) 473-7700.

We make available free of charge on or through our Internet website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Our Internet website address is “www.geron.com”.

Major Technology Platforms

Telomeres and Telomerase: Their role in cellular aging and cancer

Cells are the building blocks for all tissues in the human body and cell division plays a critical role in the normal growth, maintenance and repair of human tissue. However, in the human body, most cell division is a limited process. Depending on the tissue type, cells generally divide only 60 to 100 times during the course of their normal lifespan.

We and our collaborators have shown that telomeres, located at the ends of chromosomes, are key genetic elements involved in the regulation of the cellular aging process. Our work has shown that each time a normal cell divides, telomeres shorten. Once telomeres reach a certain short length, cell division halts and the cell enters a state known as replicative senescence or aging. We and our collaborators have demonstrated that telomeres serve as a molecular “clock” for cellular aging and that the enzyme telomerase, when introduced into normal cells, is capable of restoring telomere length or resetting the
“clock,” thereby increasing the functional lifespan of cells without altering their biology or causing them to become cancerous. Human telomerase, a complex enzyme, is composed of a ribonucleic acid (RNA) component, known as hTR, and a protein component, known as hTERT. In 1994, we cloned the gene for hTR, and in 1997, in collaboration with Dr. Thomas Cech, we cloned the gene for hTERT.

Our work and that of others has shown that telomerase is not present in most normal cells and tissues, but that during cancer progression, telomerase is abnormally reactivated in all major cancer types. We have shown that while telomerase does not cause cancer (which is caused by mutations in cells), the continued presence of telomerase enables cancer cells to maintain telomere length, providing them with indefinite replicative capacity. We and others have shown in various tumor models that inhibiting telomerase activity results in telomere shortening and therefore causes aging or death of the cancer cell.

Although telomerase is expressed in nearly all cancer cells, it is not expressed in most normal cells. That gives telomerase the potential of being both a universal as well as a highly specific cancer target. This specificity means that drugs and biologics that attack cancer cells by targeting telomerase may leave other cells unaffected, and thus should have fewer side effects than conventional chemotherapeutic agents that attack many cancer and non-cancer cells at once.

We are working to develop anti-cancer therapies based on telomerase inhibitors, telomerase therapeutic vaccines and, through our collaborators, telomerase-based oncolytic (cancer-killing) viruses. We also intend to continue to develop and commercialize products using telomerase as a marker for cancer diagnosis, prognosis, patient monitoring and screening.

**Human Embryonic Stem Cells: A potential source for the manufacturing of replacement cells and tissues**

Stem cells generally are self-renewing primitive cells that can develop into functional, differentiated cells. Human embryonic stem cells (hESCs), which are derived from very early stage embryos called blastocysts, are unique because:

- they are pluripotent, that is they can develop into all cells and tissues in the body, and
- they self-renew indefinitely in the undifferentiated state.

The ability of hESCs to divide indefinitely in the undifferentiated state without losing pluripotency is a unique characteristic that distinguishes them from all other stem cells discovered to date in humans. We have demonstrated that the extended replicative capacity of hESCs is due to telomerase expression. Other stem cells such as blood or gut stem cells express telomerase at very low levels or only periodically; they therefore age, limiting their use in research or therapeutic applications. Exceedingly rare subpopulations of adult mesenchymal stem cells have been described in a few laboratories that also appear to differentiate into multiple cell lineages. To date, these cells have proven extremely difficult to culture and are not suitable for large-scale production. In contrast, hESCs can be expanded in culture indefinitely and hence can be banked for scaled product manufacture.

We intend to use human embryonic stem cell technology to:

- enable the development of transplantation therapies by providing standard starting material for the manufacture of cells and tissues;
- facilitate pharmaceutical research and development practices by providing cells for disease models and screening, and for assigning function to newly discovered genes; and
- accelerate research in human developmental biology by identifying the genes that control human growth and development.

**Commercial Opportunities for Our Major Technology Platforms**

**Oncology**

Cancer is a group of diseases characterized by the uncontrolled growth and spread of abnormal cells. The American Cancer Society estimates that approximately 1.4 million new cancer cases are expected to be diagnosed in the year 2004. Overall annual costs associated with cancer in 2003 were $189.5 billion in
the United States alone. Because telomerase is detectable in more than 30 human cancer types and in the
great majority of cancer samples studied, we believe that telomerase-based drugs could overcome the
limitations of current cancer therapies and potentially be broadly applicable and highly specific drug
treatments for cancer.

We are developing, alone or with collaborators, anti-cancer therapies based on telomerase inhibitors,
telomerase therapeutic vaccines and telomerase-based oncolytic (cancer-killing) viruses, and diagnostics
based on telomerase detection. We believe telomerase is an ideal target for cancer therapeutics and
diagnostics because it appears to be both universal — it is expressed in all major types of cancers studied
to date — and specific — it is not expressed in most normal cells. We believe that we have the dominant
patent position in the field of telomerase. Whether it is achieved by us or by our collaborators and
licensees, we believe that progress in the development of any of these telomerase-based cancer therapeutics
will further validate the importance of telomerase as a cancer target and therefore benefit all of our
telomerase cancer programs.

Telomerase Inhibition. Telomerase activation is necessary for cancer cells to replicate indefinitely and
thereby enable tumor growth and metastasis. One of our strategies for the development of anti-cancer
therapies is to inhibit telomerase activity in cancer cells. Inhibiting telomerase activity should result in
telomere shortening and therefore cause the aging and death of cancer cells. Recent data show that
telomerase can protect tumor cells from genomic instability and cell death, suggesting that inhibiting
telomerase can cause a more rapid suppression of tumor growth than predicted by telomere loss alone.
Because telomerase is expressed at very low levels, if at all, in most normal cells, the telomerase inhibition
therapies described below are not expected to be cytotoxic to normal cells.

We have designed and synthesized a special class of short-chain nucleic acid molecules, known as
oligonucleotides, that target the template region, or active site, of telomerase. These oligonucleotides,
called GRN163 and GRN163L, have demonstrated highly potent telomerase inhibitory activity at very low
concentrations in biochemical assays, various cellular systems, and animal studies. We are now engaged in
additional animal toxicology and efficacy studies of these drugs that, if successful, should enable us to file
an Investigational New Drug (IND) application to begin human clinical trials.

Our compounds GRN163 and GRN163L are direct enzyme inhibitors, not antisense compounds. They
are much smaller (lower molecular weight) than typical antisense compounds or other oligonucleotide drug
candidates, and we expect them to be administered either locally or systemically. They do not inhibit other
critical nucleic acid-modifying enzymes and do not appear to be toxic to normal cells at concentrations
needed to inhibit telomerase in tumor cells. Both compounds use a special thiophosphoramidate chemical
backbone, for which we acquired controlling patents in March 2002 from Lynx Therapeutics.

We and our collaborators have so far tested GRN163 in vitro on 13 different cancer cells and
demonstrated significant inhibition of telomerase activity in all of them. Research by our collaborators has
shown that these compounds inhibit the growth of malignant human glioblastoma (brain cancer) cells,
prostate cancer cells, lymphoma, myeloma, hepatocellular carcinoma (liver cancer) and cervical cancer
cells in animals.

Intratumoral administration of GRN163 in an animal model of human glioblastoma resulted in
complete tumor eradication in five of seven treated rats without any toxicity and significantly extended
their survival compared to untreated controls. Intravenous administration of GRN163 in a study of animals
bearing disseminated human multiple myeloma substantially reduced tumor growth and resulted in a 50%
increase in survival compared to controls, GRN163L is identical in structure to GRN163 except that it has
a lipid attached to one end of the molecule, which appears to improve its pharmacokinetics and should
make its manufacture more efficient and less expensive. The improved pharmacokinetic characteristics of
GRN163L suggest that it should be effective in inhibiting telomerase in tumor cells when administered
intermittently (one injection every few days).

We are targeting completion of the preclinical studies by mid-2004, after which we expect to prepare
and file an IND application for one or both of these compounds.
**Telomerase Therapeutic Vaccine.** Our second approach to anti-cancer therapy is a telomerase therapeutic vaccine. The goal of therapeutic cancer vaccines is to “teach” the patient’s own immune system to attack cancer cells while sparing other cells. This is done by exposing the immune system to a substance (an antigen) that is as specific to cancer cells as possible, thus inducing an immune response to any cells that present that antigen. We believe that telomerase’s characteristics make it an ideal antigen for cancer vaccines.

We are conducting basic and clinical research to confirm the safety and efficacy of telomerase vaccine therapies. In collaboration with scientists at Duke University, we published studies in the September 2000 issue of *Nature Medicine*, which demonstrate that cancer patients’ immune cells can be activated with a telomerase vaccine in the laboratory to kill their own cancer cells. This technique was also effective in reducing tumors in animals. A Phase I/II study in prostate cancer patients at Duke University Medical Center is currently underway using this approach. The telomerase vaccine being tested at Duke University Medical Center generates cytotoxic T-cells that attack cancer cells expressing telomerase. The Duke Phase I/II clinical trial uses an *ex vivo* process. Dendritic cells (the most efficient antigen-presenting cells) are isolated from the patient’s blood, pulsed with telomerase RNA, and then returned to the patient’s body where they instruct cytotoxic T-cells to kill tumor cells that express telomerase.

This clinical trial is designed to enroll a total of 24 patients with metastatic prostate cancer, 12 of whom receive three weekly vaccinations (low-dose group), and 12 of whom receive six weekly vaccinations (high-dose group). Eighteen patients (all 12 of the low-dose group and six of the high-dose group) have been enrolled and treated so far. None of the patients in either group has shown treatment-related adverse effects to date. All of the patients in the low-dose group showed a significant cellular immune response specific to telomerase. Levels of circulating cancer cells were reduced to normal in six of the eight patients who had significantly elevated levels of cancer cells circulating in their blood before the trial; and for a period of three months after treatment, prostate-specific antigen (PSA) levels stabilized or declined in all three of the patients who had rising levels of PSA when they entered the study. The three patients thus far analyzed in the high-dose group all showed cellular immune responses to telomerase based on tests assessing the generation of telomerase-specific cytotoxic CD-8+ T-lymphocytes, as well as CD-4+ lymphocytes. The immune responses were strong as well as specific: five to 15-fold higher, on average, than the immune responses seen in the low-dose group. Three patients in the high-dose group had elevated levels of cancer cells circulating in their blood before the trial, and those cancer cells were transiently cleared from their blood in two of those three. The level of PSA measured in the patients’ blood remained stable in three of three patients in the high-dose group during the treatment phase and for a minimum of eight weeks follow-up.

We have a collaboration agreement with Merix Biosciences, which holds the rights for the *ex vivo* dendritic cell processing technology used in the Duke clinical trial. We own the rights to the telomerase antigen and its use in therapeutic vaccines. Under the collaboration agreement, we may in the future grant a license to Merix to commercialize the vaccine, or Merix may grant a license to us, or we may develop it jointly. We have also granted a non-exclusive license to Dendreon Corporation to develop an *ex vivo* telomerase vaccine using Dendreon’s antigen-presenting system.

In addition, we are pursuing the development of *in vivo* telomerase cancer vaccines. Geron scientists have demonstrated that direct, *in vivo* vaccination in tumor-bearing mice elicits a telomerase-specific immune response and causes reduced growth of the animals’ tumors. Direct vaccination would eliminate the need for manipulation of dendritic cells in culture and potentially allow straightforward vaccination procedures to be available for all cancer patients in any oncology clinic.

**Oncolytic Virus.** Our third anti-cancer therapeutic strategy utilizes viruses that have been manipulated or engineered to have oncolytic, or cancer-killing, properties, enabling them to selectively target and destroy cancer cells which express telomerase. We have cloned the promoter region of the telomerase gene and employ it to switch on genes required for the virus to replicate within the cancer cell. Our data indicate that when tumor cells are infected with the virus, the virus multiplies or replicates within the cancer cells and causes the rupture and death of the tumor cells. When these same engineered viruses...
infect normal somatic cells, there is no killing effect and the virus dissipates. This selective lytic effect on cancer has been demonstrated in vitro in seven different tumor types: prostate, liver, lung, pancreatic, colorectal, breast and ovarian cancers. These in vitro results have been extended to animal models of liver and prostate cancer with similar effects against the animals’ tumors while sparing normal cells.

We granted a non-exclusive license to Genetic Therapy, Inc. (GTI), a subsidiary of Novartis AG, to use our telomerase promoter technology to develop an oncolytic virus product. In 2003, GTI’s oncolytic virus assets and our license to GTI were acquired by Cell Genesys, which also has its own oncolytic virus program.

Cancer Diagnostics. Telomerase is a broadly applicable and highly specific marker for cancer because it has been detected in more than 30 human cancer types and in the great majority of cancer samples studied. We believe that the detection of telomerase may have significant clinical utility for cancer diagnosis, prognosis, monitoring and screening. Current cancer diagnostics apply only to a single or limited number of cancer types because they rely on molecules expressed only by particular cancer types. However, telomerase-based diagnostics could potentially address a broad range of cancers.

We have developed several proprietary assays for the detection of telomerase which are based on its activity or the presence of its RNA or protein components. The first generation assay is the Telomeric Repeat Amplification Protocol (TRAP) assay which can be used to detect telomerase activity in human tissue or cells in culture. The second generation assays detect the presence of hTR and hTERT in human tissues and body fluids. We own issued patents for the detection of telomerase activity and the components of telomerase including patents for the TRAP assay and diagnostic methods based on telomerase detection. To date, our licensees have commercialized 13 research-use-only kits that incorporate our technology.

Through Roche Diagnostics, we are participating in the development of fluids-based telomerase detection tests for clinical in vitro diagnostics. The tests are based on telomerase detection assays that we have already commercialized for the research-use-only market. Clinical research data generated by Roche indicates that an assay for telomerase is a sensitive and specific test for detecting bladder cancer with potential utility in early detection screening and monitoring of patients for recurrence. There is currently no similar diagnostic test for bladder cancer on the market, and patients who have had bladder cancer now periodically undergo invasive cystoscopy to screen for recurrence.

Human Embryonic Stem Cell Therapies

We are developing cell-based therapeutics for several diseases based on differentiated cells derived from hESCs, including neural cells for spinal cord injury and Parkinson’s disease, cardiomyocytes for heart disease, pancreatic islet β cells for diabetes, osteoblasts for osteoporosis, chondrocytes for osteoarthritis, and hematopoietic cells for blood diseases and to prevent immune rejection of the other cell types. We have developed proprietary methods to grow, maintain and scale up undifferentiated hESCs and differentiate them into therapeutically relevant cells. We are now testing six different therapeutic cell types in animal models. In three of these cell types, we have preliminary results indicating efficacy as evidenced by functional recovery of the treated animals. After completion of these studies, we expect to begin one or more Phase I clinical trials, most likely including treatment for spinal cord injury. We own or have licenses to intellectual property covering core inventions and critical enabling technology in this field.

Oligodendrocytes for Spinal Cord Injury and Dopaminergic Neurons for Parkinson’s Disease. The major neural cells of the nervous system typically do not regenerate after injury. If a nerve cell is damaged due to disease or injury, there is no treatment at present to restore lost function. Millions of patients worldwide suffer from injury to the nervous system or disorders associated with its degeneration. Over one million Americans suffer from Parkinson’s disease, a neurological disorder caused by the progressive degeneration of specific cells within the brain that control certain motor functions. In the case of spinal cord injuries, patients are often left partly or wholly paralyzed because nerve and supporting cells in the spinal cord have been damaged and cannot regenerate. Such patients are permanently disabled, often institutionalized, and may require life support.
Embryonic stem cell-derived neural cells have been used by researchers to treat nervous system disorders in animal models. Mouse embryonic stem cells were stimulated to differentiate into neural cells which, when transplanted into mice with neurological disorders, helped to restore normal function. In the case of spinal cord injuries, neural cells derived from animal embryonic stem cells and injected into the spinal cord injury site produced partial recovery of the animal’s ability to move and bear weight.

We have derived both oligodendrocytes and dopaminergic neurons from hESCs in culture and have begun testing them in animal models to determine whether they can restore normal neural function. In our collaboration with researchers at the University of California, Irvine, we have shown proof-of-concept in spinal cord-injured rats which showed significant functional improvement after receiving transplants of hESC-derived oligodendrocyte progenitors. Transplant studies of dopamine-producing neurons in rodent models of Parkinson’s disease are ongoing.

Cardiomyocytes for Heart Disease. Heart muscle cells (cardiomyocytes) do not regenerate during adult life. When heart muscle is damaged by injury or decreased blood flow, functional contracting heart muscle is replaced with nonfunctional scar tissue. Congestive heart failure, a common consequence of heart muscle or valve damage, affects more than five million people in the United States. This year, it is estimated that about 1.2 million people will have a heart attack, which is the primary cause of heart muscle damage.

We can potentially treat heart disease by using cardiomyocytes derived from hESCs. Researchers have demonstrated proof-of-concept of our approach in mice. Mouse embryonic stem cells have been used to derive mouse cardiomyocytes. When injected into the hearts of recipient adult mice, the cardiomyocytes repopulated the heart tissue and stably integrated into the muscle tissue of the adult mouse heart. These results suggest that hESC-derived cardiomyocytes could be developed for cellular transplantation therapy in humans suffering from congestive heart failure and the damage caused by heart attacks. We have derived human cardiomyocytes from hESCs and observed their normal contractile function and response to cardiac drugs. We have transplanted these cells into animal models, and to date the cells appear to be engrafting and integrating with the myocardium in uninjured animals, as well as restoring cardiac function in animals with induced myocardial infarctions.

Islet Cells for Diabetes. It is estimated that there are as many as one million Americans suffering from the type of diabetes known as Type 1 Diabetes (Insulin Dependent Diabetes Mellitus). Normally, certain cells in the pancreas, called the islet β cells, produce insulin which promotes the uptake of the sugar glucose by cells in the human body. Degeneration of pancreatic islet β cells results in a lack of insulin in the bloodstream which results in diabetes. Although diabetics can be treated with daily injections of insulin, these injections enable only intermittent glucose control. As a result, patients with diabetes suffer chronic degeneration of many organs, including the eye, kidney, nerves and blood vessels. In some cases, patients with diabetes have been treated with islet β cell transplantation. However, poor availability of suitable sources for islet β cell transplantation and the complications of the required co-administration of immunosuppressive drugs make this approach impractical as a treatment for the growing numbers of individuals suffering from diabetes.

We have derived insulin-producing islet β cells from hESCs and are working to improve the yield of islet cells and characterize their secretion of insulin in response to glucose. We began transplanting the islets to animal models of diabetes in November 2003.

Osteoblasts for Osteoporosis and Non-Union Bone Fractures. Osteoporosis, or loss of bone density, is a common condition associated with aging and hormonal changes in post-menopausal women. In addition to skeletal deformities, back pain and loss of height, the disease causes over 1.5 million fractures per year in the United States alone. These fractures often occur after minimal trauma and if severe, as in hip fracture, carry average mortality rates as high as 24%, and result in long-term nursing home care for nearly half of those who survive. Total health care costs for osteoporosis and its complications are estimated at $17 billion per year in the United States.

The primary cause of the disease is metabolic bone loss (mediated by osteoclasts — cells which resorb bone) that is incompletely compensated by new bone formation (mediated by osteoblasts — cells
which form new bone). Osteoblast activity declines over human lifespan and fails to keep pace with the increasing activity of osteoclasts, resulting in progressive loss of bone density leading to fracture, pain and deformity.

We have made osteoblasts from hESCs and are now conducting preclinical tests in animals. Upon successful preclinical testing, we plan to administer the cells to patients with non-union fractures (fractures of the long bones of the leg or arm that do not heal). If these trials are successful, we plan to use these cells to treat patients with severe refractory osteoporosis.

**Chondrocytes for Osteoarthritis.** Osteoarthritis, or Degenerative Joint Disease, is an extremely common condition characterized by degradation of cartilage in joints, often accompanied by bone remodeling and bone overgrowth at the affected joints. Depending on the criteria for diagnosis, it can be argued that the majority of the population over 50 is afflicted by the disease. Osteoarthritis is the leading cause of joint pain and joint disability in middle-aged and elderly patients. The disease has many causes, but the end result is a structural degradation of joint cartilage and a failure of chondrocytes (cartilage-forming cells) to repair the degraded cartilage collagen matrix. We plan to derive chondrocytes from hESCs and after successful in vitro and animal testing, treat patients with osteoarthritis by injecting these chondrocytes directly into their affected joints.

**Hematopoietic Cells for Hematologic Diseases and to Prevent Immune Rejection.** The hematologic system (the circulating cells of blood) is one of the rare tissues of the human body that can replenish itself throughout life. The critical importance of the blood cells and the many diseases that can affect those cells have caused the emergence of an entire subspecialty in medicine: hematology — the study of blood and its diseases.

One of the most complex and impactful areas of hematology is bone marrow transplantation, now used to treat patients with bone marrow failure, leukemia, lymphoma, myeloma and solid tumors such as breast cancer. The most common indications for the procedure are: 1) failure of bone marrow stem cells to produce a particular blood cell type(s), such as aplastic anemia (a deficiency of mature circulating blood cells), 2) infiltration of bone marrow by tumor cells which displace the marrow and cause deficiencies of mature circulating blood cells, or 3) side effects of chemotherapy or radiotherapy used for cancer treatment which is toxic to bone marrow stem cells. Although complex and expensive, the use of bone marrow transplantation is increasing worldwide. A major unresolved problem in the procedure is the lack of availability of suitably matched marrow donors, which severely limits the numbers of patients who can undergo the transplant.

We have derived hematopoietic stem cells from hESCs, and tests of these cells in animal models of bone marrow transplantation show engraftment of the cells. If these animal tests and other in vitro tests continue to be positive, hematopoietic stem cells produced from hESCs may find use not only in hematopoietic transplantation therapies, but also in procedures designed to prevent immune rejection of other hESC-derived transplanted cells. In January 2003, we announced that we had obtained a license to hESC-produced hematopoietic cells from the Robarts Institute and a license from the Wisconsin Alumni Research Foundation (WARF) to a U.S. patent covering the use of hESC-derived hematopoietic cells to prevent immune rejection. This approach could potentially eliminate the need for immunosuppressive drugs in patients who receive transplants of hESC-based therapeutic cells.

**Our Other Development Programs**

**Telomerase Activation**

We are also working to develop product candidates to treat various degenerative diseases by the controlled activation of telomerase. Published evidence by us and others has demonstrated that cellular aging caused by shortening telomeres, which occurs in numerous tissues throughout the human body, causes or contributes to chronic degenerative diseases and conditions including anemia, AIDS, macular degeneration (a chronic disease of the eyes often leading to vision loss), atherosclerosis (narrowing of arteries which reduces blood flow to internal organs) and impaired wound healing. Controlled activation of
Telomerase in normal cells can restore telomere length and thereby increase the lifespan of cells without altering their normal function or causing them to become cancerous.

**Skin.** The skin is a major organ of the body whose deterioration with age impacts not just human physical health but also appearance and self-esteem. The thinning and increased wrinkling of older skin is symptomatic of impaired wound healing and results in increased frequency of chronic ulcers. Skin cancers are more prevalent than any other form of cancer and are believed to be caused in part by aging of skin cells.

We have studied the activation of telomerase in skin cells. Our scientists and other researchers have established that skin cells age in tissue culture and in the body with loss of telomeric DNA. The restoration of telomerase activity in skin cells in culture dramatically extends the healthy lifespan of these cells. Animal models of telomere loss also correlate cellular aging with thinning of skin, graying of hair, chronic ulcerative lesions at areas of stress and reduced ability to repair wounds. Our approach to the therapeutic use of telomerase activation in skin has included both small molecule drug discovery and biological methods of restoring telomerase in various skin cells. We have demonstrated that telomerase activation by gene therapy significantly improves wound healing in a rabbit model of skin ulceration.

**AIDS.** Recent work by our collaborators has shown that telomere loss in cytotoxic T-lymphocytes, the blood cells responsible for killing HIV-infected cells, is accelerated in AIDS patients, and contributes to the loss of anti-HIV activity that occurs during disease progression. In March 2003, these same collaborators published data showing that telomerase activation in T-lymphocytes both increased their lifespan and significantly enhanced their anti-HIV activity. Our approach to the therapeutic use of telomerase activation in AIDS is based upon a small molecule we have identified that activates telomerase in certain cell types.

**Products for Research and Development**

**Immortalized Cells for Research.** Scientists study specific cells from targeted tissues in order to understand their biological function. For these studies, cells are usually isolated from tissue and maintained in culture. The progressive changes in biological activity, morphology and proliferation as a result of normal cell aging in tissue culture potentially limit the utility of these cells in serial experiments and long-term research. Because of these limitations, most research laboratories utilize transformed cell lines for their studies. Cells can be transformed by using viruses which ultimately cause the cells to grow indefinitely in culture. However, such immortalized cell lines have abnormal characteristics compared to non-transformed cells. For this reason, they are not good models of normal tissue in the human body.

Telomerase-immortalized cells may be ideal for use in biological research because these cells proliferate indefinitely and function in culture in the same manner as the normal, mortal cells from which they were derived. Moreover, telomerase-immortalized cells can function in the body to form normal tissue and their capacity to differentiate into mature tissue is maintained. The ability of these cells to maintain normal physical and biological characteristics while retaining proliferative capacity allows them to be a constant source of cells for repeat and long-term studies on the function of cells both in culture and in the body. Telomerase-immortalized cells can be used to study any of the normal biological pathways in cells and can be used to screen for factors which influence the appropriate function of those cells. Moreover, cells taken from diseased tissues which are then telomerase-immortalized in culture can be used to explore the mechanism of the disease process and to develop interventions to prevent or treat that disease.

We intend to make telomerase-immortalized cell lines commercially available to the research market and to companies for basic research and for use in drug discovery and biologics production applications.

**hESC-Derived Hepatocytes for Drug Screening and Toxicology.** Three of the major hurdles of pharmaceutical drug development are (i) identifying compounds with activity in diseased tissue; (ii) understanding the metabolism and biodistribution of the compound; and (iii) determining the potential toxic side effects of the compound. Undesirable activity of a compound being evaluated as a drug candidate in any one of these areas can impact the development and commercialization of the drug. The earlier in development that a compound is found to have undesirable characteristics, the faster these
characteristics can be potentially corrected. This potentially translates into reduced costs and time in drug
development, and less harmful exposure to patients in clinical trials.

Many prospective new drugs fail in clinical trials because of toxicity to the liver or because of poor uptake,
distribution or elimination of the active compound in the human body. Much of the efficacy and safety of a drug will
depend on how that drug is metabolized into an active or inactive form, and on the toxic metabolites that might be
generated in the process. Hepatocytes, the major cells of the liver, metabolize most compounds and thereby can be used
to predict many pharmacological characteristics of a drug.

There are no completely effective systems available today to accurately predict the metabolism or toxicity of a
compound in human livers. Rat and mouse metabolism models only approximate human metabolism. The development of several drugs has been terminated late in human clinical trials because rodent systems utilized early in the
development process failed to predict that the drug would be toxic to humans. Human hepatocyte cell lines available
today do not have the same attributes as their normal counterparts in the body and must be transformed in order to
maintain their proliferative capacity in culture. Access to fresh primary human liver tissue for use in toxicity studies is very limited and substantial variability can be observed depending on the individual donor, the time and process of
collection and the culture conditions for the experiments.

We are developing methods to derive standardized functional hepatocytes (liver cells) from hESCs to address the significant unmet need for a reliable predictor of the metabolism, biodistribution and toxicity of
drug development candidates. If we are successful, these cells would provide a consistent source of normal
human liver cells that can reliably predict how a new drug will affect the livers of the people who take it. We
believe that an unlimited supply of human hepatocytes which retain normal drug-metabolizing enzyme
activity would address the largest bottleneck in new drug research and accelerate the drug development
process. In addition, the availability of hepatocytes from numerous individuals would allow a more
thorough understanding of the effects of a drug candidate on a specific individual, allowing full
development of the field of pharmacogenomics; where a compound’s activity would be correlated with an
individual’s genetic make-up. Geron scientists have succeeded in demonstrating that hepatocytes derived
from hESCs express normal markers of hepatocyte function, including Phase 1 and Phase 2 drug-
metabolizing enzymes. On October 1, 2002, we were awarded a U.S. patent covering human hepatocytes
derived from hESCs and a second U.S. patent in January 2003 covering the use of hESC-derived
hepatocytes for drug screening.

Nuclear Transfer: Agriculture/Xenotransplantation/Biologics

Nuclear transfer is a method for generating whole animals whose nuclear genetic material is derived
solely from a donor cell from an individual animal. In this process, the nucleus containing all of the
chromosomal DNA is removed from the animal egg cell and subsequently replaced with a nucleus from a
donor somatic (non-reproductive) cell. Fusion between the resulting egg cell and the donor somatic nucleus
results in a new cell which gains a complete set of chromosomes derived entirely from the donor nucleus.
Mitochondrial DNA, providing some of the genes for energy production, resides outside the nucleus and is
provided by the egg. After a brief culture period that enables the reconstituted egg cell to initiate
embryonic development, the early embryo is implanted into the uterus of a female animal, where it can
fully develop and result in the live birth of a cloned offspring animal. The offspring is essentially a genetic
clone of (genetically identical to) the animal from which the donor nucleus was obtained.

In early 1997, Dr. Ian Wilmut and his colleagues at the Roslin Institute were the first to demonstrate
with the birth of Dolly, the sheep, that the nucleus of an adult cell can be transferred to an enucleated egg
to create cloned offspring. The birth of Dolly was significant because it demonstrated the ability of egg cell
cytoplasm, the portion of the egg outside of the nucleus, to reprogram an adult somatic nucleus.
Reprogramming enables the adult somatic cell nucleus to express all the genes required for the full
embryonic development of the animal. In addition to sheep, the technique has been used to clone mice,
rats, goats, cattle, rabbits, cats and pigs from donor cells and enucleated eggs from each respective animal
specie. In 1999, we acquired Roslin Bio-Med Ltd., a commercial subsidiary of the Roslin Institute, and an exclusive license to the use of nuclear transfer technology for the creation of cloned animals.

**Agriculture.** Our nuclear transfer technologies can be used for applications in agriculture that improve livestock by producing unlimited numbers of genetically identical animals with superior commercial qualities. Such applications can be extended to major agricultural sectors, such as beef, dairy, pork and poultry, to provide large numbers of animals with superior characteristics of disease resistance, longevity, growth rate or product quality.

We are licensing our nuclear transfer technology to others for applications in agriculture and production of biologicals. As of December 31, 2003, we had granted six non-exclusive licenses or license options to various companies for applications in chickens, cows, pigs, goats or other animals.

**Transgenic Animals.** Our nuclear transfer technology can be applied to clone animals that have been genetically engineered to produce proteins for human therapeutic or industrial use. For example, herds which carry the genes to make human antibodies could be cloned, thereby allowing for the large-scale production of therapeutic antibodies or vaccines. In 2001, we granted a non-exclusive license to Nexia Biotechnologies Inc. for the production of natural and synthetic silk proteins in goats for industrial and medical applications.

**Xenotransplantation.** Our nuclear transfer technologies can be used for applications in xenotransplantation to create animals whose cells, tissues or organs could be used in human organ transplantation settings. This approach could be used either as a bridge to human organ transplantation or as a long-term therapy.

### Commercial Collaborations

We believe that our broad scientific platforms will generate significant opportunities for a variety of strategic collaborations. We have established and intend to continue to establish selective collaborations with leading pharmaceutical, diagnostic and technology companies to enhance our research, development and commercialization capabilities and to participate in commercialization opportunities. Among those companies are:

- Kyowa Hakko Kogyo Co., Ltd., which provided a total of $20 million of research funding to support our telomerase inhibition research program to discover a telomerase inhibitor for the treatment of cancer through which we discovered GRN163 and GRN163L, and which has rights to co-develop and market those compounds in Asia;
- Merix Biosciences Inc. and Dendreon Corporation (discussed above under “Telomerase Therapeutic Vaccine”);
- Cell Genesys, Inc. (discussed above under “Oncolytic Virus”);
- Roche Diagnostics (discussed above under “Cancer Diagnostics”);
- Transgenomic, Inc., which we have licensed to manufacture oligonucleotides and their chemical building blocks utilizing our proprietary oligonucleotide chemistry for diagnostic and therapeutic applications, and which is currently one of our contract manufacturers of the monomer building blocks used in the synthesis of GRN163 and GRN163L;
- Variagenics, Inc., to which we granted a non-exclusive license for use of our telomerase cell immortalization technology for pharmacogenomics applications that are expected to lead to the development of molecular diagnostic products to be used by physicians for selection of optimal therapy for patients;
- PanCel Corporation, to which we granted a non-exclusive license for the use of telomerase to develop and commercialize macroencapsulated immortalized primary human pancreatic islet cells for the treatment of diabetes; and
AviGenics, Inc., Origen Therapeutics, Inc., Viragen, Inc., Clone International, AgResearch Pty Ltd, ProLinia, Inc. and Nexia Biotechnologies Inc., to which we have granted licenses or options under our nuclear transfer technology.

Research Collaborations

We selectively enter into, and intend to continue to enter into, collaborative research agreements with leading academic and research institutions. We design these collaborative agreements to significantly enhance our research and development capabilities while enabling us to obtain commercial rights to intellectual property developed through the research collaboration. Under these agreements, we generally provide funding or other resources for scientific research in return for commercial rights to materials and discoveries arising out of this research. We seek to retain rights to develop and market discoveries made under these research programs by obtaining rights to exclusively license technology developed under them, including patents and patent applications filed in connection with these research programs.

As of December 31, 2003, we have collaborative research agreements in support of our telomerase programs in oncology and our hESC therapeutics programs with a number of institutions, including Duke University, Stanford University, the University of Texas Southwestern Medical School at Dallas, the University of California at San Francisco, the Memorial Sloan-Kettering Cancer Center, the University of California at Irvine, the Robarts Institute, the University of Washington and the University of Wisconsin-Madison. Our collaboration with the Roslin Institute, in Midlothian, Scotland began in May 1999, when we completed the acquisition of Roslin Bio-Med Ltd., a company formed by the Roslin Institute. In connection with this acquisition, we formed a research collaboration with the Roslin Institute under which we have agreed to provide approximately $20.0 million in applied research funding over six years (of which $5.8 million remains payable at December 31, 2003) and we retain exclusive license rights to commercialize the results of the research. We are using the Roslin Institute’s expertise in developmental biology to advance our hESC programs. Among other projects, we are collaborating with Roslin scientists to derive new hESC lines; to improve the efficiency of producing hepatocytes and dopaminergic neurons from hESCs; and to differentiate hESCs into chondrocytes for the treatment of osteoarthritis and osteoblasts for the treatment of osteoporosis.

Patents and Proprietary Technology

A broad intellectual property portfolio of issued patents and pending patent applications supports our product development and out-licensing activities. We currently own or have licensed over 120 issued or allowed United States patents, 125 granted or accepted foreign patents and 330 patent applications that are pending around the world.

Our policy is to seek appropriate patent protection for inventions in our principal technology platforms — telomerase, embryonic stem cells and nuclear transfer — as well as ancillary technologies that support these platforms or otherwise provide a competitive advantage to us. We achieve this by filing patent applications for discoveries made by our scientists, as well as those that we make in conjunction with our scientific collaborators and strategic partners. Typically, although not always, we file patent applications in the United States and internationally through the Patent Cooperation Treaty. In addition, where appropriate we try to obtain licenses from other organizations to patent filings that may be useful in advancing our scientific and product development programs.

Our human embryonic stem cell platform is protected by patents rights that we either own or have licensed. The patents that we have licensed include foundational hESC patents that arose from work that we funded at the University of Wisconsin-Madison. We have also filed patent applications to protect technologies developed by Geron scientists in our ongoing efforts to develop products based on hESCs. By way of example, these patent applications cover technologies that we believe will facilitate the commercial-scale production of hESCs, such as methods for growing the cells without the need for cell feeder layers. Patent applications that we own or have licensed also cover cell types that can be made from hESCs, including hepatocytes (liver cells), cardiomyocytes (heart muscle cells), neural cells (nerve cells,
including dopaminergic neurons and oligodendrocytes), chondrocytes (cartilage cells), pancreatic islet cells, osteoblasts (bone cells) and hematopoietic cells (blood-forming cells). Currently there are over 120 Geron-owned patent applications pending around the world covering various aspects of our stem cell technology. Examples of granted stem cell patents that are owned by Geron include U.S. Patents Nos. 6,458,589 and 6,506,574 relating to hESC-derived hepatocytes; 6,642,048 relating to conditioned medium for growing hESCs; and Australian Patent Nos. 729,377 and 751,321 covering methods of growing hESCs.

Our telomerase platform is the mainstay of our oncology program, as well as providing the basis for a number of other product opportunities. Our extensive development of telomerase technologies has so far produced over 70 issued or allowed United States patents, 80 granted foreign patents and over 95 patent applications pending around the world. Our issued United States patents include patents covering the cloned genes that encode the RNA component (hTR) and the catalytic protein component (hTERT) of human telomerase, as well as cells that are immortalized by expression of recombinant hTERT. Aspects of our oncology product development program covered by issued and pending patent applications include cancer diagnostics based on detecting the expression of telomerase in cancer cells, the use of telomerase as a cancer vaccine, the use of the hTERT promoter to power cancer-killing genes and viruses, and telomerase inhibitors for use as cancer therapeutics. We own issued patents that cover the sequences of GRN163 and GRN163L, our anti-cancer telomerase inhibitor product candidates, as well as patents covering the modified chemistry that is used to build these oligonucleotides.

Our third technology platform, nuclear transfer, is protected in part by the patent rights that we acquired in 1999 with the acquisition of Roslin Bio-Med, which we now operate as Geron Bio-Med. Five United States patents have now issued for this technology, and 33 foreign patents have been granted or accepted. In addition, we have more than 40 pending patent applications worldwide relating to nuclear transfer, arising both from the acquired patent rights and subsequent research that we funded at the Roslin Institute. Intellectual property rights to nuclear transfer technology are the primary asset of our licensing program through which we are granting licenses for cloning animals for use in agriculture, xenotransplantation and production of biologicals.

We endeavor to monitor worldwide patent filings by third parties that are relevant to our business. Based on this monitoring, we may determine that an action is appropriate to protect our business interests. Such actions may include the filing of oppositions against the grant of a patent in overseas jurisdictions, and the filing of a request for the declaration of an interference with a U.S. patent application or issued patent. Similarly, third parties may take similar actions against our patents. As examples, we are currently involved in interferences before the U.S. Patent and Trademark Office (USPTO) involving patents and patent applications for nuclear transfer technology and an opposition in Europe filed against our granted patent relating to the measurement of telomerase activity.

**Government Regulation**

Regulation by governmental authorities in the United States and other countries is a significant factor in the development, manufacture and marketing of our proposed products and in our ongoing research and product development activities. The nature and extent to which such regulation applies to us will vary depending on the nature of any products which may be developed by us. We anticipate that many, if not all, of our products will require regulatory approval by governmental agencies prior to commercialization. In particular, human therapeutic products are subject to rigorous preclinical and clinical testing and other approval procedures of the U.S. Food and Drug Administration (FDA), and similar regulatory authorities in European and other countries. Various governmental statutes and regulations also govern or influence testing, manufacturing, safety, labeling, storage and recordkeeping related to such products and their marketing. The process of obtaining these approvals and the subsequent compliance with appropriate statutes and regulations require the expenditure of substantial time and money, and there can be no guarantee that approvals will be granted.

**FDA Approval Process**

Prior to commencement of clinical studies involving humans, preclinical testing of new pharmaceutical products is generally conducted on animals in the laboratory to evaluate the potential
efficacy and the safety of the product. The results of these studies are submitted to the FDA as a part of an IND application, which must become effective before clinical testing in humans can begin. Typically, human clinical evaluation involves a time-consuming and costly three-phase process. In Phase I, clinical trials are conducted with a small number of people to assess safety and to evaluate the pattern of drug distribution and metabolism within the body. In Phase II, clinical trials are conducted with groups of patients afflicted with a specific disease in order to determine preliminary efficacy, optimal dosages and expanded evidence of safety. (In some cases, an initial trial is conducted in diseased patients to assess both preliminary efficacy and preliminary safety and patterns of drug metabolism and distribution, in which case it is referred to as a Phase I/II trial.) In Phase III, large-scale, multi-center, comparative trials are conducted with patients afflicted with a target disease in order to provide enough data to demonstrate the efficacy and safety required by the FDA. The FDA closely monitors the progress of each of the three phases of clinical testing and may, at its discretion, re-evaluate, alter, suspend, or terminate the testing based upon the data which have been accumulated to that point and its assessment of the risk/benefit ratio to the patient. Monitoring of all aspects of the study to minimize risks is a continuing process. All adverse events must be reported to the FDA.

The results of the preclinical and clinical testing on a non-biologic drug and certain diagnostic drugs are submitted to the FDA in the form of a New Drug Application (NDA) for approval prior to commencement of commercial sales. In the case of vaccines or gene and cell therapies, the results of clinical trials are submitted as a Biologics License Application (BLA). In responding to a NDA or BLA, the FDA may grant marketing approval, request additional information or refuse to approve if the FDA determines that the application does not satisfy its regulatory approval criteria. There can be no assurance that approvals will be granted on a timely basis, if at all, for any of our products.

European and Other Regulatory Approval

Whether or not FDA approval has been obtained, approval of a product by comparable regulatory authorities in Europe and other countries will likely be necessary prior to commencement of marketing the product in such countries. The regulatory authorities in each country may impose their own requirements and may refuse to grant an approval, or may require additional data before granting it, even though the relevant product has been approved by the FDA or another authority. As with the FDA, the regulatory authorities in the European Union (EU) and other developed countries have lengthy approval processes for pharmaceutical products. The process for gaining approval in particular countries varies, but generally follows a similar sequence to that described for FDA approval. In Europe, the European Committee for Proprietary Medicinal Products provides a mechanism for EU-member states to exchange information on all aspects of product licensing. The EU has established a European agency for the evaluation of medical products, with both a centralized community procedure and a decentralized procedure, the latter being based on the principle of licensing within one member country followed by mutual recognition by the other member countries.

Other Regulations

We are also subject to various United States, federal, state, local and international laws, regulations and recommendations relating to safe working conditions, laboratory and manufacturing practices and the use and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, used in connection with our research work. We cannot accurately predict the extent of government regulation which might result from future legislation or administrative action.

Scientific Consultants

We have consulting agreements with a number of leading academic scientists and clinicians. These individuals serve as key consultants or as members of “clinical focus group panels” with respect to our product development programs and strategies. They are distinguished scientists and clinicians with expertise in numerous scientific fields, including embryonic stem cells, nuclear transfer and telomere and telomerase biology, as well as developmental biology, cellular biology and molecular biology.
We use consultants to provide us with expert advice and consultation on our scientific programs and strategies, as well as on the ethical aspects of our work. They also serve as important contacts for us throughout the broader scientific community.

We retain each consultant according to the terms of a consulting agreement. Under such agreements, we pay them a consulting fee and reimburse them for out-of-pocket expenses incurred in performing their services for us. In addition, some consultants hold options to purchase our common stock, subject to the vesting requirements contained in the consulting agreements. Our consultants are employed by institutions other than ours, and therefore may have commitments to, or consulting or advisory agreements with, other entities or academic institutions that may limit their availability to us.

**Executive Officers of the Company**

The following table sets forth certain information with respect to the executive officers of Geron Corporation:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
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<td>Thomas B. Okarma, Ph.D., M.D.</td>
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<td>President, Chief Executive Officer and Director</td>
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<td>David J. Earp, Ph.D., J.D.</td>
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<td>Vice President, Intellectual Property</td>
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<td>David L. Greenwood</td>
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<td>Executive Vice President, Chief Financial Officer and Treasurer</td>
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<td>Calvin B. Harley, Ph.D.</td>
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<td>Chief Scientific Officer</td>
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<td>Melissa A. Kelly</td>
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<td>Jane S. Lebkowski, Ph.D.</td>
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<td>Senior Vice President, Regenerative Medicine</td>
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<td>William D. Stempel, J.D.</td>
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<td>Vice President, General Counsel and Secretary</td>
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**Thomas B. Okarma, Ph.D., M.D.** has served as our President, Chief Executive Officer and director since July 1999. He is also a director of Geron Bio-Med Limited, a United Kingdom company and wholly-owned subsidiary of Geron. From May 1998 until July 1999, Dr. Okarma was the Vice President of Research and Development. From December 1997 until May 1998, Dr. Okarma was Vice President of Cell Therapies. From 1985 until joining us, Dr. Okarma, the scientific founder of Applied Immune Sciences, Inc., served initially as Vice President of Research and Development and then as its chairman, chief executive officer and a director, until 1995 when it was acquired by Rhone-Poulenc Rorer. Dr. Okarma was a Senior Vice President at Rhone-Poulenc Rorer from the time of the acquisition of Applied Immune Sciences, Inc. until December 1996. From 1980 to 1985, Dr. Okarma was a member of the faculty of the Department of Medicine at Stanford University School of Medicine. Dr. Okarma holds a A.B. from Dartmouth College and a M.D. and Ph.D. from Stanford University.

**David L. Greenwood** has served as our Chief Financial Officer and Treasurer since August 1995, Vice President of Corporate Development from April 1997 until August 1999, Senior Vice President of Corporate Development from August 1999 until January 2004 and Executive Vice President since January 2004. He is a director of Geron Bio-Med Limited, a United Kingdom company, a wholly-owned subsidiary of Geron, and Clone International Pty Ltd., an Australian company. From 1979 until joining us, Mr. Greenwood held various positions with J.P. Morgan & Co. Incorporated, an international banking firm, and its subsidiaries, J.P. Morgan Securities Inc. and Morgan Guaranty Trust Company of New York. Mr. Greenwood holds a B.A. from Pacific Lutheran University and an M.B.A. from Harvard Business School.

**David J. Earp, J.D., Ph.D.** joined us in June 1999 and has served as our Vice President of Intellectual Property since October 1999. From 1992 until joining us, Dr. Earp was with the intellectual property law firm of Klarquist Sparkman Campbell Leigh and Whinston, LLP where his practice focused on biotechnology patent law. Dr. Earp holds a B.S. in microbiology from the University of Leeds, England, a Ph.D. in biochemistry and molecular biology from The University of Cambridge, England, and conducted postdoctoral research at the University of California at Berkeley/U.S.D.A. Plant Gene Expression Center. He received his J.D., magna cum laude from the Northwestern School of Law of Lewis and Clark College in Portland, Oregon.

**Calvin B. Harley, Ph.D.** has served as our Chief Scientific Officer since July 1996. From May 1994 until July 1996, Dr. Harley was Vice President of Research and from April 1993 to May 1994, Dr. Harley
was Director, Cell Biology. Dr. Harley was an Associate Professor from 1989 until joining us, and from 1982 to 1989, an Assistant Professor of Biochemistry at McMaster University. Dr. Harley was also an executive of the Canadian Association on Gerontology, Division of Biological Sciences from 1987 to 1991. Dr. Harley holds a B.S. from the University of Waterloo, a Ph.D. from McMaster University, and conducted postdoctoral work at the University of Sussex and the University of California at San Francisco.

Melissa A. Kelly, has served as our Vice President of Oncology since January 2003. From April 2002 to January 2003, Ms. Kelly was Vice President of Corporate Development and from April 2001 to April 2002, she was General Manager of Research and Development Technologies. Ms. Kelly joined us in November 1998 as Director of Corporate Development. From 1990 to 1998, Ms. Kelly worked at Genetics Institute, Inc., serving initially as Assistant Treasurer and then as Associate Director of Preclinical Operations where she was responsible for all business development, regulatory, and project management activities for the Preclinical Development function. From 1985 to 1990, Ms. Kelly held financial management positions at several companies in the high technology industry. Ms. Kelly graduated summa cum laude with a B.S. in Accounting from Boston College and received an M.B.A. in finance with high distinction from Babson College.

Jane S. Lebkowski, Ph.D., has served as our Senior Vice President of Regenerative Medicine since January 2004 and Vice President of Regenerative Medicine from August 1999 until January 2004. Since joining us in April 1998 and until August 1999, Dr. Lebkowski served as Senior Director, Cell and Gene Therapies. Formerly, Dr. Lebkowski was employed at Applied Immune Sciences from 1986 to 1995 where she served as Vice President, Research and Development. In 1995, Applied Immune Sciences was acquired by Rhone-Poulenc Rorer, at which time Dr. Lebkowski was appointed Vice President, Discovery & Product Development. Dr. Lebkowski graduated Phi Beta Kappa with a B.S. in Chemistry and Biology from Syracuse University and received her Ph.D. from Princeton University.

William D. Stempel, J.D., has served as our Vice President and General Counsel since January 2001 and Secretary since May 2001. From 1998 until joining us, Mr. Stempel was the General Counsel at UCSF Stanford Health Care in San Francisco. From 1987 to 1998, Mr. Stempel was Deputy General Counsel at Yale University where he worked in a wide range of areas including intellectual property, medical affairs and research administration. Mr. Stempel holds B.A. and J.D. degrees from Yale University. He is a member of the bars of the States of California, Connecticut and New York, and the United States District Courts for the District of Connecticut, Southern District of New York and Eastern District of New York.

Employees

As of December 31, 2003, we had 53 full-time employees of whom 19 hold Ph.D. degrees and 11 hold other advanced degrees. Of the total workforce, 43 were engaged in, or directly support, our research and development activities and 10 were engaged in business development, finance and administration. We also retain outside consultants. None of our employees is covered by a collective bargaining agreement, nor have we experienced work stoppages. We consider relations with our employees to be good.

ADDITIONAL FACTORS THAT MAY AFFECT FUTURE RESULTS

Our business is subject to various risks, including those described below. You should carefully consider the following risks, together with all of the other information included in this annual report and the documents incorporated by reference. Any of these risks could materially adversely affect our business, operating results and financial condition.

Our business is at an early stage of development.

Our business is at an early stage of development, in that we do not yet have product candidates in late-stage clinical trials or on the market. Only one of our product candidates, a telomerase therapeutic cancer vaccine, is in clinical trials. This product is being studied in a Phase I/II clinical trial being conducted by an academic institution. Our lead anti-cancer drug compounds, GRN163 and GRN163L, are
Our ability to develop product candidates that progress to and through clinical trials is subject to our ability to, among other things:

- have success with our research and development efforts;
- select therapeutic compounds for development;
- obtain the required regulatory approvals; and
- manufacture and market resulting products.

Potential lead drug compounds or product candidates identified through our research programs will require significant preclinical and clinical testing prior to regulatory approval in the United States and other countries. Our product candidates and compounds we have identified may prove to have undesirable and unintended side effects or other characteristics adversely affecting their safety, efficacy or cost-effectiveness that could prevent or limit their commercial use. In addition, our cancer vaccine and telomerase inhibitor product candidates may not prove to be more effective for treating cancer than current therapies. Accordingly, we may have to delay or abandon efforts to research, develop or obtain regulatory approval to market our product candidates. In addition, we will need to determine whether any of our potential products can be manufactured in commercial quantities at an acceptable cost. Our research and development efforts may not result in a product that can be approved by regulators or marketed successfully. Because of the significant scientific, regulatory and commercial milestones that must be reached for any of our development programs to be successful, any program may be abandoned, even after we have expended significant resources on the program, such as our investment in telomerase technology, which could cause a sharp drop in our stock price.

The science and technology of telomere biology and telomerase, human embryonic stem cells, and nuclear transfer are relatively new. There is no precedent for the successful commercialization of product candidates based on our technologies. These development programs are therefore particularly risky.

We have a history of losses and anticipate future losses, and continued losses could impair our ability to sustain operations.

We have incurred operating losses every year since our operations began in 1990. As of December 31, 2003, our accumulated net loss was approximately $255.7 million. Losses have resulted principally from costs incurred in connection with our research and development activities and from general and administrative costs associated with our operations. We expect to incur additional operating losses and, as our development efforts and clinical testing activities continue, our operating losses may increase in size. Substantially all of our revenues to date have been research support payments under collaboration agreements. We may be unsuccessful in entering into any new corporate collaboration that results in revenues. We do not expect that the revenues generated from these arrangements will be sufficient alone to continue or expand our research or development activities and otherwise sustain our operations.

We are unable to estimate at this time whether we will receive any revenue from the sale of diagnostic product candidates and telomerase-immortalized cell lines, and do not currently expect to receive sufficient revenues from the sale of these product candidates, if developed, to sustain our operations. Our ability to continue or expand our research activities and otherwise sustain our operations is dependent on our ability, alone or with others, to, among other things, manufacture and market therapeutic products.

We also expect to experience negative cash flow for the foreseeable future as we fund our operating losses and capital expenditures. This will result in decreases in our working capital, total assets and stockholders’ equity, which may not be offset by future financings. We will need to generate significant revenues to achieve profitability. We may not be able to generate these revenues, and we may never achieve profitability. Our failure to achieve profitability could negatively impact the market price of our
common stock. Even if we do become profitable, we cannot assure you that we would be able to sustain or increase profitability on a quarterly or annual basis.

**We will need additional capital to conduct our operations and develop our products, and our ability to obtain the necessary funding is uncertain.**

We will require substantial capital resources in order to conduct our operations and develop our candidates, and we cannot assure you that our existing capital resources, interest income and equipment financing arrangements will be sufficient to fund our current and planned operations. The timing and degree of any future capital requirements will depend on many factors, including:

- the accuracy of the assumptions underlying our estimates for our capital needs in 2004 and beyond;
- scientific progress in our research and development programs;
- the magnitude and scope of our research and development programs;
- our ability to establish, enforce and maintain strategic arrangements for research, development, clinical testing, manufacturing and marketing;
- our progress with preclinical development and clinical trials;
- the time and costs involved in obtaining regulatory approvals;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims; and
- the number and type of product candidates that we pursue.

We do not have any committed sources of capital. Additional financing through strategic collaborations, public or private equity financings, capital lease transactions or other financing sources may not be available on acceptable terms, or at all. Additional equity financings could result in significant dilution to stockholders. Further, in the event that additional funds are obtained through arrangements with collaborative partners, these arrangements may require us to relinquish rights to some of our technologies, product candidates or products that we would otherwise seek to develop and commercialize ourselves. If sufficient capital is not available, we may be required to delay, reduce the scope of or eliminate one or more of our programs, any of which could have a material adverse effect on our business.

**Some of our competitors may develop technologies that are superior to or more cost-effective than ours, which may impact the commercial viability of our technologies and which may significantly damage our ability to sustain operations.**

The pharmaceutical and biotechnology industries are intensely competitive. Other pharmaceutical and biotechnology companies and research organizations currently engage in or have in the past engaged in efforts related to the biological mechanisms that are the focus of our programs in oncology and human embryonic stem cell therapies, including the study of telomeres, telomerase, human embryonic stem cells, and nuclear transfer. In addition, other products and therapies that could compete directly with the product candidates that we are seeking to develop and market currently exist or are being developed by pharmaceutical and biopharmaceutical companies and by academic and other research organizations.

Many companies are also developing alternative therapies to treat cancer and, in this regard, are competitors of ours. According to published reports as of July 2003, there were approximately 100 approved anti-cancer products on the market in the United States, and several hundred in clinical development. Many of the pharmaceutical companies developing and marketing these competing products (including AstraZeneca PLC, Bristol-Myers Squibb Company and Novartis AG, among others) have significantly greater financial resources and expertise than we do in:

- research and development;
• manufacturing;
• preclinical and clinical testing;
• obtaining regulatory approvals; and
• marketing.

Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Academic institutions, government agencies and other public and private research organizations may also conduct research, seek patent protection and establish collaborative arrangements for research, clinical development and marketing of products similar to ours. These companies and institutions compete with us in recruiting and retaining qualified scientific and management personnel as well as in acquiring technologies complementary to our programs.

In addition to the above factors, we expect to face competition in the following areas:

• product efficacy and safety;
• the timing and scope of regulatory consents;
• availability of resources;
• reimbursement coverage;
• price; and
• patent position, including potentially dominant patent positions of others.

As a result of the foregoing, our competitors may develop more effective or more affordable products, or achieve earlier patent protection or product commercialization than we do. Most significantly, competitive products may render any product candidates that we develop obsolete.

Restrictions on the use of human embryonic stem cells, and the ethical, legal and social implications of that research, could prevent us from developing or gaining acceptance for commercially viable products in these areas.

Some of our most important programs involve the use of stem cells that are derived from human embryos. The use of human embryonic stem cells gives rise to ethical, legal and social issues regarding the appropriate use of these cells. In the event that our research related to human embryonic stem cells becomes the subject of adverse commentary or publicity, the market price for our common stock could be significantly harmed.

Some political and religious groups have voiced opposition to our technology and practices. We use stem cells derived from human embryos that have been created for in vitro fertilization procedures but are no longer desired or suitable for that use and are donated with appropriate informed consent for research use. Many research institutions, including some of our scientific collaborators, have adopted policies regarding the ethical use of human embryonic tissue. These policies may have the effect of limiting the scope of research conducted using human embryonic stem cells, thereby impairing our ability to conduct research in this field.

In addition, the United States government and its agencies have until recently refused to fund research which involves the use of human embryonic tissue. President Bush announced on August 9, 2001 that he would permit federal funding of research on human embryonic stem cells using the limited number of embryonic stem cell lines that had already been created, but relatively few federal grants have been made so far. The President’s Council on Bioethics will monitor stem cell research, and the guidelines and regulations it recommends may include restrictions on the scope of research using human embryonic or fetal tissue. The Council issued a report in July 2002 that recommended “that the federal government undertake a thorough-going review of present and projected practices of human embryo research, with the aim of establishing appropriate institutions to advise and shape federal policy in this arena.” In the United
Kingdom and other countries, the use of embryonic or fetal tissue in research (including the derivation of human embryonic stem cells) is regulated by the government, whether or not the research involves government funding.

Government-imposed restrictions with respect to use of embryos or human embryonic stem cells in research and development could have a material adverse effect on us, by:

- harming our ability to establish critical partnerships and collaborations;
- delaying or preventing progress in our research and development; and
- causing a decrease in the price of our stock.

**Potential restrictions or a ban on nuclear transfer could prevent us from benefiting financially from our research in this area.**

Our nuclear transfer technology could theoretically be used to produce human embryos for the derivation of embryonic stem cells (sometimes referred to as “therapeutic cloning”) or cloned humans (sometimes referred to as “reproductive cloning”). The U.S. Congress has recently considered legislation that would ban human therapeutic cloning as well as reproductive cloning. Such a bill was passed by the House of Representatives, although not by the Senate. The July 2002 report of the President’s Council on Bioethics recommended a four-year moratorium on therapeutic cloning. If human therapeutic cloning is restricted or banned, we will not be able to benefit from the scientific knowledge that would be generated by research in that area. Finally, if regulatory bodies were to restrict or ban the sale of food products from cloned animals, our financial participation in the business of our nuclear transfer licensees could be significantly harmed.

**We do not have experience as a company in the regulatory approval process, conducting large scale clinical trials, or other areas required for the successful commercialization and marketing of our product candidates.**

All of our product candidates are currently in early stages of product development. We will need to receive regulatory approval for any product candidates before they may be marketed and distributed. Such approval will require, among other things, completing carefully controlled and well-designed clinical trials demonstrating the safety and efficacy of such product candidate. This process is lengthy, expensive and uncertain. We currently have no experience as a company in conducting such trials. Such trials would require either additional financial and management resources, or reliance on third-party clinical investigators or clinical research organizations (CROs). Relying on third-party clinical investigators or CROs may force us to encounter delays that are outside of our control.

We also do not currently have marketing and distribution capabilities for our product candidates. Developing an internal sales and distribution capability would be an expensive and time-consuming process. We may enter into agreements with third parties that would be responsible for marketing and distribution. However, these third parties may not be capable of successfully selling any of our product candidates.

**Entry into clinical trials with one or more product candidates may not result in any commercially viable products.**

We may never generate revenues from product sales because of a variety of risks inherent in our business, including the following risks:

- clinical trials may not demonstrate the safety and efficacy of our product candidates;
- completion of clinical trials may be delayed, or costs of clinical trials may exceed anticipated amounts;
we may not be able to obtain regulatory approval of our products, or may experience delays in obtaining such approvals;

- we may not be able to manufacture our product candidates economically on a commercial scale;
- we and our licensees may not be able to successfully market our products;
- physicians may not prescribe our product candidates, or patients may not accept such product candidates;
- others may have proprietary rights which prevent us from marketing our products; and
- competitors may sell similar, superior or lower-cost products.

Our only product candidate that is in clinical testing is the telomerase cancer vaccine, for which we have only early and preliminary results. Early stage testing may not be indicative of successful outcomes in later stage trials.

**Impairment of our intellectual property rights may limit our ability to pursue the development of our intended technologies and products.**

Protection of our proprietary technology is critically important to our business. Our success will depend in part on our ability to obtain and enforce our patents and maintain trade secrets, both in the United States and in other countries. The patent positions of pharmaceutical and biopharmaceutical companies, including ours, are highly uncertain and involve complex legal and technical questions. In particular, legal principles for biotechnology patents in the United States and in other countries are evolving, and the extent to which we will be able to obtain patent coverage to protect our technology, or enforce issued patents, is uncertain. For example, the European Patent Convention prohibits the granting of European patents for inventions that concern “uses of human embryos for industrial or commercial purposes.” We do not yet know whether or to what extent this restriction will impact our ability to obtain patent protection for our human embryonic stem cell technologies in Europe. Further, our patents may be challenged, invalidated or circumvented, and our patent rights may not provide proprietary protection or competitive advantages to us. In the event that we are unsuccessful in obtaining and enforcing patents, our business would be negatively impacted.

Publication of discoveries in scientific or patent literature tends to lag behind actual discoveries by at least several months and sometimes several years. Therefore, the persons or entities that we or our licensors name as inventors in our patents and patent applications may not have been the first to invent the inventions disclosed in the patent applications or patents, or the first to file patent applications for these inventions. As a result, we may not be able to obtain patents for discoveries that we otherwise would consider patentable and that we consider to be extremely significant to our future success.

Where several parties seek patent protection for the same technology, the U.S. Patent Office may declare an interference proceeding in order to ascertain the party to which the patent should be issued. Patent interferences are typically complex, highly contested legal proceedings, subject to appeal. They are usually expensive and prolonged, and can cause significant delay in the issuance of patents. Moreover, parties that receive an adverse decision in an interference can lose important patent rights. Our pending patent applications, or our issued patents, may be drawn into interference proceedings which may delay or prevent the issuance of patents, or result in the loss of issued patent rights.

The interference process can also be used to challenge a patent that has been issued to another party. In 2001, the U.S. Patent Office granted our request for the declaration of an interference between one of our pending applications relating to nuclear transfer and an issued patent, held by the University of Massachusetts. We requested this interference, which is still ongoing, in order to clarify our patent rights in nuclear transfer technology. We do not have access to the other party’s invention records, and, as in any legal proceeding, the outcome is uncertain. We have since filed requests for additional interferences with other University of Massachusetts patents in the same field; to date one of these additional requests has
been granted. In March 2002, a second interference was declared involving our nuclear transfer patent application and a patent application held by Infigen Inc. That interference was recently resolved with a judgment in our favor.

Outside of the United States, certain jurisdictions, such as Europe and Australia, permit oppositions to be filed against the granting of patents. Because our intent is to commercialize products internationally, securing both proprietary protection and freedom to operate outside of the United States is important to our business. We are involved in both opposing the grant of patents to others through such opposition proceedings and in defending against oppositions filed by others.

If interferences, oppositions or other challenges to our patent rights are not resolved promptly in our favor, our existing business relationships may be jeopardized and we could be delayed or prevented from entering into new collaborations or from commercializing certain products, which could materially harm our business.

Patent litigation may also be necessary to enforce patents issued or licensed to us or to determine the scope and validity of our proprietary rights or the proprietary rights of others. We may not be successful in any patent litigation. Patent litigation can be extremely expensive and time-consuming, even if the outcome is favorable to us. An adverse outcome in a patent litigation or any other proceeding in a court or patent office could subject our business to significant liabilities to other parties, require disputed rights to be licensed from other parties or require us to cease using the disputed technology, any of which could severely harm our business.

If we fail to meet our obligations under license agreements, we may lose our rights to key technologies on which our business depends.

Our business depends on our three technology platforms, each of which is based in part on patents licensed from third parties. Those third-party license agreements impose obligations on us, such as payment obligations and obligations to diligently pursue development of commercial products under the licensed patents. If a licensor believes that we have failed to meet our obligations under a license agreement, the licensor could seek to limit or terminate our license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation our ability to carry out the development and commercialization of potential products could be significantly and negatively affected. If our license rights were restricted or ultimately lost, our ability to continue our business based on the affected technology platform would be severely adversely affected.

We may be subject to litigation that will be costly to defend or pursue and uncertain in its outcome.

Our business may bring us into conflict with our licensees, licensors, or others with whom we have contractual or other business relationships, or with our competitors or others whose interests differ from ours. If we are unable to resolve those conflicts on terms that are satisfactory to all parties, we may become involved in litigation brought by or against us. That litigation is likely to be expensive and may require a significant amount of management’s time and attention, at the expense of other aspects of our business. The outcome of litigation is always uncertain, and in some cases could include judgments against us that require us to pay damages, enjoin us from certain activities, or otherwise affect our legal or contractual rights, which could have a significant adverse effect on our business.

We may be subject to infringement claims that are costly to defend, and which may limit our ability to use disputed technologies and prevent us from pursuing research and development or commercialization of potential products.

Our commercial success depends significantly on our ability to operate without infringing patents and the proprietary rights of others. Our technologies may infringe the patents or proprietary rights of others. In addition, we may become aware of discoveries and technology controlled by third parties that are advantageous to our research programs. In the event our technologies infringe on the rights of others or we
require the use of discoveries and technology controlled by third parties, we may be prevented from pursuing research, development or commercialization of potential products or may be required to obtain licenses to those patents or other proprietary rights or develop or obtain alternative technologies. We may not be able to obtain alternative technologies or any required license on commercially favorable terms, if at all. If we do not obtain the necessary licenses or alternative technologies, we may be delayed or prevented from pursuing the development of some potential products. Our failure to obtain alternative technologies or a license to any technology that we may require to develop or commercialize our product candidates would significantly and negatively affect our business.

*Much of the information and know-how that is critical to our business is not patentable and we may not be able to prevent others from obtaining this information and establishing competitive enterprises.*

We sometimes rely on trade secrets to protect our proprietary technology, especially in circumstances in which we believe patent protection is not appropriate or available. We attempt to protect our proprietary technology in part by confidentiality agreements with our employees, consultants, collaborators and contractors. We cannot assure you that these agreements will not be breached, that we would have adequate remedies for any breach, or that our trade secrets will not otherwise become known or be independently discovered by competitors, any of which would harm our business significantly.

*We depend on our collaborators to help us develop and test our product candidates, and our ability to develop and commercialize products may be impaired or delayed if collaborations are unsuccessful.*

Our strategy for the development, clinical testing and commercialization of our product candidates requires that we enter into collaborations with corporate partners, licensors, licensees and others. We are dependent upon the subsequent success of these other parties in performing their respective responsibilities and the continued cooperation of our partners. For example, third parties are principally responsible for developing oncolytic virus therapeutics and diagnostics using our telomerase technology and an academic institution is conducting the clinical trial of the telomerase therapeutic cancer vaccine. Our collaborators may not cooperate with us or perform their obligations under our agreements with them. We cannot control the amount and timing of our collaborators’ resources that will be devoted to our research and development activities related to our collaborative agreements with them. Our collaborators may choose to pursue existing or alternative technologies in preference to those being developed in collaboration with us.

Under agreements with collaborators, we may rely significantly on them, among other activities, to:

- design and conduct advanced clinical trials in the event that we reach clinical trials;
- fund research and development activities with us;
- pay us fees upon the achievement of milestones; and
- market with us any commercial products that result from our collaborations.

The development and commercialization of potential products will be delayed if collaborators fail to conduct these activities in a timely manner or at all. In addition, our collaborators could terminate their agreements with us and we may not receive any development or milestone payments. If we do not achieve milestones set forth in the agreements, or if our collaborators breach or terminate their collaborative agreements with us, our business may be materially harmed.

*Our process of developing and testing our products depends in part on the intellectual property rights of our collaborators.*

Our development of telomerase therapeutic cancer vaccines and oncolytic viruses is partly dependent on the intellectual property of our collaborators. For example, Merix Biosciences holds the rights for the *ex vivo* dendritic cell technology used in the Duke telomerase cancer vaccine trial, while we own the rights to the telomerase antigen and its use in therapeutic vaccines. If we were no longer able to use the Merix technology, we would need to develop or obtain rights to use a different *ex vivo* cell preparation
technology and restart the trial using that different technology, or abandon entirely the development of an ex vivo telomerase vaccine, which would significantly and adversely affect our business.

Our reliance on the research activities of our non-employee scientific consultants, research institutions, and scientific contractors, whose activities are not wholly within our control, may lead to delays in technological developments.

We rely extensively and have relationships with scientific consultants at academic and other institutions, some of whom conduct research at our request. These scientific consultants are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. We have limited control over the activities of these consultants and, except as otherwise required by our collaboration and consulting agreements, can expect only limited amounts of their time to be dedicated to our activities.

In addition, we have formed research collaborations with many academic and other research institutions throughout the world. These research facilities may have commitments to other commercial and non-commercial entities. We have limited control over the operations of these laboratories and can expect only limited amounts of time to be dedicated to our research goals.

We also rely on other companies for certain process development or other technical scientific work, especially with respect to our telomerase inhibitor programs. We have contracts with these companies that specify the work to be done and results to be achieved, but we do not have direct control over their personnel or operations.

If any of these third parties are unable or refuse to contribute to projects on which we need their help, our ability to generate advances in our technologies will be significantly harmed.

The loss of key personnel could slow our ability to conduct research and develop product candidates.

Our future success depends to a significant extent on the skills, experience and efforts of our executive officers and key members of our scientific staff. Competition for personnel is intense and we may be unable to retain our current personnel or attract or assimilate other highly qualified management and scientific personnel in the future. The loss of any or all of these individuals could harm our business and might significantly delay or prevent the achievement of research, development or business objectives.

We also rely on consultants and advisors who assist us in formulating our research and development and clinical strategy. We face intense competition for qualified individuals from numerous pharmaceutical, biopharmaceutical and biotechnology companies, as well as academic and other research institutions. We may not be able to attract and retain these individuals on acceptable terms. Failure to do so would materially harm our business.

We may not be able to obtain or maintain sufficient insurance on commercially reasonable terms or with adequate coverage against potential liabilities in order to protect ourselves against product liability claims.

Our business exposes us to potential product liability risks that are inherent in the testing, manufacturing and marketing of human therapeutic and diagnostic products. We may become subject to product liability claims if the use of our products is alleged to have injured subjects or patients. This risk exists for products tested in human clinical trials as well as products that are sold commercially. We currently have no clinical trial liability insurance and we may not be able to obtain and maintain this type of insurance for any of our clinical trials. In addition, product liability insurance is becoming increasingly expensive. As a result, we may not be able to obtain or maintain product liability insurance in the future on acceptable terms or with adequate coverage against potential liabilities which could have a material adverse effect on our business.
Because we or our collaborators must obtain regulatory approval to market our products in the United States and other countries, we cannot predict whether or when we will be permitted to commercialize our products.

Federal, state and local governments in the United States and governments in other countries have significant regulations in place that govern many of our activities. The preclinical testing and clinical trials of the products that we or our collaborators develop are subject to extensive government regulation that may prevent us from creating commercially viable product candidates from our discoveries. In addition, the sale by us or our collaborators of any commercially viable product will be subject to government regulation from several standpoints, including the processes of:

- manufacturing;
- advertising and promoting;
- selling and marketing;
- labeling; and
- distributing.

If, and to the extent that, we are unable to comply with these regulations, our ability to earn revenues will be materially and negatively impacted.

The regulatory process, particularly for biopharmaceutical product candidates like ours, is uncertain, can take many years and requires the expenditure of substantial resources. Any product candidate that we or our collaborative partners develop must receive all relevant regulatory agency approvals or clearances before it may be marketed in the United States or other countries. Biological drugs and non-biological drugs are rigorously regulated. In particular, human pharmaceutical therapeutic product candidates are subject to rigorous preclinical and clinical testing and other requirements by the Food and Drug Administration in the United States and similar health authorities in other countries in order to demonstrate safety and efficacy. Because certain of our product candidates involve the application of new technologies or are based upon a new therapeutic approach, they may be subject to substantial additional review by various government regulatory authorities, and, as a result, the process of obtaining regulatory approvals for them may proceed more slowly than for product candidates based upon more conventional technologies. We may never obtain regulatory approval to market our product candidates.

Data obtained from preclinical and clinical activities is susceptible to varying interpretations that could delay, limit or prevent regulatory agency approvals or clearances. In addition, delays or rejections may be encountered as a result of changes in regulatory agency policy during the period of product development and/or the period of review of any application for regulatory agency approval or clearance for a product candidate. Delays in obtaining regulatory agency approvals or clearances could:

- significantly harm the marketing of any products that we or our collaborators develop;
- impose costly procedures upon our activities or the activities of our collaborators;
- diminish any competitive advantages that we or our collaborators may attain; or
- adversely affect our ability to receive royalties and generate revenues and profits.

Even if we commit the necessary time and resources, the required regulatory agency approvals or clearances may not be obtained for any product candidates developed by or in collaboration with us. If we obtain regulatory agency approval or clearance for a new product, this approval or clearance may entail limitations on the indicated uses for which it can be marketed that could limit the potential commercial use of the product. Furthermore, approved products and their manufacturers are subject to continual review, and discovery of previously unknown problems with a product or its manufacturer may result in restrictions on the product or manufacturer, including withdrawal of the product from the market. Failure
to comply with regulatory requirements can result in severe civil and criminal penalties, including but not limited to:

- recall or seizure of products;
- injunction against manufacture, distribution, sales and marketing; and
- criminal prosecution.

The imposition of any of these penalties could significantly impair our business, financial condition and results of operations.

**To be successful, our product candidates must be accepted by the health care community, which can be very slow to adopt or unreceptive to new technologies and products.**

Our product candidates and those developed by our collaborative partners, if approved for marketing, may not achieve market acceptance since hospitals, physicians, patients or the medical community in general may decide to not accept and utilize these products. The product candidates that we are attempting to develop represent substantial departures from established treatment methods and will compete with a number of more conventional drugs and therapies manufactured and marketed by major pharmaceutical companies. The degree of market acceptance of any of our developed products will depend on a number of factors, including:

- our establishment and demonstration to the medical community of the clinical efficacy and safety of our product candidates;
- our ability to create products that are superior to alternatives currently on the market;
- our ability to establish in the medical community the potential advantage of our treatments over alternative treatment methods; and
- reimbursement policies of government and third-party payors.

If the health care community does not accept our products for any of the foregoing reasons, or for any other reason, our business would be materially harmed.

**If we fail to obtain acceptable prices or adequate reimbursement for our product candidates, the use of our potential products could be severely limited.**

Our ability to successfully commercialize our product candidates will depend significantly on our ability to obtain acceptable prices and the availability of reimbursement to the patient from third-party payors. Significant uncertainty exists as to the reimbursement status of newly-approved health care products, including pharmaceuticals. If our products are not considered cost-effective or if we fail to generate adequate third-party reimbursement for the users of our potential products and treatments, then we may be unable to maintain price levels sufficient to realize an appropriate return on our investment in product development.

In both U.S. and other markets, sales of our potential products, if any, will depend in part on the availability of reimbursement from third-party payors, examples of which include:

- government health administration authorities;
- private health insurers;
- health maintenance organizations; and
- pharmacy benefit management companies.

Both federal and state governments in the United States and governments in other countries continue to propose and pass legislation designed to contain or reduce the cost of health care. Legislation and regulations affecting the pricing of pharmaceuticals and other medical products may be adopted before any
of our potential products are approved for marketing. Cost control initiatives could decrease the price that we receive for any product candidate we may develop in the future. In addition, third-party payors are increasingly challenging the price and cost-effectiveness of medical products and services and any of our potential products may ultimately not be considered cost-effective by these third parties. Any of these initiatives or developments could materially harm our business.

**Our products are likely to be expensive to manufacture, and they may not be profitable if we are unable to significantly reduce the costs to manufacture them.**

Both our telomerase inhibitor compounds, GRN163 and GRN163L, and our hESC-based products are likely to be significantly more expensive to manufacture than most other drugs currently on the market today. Oligonucleotides are relatively large molecules with complex chemistry, and the cost of manufacturing even a short oligonucleotide like GRN163 or GRN163L is considerably greater than the cost of making most small-molecule drugs. Our present manufacturing processes are conducted at a relatively small scale and are at an early stage of development. We hope to substantially reduce manufacturing costs by process improvements, as well as through scale increases. If we are not able to do so, however, and depending on the pricing of the product, the profit margin on the telomerase inhibitor may be significantly less than that of most drugs on the market today. Similarly, we currently make differentiated cells from hESCs on a laboratory scale, at a high cost per unit of measure. The cell-based therapies we are developing based on hESCs will probably require large quantities of cells. We continue to develop processes to scale up production of the cells in a cost-effective way. We may not be able to charge a high enough price for any cell therapy product we develop, even if they are safe and effective, to make a profit. If we are unable to realize significant profits from our potential product candidates, our business would be materially harmed.

**Our activities involve hazardous materials, and improper handling of these materials by our employees or agents could expose us to significant legal and financial penalties.**

Our research and development activities involve the controlled use of hazardous materials, chemicals and various radioactive compounds. As a consequence, we are subject to numerous environmental and safety laws and regulations, including those governing laboratory procedures, exposure to blood-borne pathogens and the handling of biohazardous materials. We may be required to incur significant costs to comply with current or future environmental laws and regulations and may be adversely affected by the cost of compliance with these laws and regulations.

Although we believe that our safety procedures for using, handling, storing and disposing of hazardous materials comply with the standards prescribed by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. In the event of such an accident, state or federal authorities could curtail our use of these materials and we could be liable for any civil damages that result, the cost of which could be substantial. Further, any failure by us to control the use, disposal, removal or storage, or to adequately restrict the discharge, or assist in the cleanup, of hazardous chemicals or hazardous, infectious or toxic substances could subject us to significant liabilities, including joint and several liability under certain statutes. Any such liability could exceed our resources and could have a material adverse effect on our business, financial condition and results of operations. Additionally, an accident could damage our research and manufacturing facilities and operations.

Additional federal, state and local laws and regulations affecting us may be adopted in the future. We may incur substantial costs to comply with these laws and regulations and substantial fines or penalties if we violate any of these laws or regulations.

**Our stock price has historically been very volatile.**

Stock prices and trading volumes for many biopharmaceutical companies fluctuate widely for a number of reasons, including factors which may be unrelated to their businesses or results of operations such as media coverage, legislative and regulatory measures and the activities of various interest groups or
organizations. This market volatility, as well as general domestic or international economic, market and political conditions, could materially and adversely affect the market price of our common stock and the return on your investment.

Historically, our stock price has been extremely volatile. Between January 1998 and February 2004, our stock has traded as high as $75.88 per share and as low as $1.41 per share. Between February 1, 2002 and February 20, 2004, the price has ranged between a high of $16.80 per share and a low of $1.41 per share. The significant market price fluctuations of our common stock are due to a variety of factors, including:

- the depth of the market for the common stock;
- the experimental nature of our product candidates;
- fluctuations in our operating results;
- market conditions relating to the biopharmaceutical and pharmaceutical industries;
- any announcements of technological innovations, new commercial products, or clinical progress or lack thereof by us, our collaborative partners or our competitors;
- announcements concerning regulatory developments, developments with respect to proprietary rights and our collaborations;
- comments by securities analysts;
- general market conditions; or
- public concern with respect to our product candidates.

In addition, the stock market is subject to other factors outside our control that can cause extreme price and volume fluctuations. Securities class action litigation has often been brought against companies, including many biotechnology companies, which experience volatility in the market price of their securities. Litigation brought against us could result in substantial costs and a diversion of management’s attention and resources, which could adversely affect our business.

The sale of a substantial number of shares may adversely affect the market price for our common stock.

Sales of substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could significantly and negatively affect the market price for our common stock. As of February 20, 2004, we had 39,571,130 shares of common stock outstanding. Of these shares, approximately 20,337,032 shares (including shares issuable upon conversion or exercise of convertible notes or warrants) were issued since December 1998 pursuant to private placements. Of these shares, approximately 16,310,893 shares have been registered pursuant to shelf registration statements and therefore may be resold (if not sold prior to the date hereof) in the public market and approximately 4,026,139 of the remaining shares may be resold pursuant to Rule 144 into the public markets.

Our undesignated preferred stock may inhibit potential acquisition bids; this may adversely affect the market price for our common stock and the voting rights of the holders of our common stock.

Our certificate of incorporation provides our Board of Directors with the authority to issue up to 3,000,000 shares of undesignated preferred stock and to determine the rights, preferences, privileges and restrictions of these shares without further vote or action by the stockholders. As of the date of this annual report, 50,000 shares of preferred stock have been designated Series A Junior Participating Preferred Stock and the Board of Directors still has authority to designate and issue up to 2,950,000 shares of preferred stock. The issuance of shares of preferred stock may delay or prevent a change in control transaction without further action by our stockholders. As a result, the market price of our common stock may be adversely affected.
In addition, if we issue preferred stock in the future that has preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Provisions in our share purchase rights plan, charter and bylaws, and provisions of Delaware law, may inhibit potential acquisition bids for us, which may prevent holders of our common stock from benefiting from what they believe may be the positive aspects of acquisitions and takeovers.

Our Board of Directors has adopted a share purchase rights plan, commonly referred to as a “poison pill.” This plan entitles existing stockholders to rights, including the right to purchase shares of common stock, in the event of an acquisition of 15% or more of our outstanding common stock. Our share purchase rights plan could prevent stockholders from profiting from an increase in the market value of their shares as a result of a change of control of Geron by delaying or preventing a change of control. In addition, our Board of Directors has the authority, without further action by our stockholders, to issue additional shares of common stock, and to fix the rights and preferences of one or more series of preferred stock.

In addition to our share purchase rights plan and the undesignated preferred stock, provisions of our charter documents and bylaws may make it substantially more difficult for a third party to acquire control of us and may prevent changes in our management, including provisions that:

- prevent stockholders from taking actions by written consent;
- divide the Board of Directors into separate classes with terms of office that are structured to prevent all of the directors from being elected in any one year;
- set forth procedures for nominating directors and submitting proposals for consideration at stockholders’ meetings.

Provisions of Delaware law may also inhibit potential acquisition bids for us or prevent us from engaging in business combinations. Either collectively or individually, these provisions may prevent holders of our common stock from benefiting from what they may believe are the positive aspects of acquisitions and takeovers, including the potential realization of a higher rate of return on their investment from these types of transactions.

In addition, we have severance agreements with several employees and a change of control severance plan which could require an acquiror to pay a higher price.

We do not intend to pay cash dividends on our common stock in the foreseeable future.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. Any payment of cash dividends will depend upon our financial condition, results of operations, capital requirements and other factors and will be at the discretion of the Board of Directors. Furthermore, we may incur additional indebtedness that may severely restrict or prohibit the payment of dividends.

Item 2. Properties

We currently lease approximately 65,000 square feet of office space at 200, 230 and 255 Constitution Drive, Menlo Park, California. The leases for 200 and 230 Constitution Drive expire in July 2004, and we are currently negotiating a multi-year extension of both leases. The lease for 255 Constitution Drive expires in April 2005 with an option to extend the term to coincide with the end date of the extension period for 200 and 230 Constitution Drive. We have subleased a portion of this space. We also currently lease 900 square feet of office space at Roslin Biotechnology Centre, Roslin, Midlothian, United Kingdom. The lease for the office space expires in May 2005. We believe that our existing facilities are adequate to meet our requirements for the near term.

Item 3. Legal Proceedings

None.
Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters

Market Information

Our common stock is quoted on the Nasdaq National Market under the symbol GERN. The high and low closing sales prices (excluding retail markup, markdowns and commissions) of our stock for the years ending December 31, 2003 and 2002 are as follows:

<table>
<thead>
<tr>
<th>Year ended December 31, 2003</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quarter</td>
<td>$5.290</td>
<td>$1.410</td>
</tr>
<tr>
<td>Second quarter</td>
<td>$8.340</td>
<td>$4.100</td>
</tr>
<tr>
<td>Third quarter</td>
<td>$14.803</td>
<td>$6.560</td>
</tr>
<tr>
<td>Fourth quarter</td>
<td>$16.150</td>
<td>$9.650</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended December 31, 2002</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quarter</td>
<td>$10.150</td>
<td>$7.090</td>
</tr>
<tr>
<td>Second quarter</td>
<td>$8.320</td>
<td>$4.230</td>
</tr>
<tr>
<td>Third quarter</td>
<td>$5.580</td>
<td>$3.560</td>
</tr>
<tr>
<td>Fourth quarter</td>
<td>$4.300</td>
<td>$3.470</td>
</tr>
</tbody>
</table>

As of December 31, 2003, there were approximately 919 stockholders of record. We are engaged in a highly dynamic industry, which often results in significant volatility of our common stock price. On February 20, 2004, the closing price for our common stock was $10.56 per share.

Dividend Policy

We have never paid cash dividends on our capital stock and do not anticipate paying cash dividends in the foreseeable future, but intend to retain our capital resources for reinvestment in our business. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements and other factors as the Board of Directors deems relevant.

Recent Sales of Unregistered Securities

None.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this Item concerning the Company’s equity compensation plans is discussed in Note 11 to the Consolidated Financial Statements contained in Part I, Item 8 of this annual report.
## Item 6. Selected Consolidated Financial Data

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands, except share and per share data)</td>
</tr>
<tr>
<td><strong>Consolidated Statement of Operations</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Data:</strong></td>
<td></td>
</tr>
<tr>
<td>Revenues from collaborative agreements ..................</td>
<td>$ 72</td>
</tr>
<tr>
<td>License fees and royalties .............................</td>
<td>1,102</td>
</tr>
<tr>
<td>Total revenues ............................</td>
<td>1,174</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Research and development ..................</td>
<td>25,551</td>
</tr>
<tr>
<td>Acquired in-process research technology (1) .............</td>
<td>—</td>
</tr>
<tr>
<td>General and administrative ............................</td>
<td>5,803</td>
</tr>
<tr>
<td>Total operating expenses ...........................</td>
<td>31,354</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(30,180)</td>
</tr>
<tr>
<td>Interest and other income ..................</td>
<td>1,812</td>
</tr>
<tr>
<td>Conversion expense (2) ...............................</td>
<td>(779)</td>
</tr>
<tr>
<td>Interest and other expense ............................</td>
<td>(736)</td>
</tr>
<tr>
<td><strong>Loss before cumulative effect of a change in accounting principle</strong></td>
<td>(29,883)</td>
</tr>
<tr>
<td>Cumulative effect of a change in accounting principle (3) ........</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(29,883)</td>
</tr>
<tr>
<td>Accretion of redemption value of redeemable convertible preferred stock</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss applicable to common stockholders</strong></td>
<td>$ (29,883)</td>
</tr>
<tr>
<td><strong>Basic and diluted net loss per share:</strong></td>
<td></td>
</tr>
<tr>
<td>Loss per share before cumulative effect of a change in accounting principle</td>
<td>$ (0.97)</td>
</tr>
<tr>
<td>Cumulative effect of a change in accounting principle</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss per common share</strong></td>
<td>$ (0.97)</td>
</tr>
<tr>
<td>Shares used in computing net loss per common share</td>
<td>30,965,330</td>
</tr>
</tbody>
</table>

(1) In May 1999, we recognized $23.4 million as acquired in-process research technology expense for the value of the nuclear transfer technology license obtained through the acquisition of Roslin Bio-Med.

(2) In November 2001, we amended the terms of the series D convertible debentures and warrants and converted a portion of the outstanding series D convertible debentures. We recognized $11.9 million as conversion expense related to this amendment and conversion. In May 2003, we modified the terms of the series D convertible debentures and warrants. We recognized $779,000 as conversion expense related to this modification.

(3) In November 2000, we adopted a new accounting principle which retroactively affected the calculation of the beneficial conversion features associated with the series C convertible debentures issued in September 1999 and the series D convertible debentures issued in June 2000. We recognized an additional $13.3 million in imputed non-cash interest expense to reflect the change in accounting principle.
Consolidated Balance Sheet Data:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, restricted cash, cash equivalents and marketable securities</td>
<td>$109,780</td>
<td>$47,517</td>
<td>$79,641</td>
<td>$95,785</td>
<td>$42,923</td>
</tr>
<tr>
<td>Working capital</td>
<td>101,983</td>
<td>41,386</td>
<td>71,552</td>
<td>89,230</td>
<td>36,117</td>
</tr>
<tr>
<td>Total assets</td>
<td>118,115</td>
<td>60,669</td>
<td>96,231</td>
<td>114,030</td>
<td>63,701</td>
</tr>
<tr>
<td>Long-term obligations</td>
<td>1,151</td>
<td>20,515</td>
<td>23,280</td>
<td>41,987</td>
<td>29,527</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(255,666)</td>
<td>(225,783)</td>
<td>(191,875)</td>
<td>(149,802)</td>
<td>(103,969)</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>106,324</td>
<td>29,741</td>
<td>61,542</td>
<td>63,918</td>
<td>26,226</td>
</tr>
</tbody>
</table>

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Overview

This annual report contains forward-looking statements that involve risks and uncertainties. We use words such as “anticipate”, “believe”, “plan”, “expect”, “future”, “intend” and similar expressions to identify forward-looking statements. These statements appear throughout the annual report and are statements regarding our intent, belief, or current expectations, primarily with respect to our operations and related industry developments. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us and described in the section of Item 1 titled “Additional Factors That May Affect Future Results,” and elsewhere in this annual report.

The following discussion should be read in conjunction with the audited consolidated financial statements and notes thereto included in Part I, Item 8 of this annual report.

We are a biopharmaceutical company focused on developing and commercializing therapeutic and diagnostic products for cancer based on our telomerase technology, and cell-based therapeutics using our human embryonic stem cell technology.

In November 2003, we completed a public offering of 5,750,000 shares of common stock, which included the underwriters’ exercise of their over-allotment option, resulting in net cash proceeds of approximately $64.3 million.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 of Notes to Consolidated Financial Statements describes the significant accounting policies used in the preparation of the consolidated financial statements. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below.

A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. Specifically, critical accounting estimates have the following attributes: 1) we are required to make assumptions about matters that are highly uncertain at the time of the estimate; and 2) different estimates we could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on our financial condition or results of operations.
Estimates and assumptions about future events and their effects cannot be determined with certainty. We base our estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as our operating environment changes. These changes have historically been minor and have been included in the consolidated financial statements as soon as they became known. Based on a critical assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that our consolidated financial statements are fairly stated in accordance with accounting principles generally accepted in the United States, and present a meaningful presentation of our financial condition and results of operations.

We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our consolidated financial statements:

**Revenue Recognition**

We recognize revenue related to license and research agreements with collaborators, royalties, milestone payments and government grants. Our revenue arrangements with multiple deliverables are divided into separate units of accounting if certain criteria are met, including whether the delivered item has stand-alone value to the end user and whether there is objective and reliable evidence of the fair value of the undelivered items. The consideration we receive is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are considered separately for each of the separate units.

Since our inception, a substantial portion of our revenues has been generated from license and research agreements with collaborators. We recognize cost reimbursement revenue under these collaborative agreements as the related research and development costs are incurred. We recognize milestone fees upon completion of specified milestones according to contract terms. Deferred revenue represents the portion of research payments received which has not been earned.

We also have several license, option and marketing agreements with various oncology, diagnostics, research tools, agriculture and biologics production companies. With each of these agreements, we may receive nonrefundable license payments in cash or equity securities, option payments in cash or equity securities, royalties on future sales of products, milestone payments, or any combination of these items. We recognize nonrefundable signing or license fees that are not dependent on future performance under these agreements as revenue when received and over the term of the arrangement if we have continuing performance obligations. We recognize option payments as revenue over the period of the option agreement. We recognize milestone payments upon completion of specified milestones according to contract terms. We generally recognize royalties as revenue upon receipt.

We receive income from United States government grants that support our research efforts in defined research projects. These grants generally provide for reimbursement of approved costs incurred as defined in the various grants. Income associated with these grants is recognized upon receipt of reimbursement and is included in interest and other income on the consolidated statements of operations. We estimate the projected future life of license agreements over which we recognize revenue. Our estimates are based on historical experience and general industry practice. Revisions in the estimated lives have the effect of increasing or decreasing license fee revenue in the period of revision. As of December 31, 2003, no revisions to the estimated future lives of license agreements have been made and we do not expect revisions in the future.

**Intangible Asset and Research Funding Obligation**

In May 1999, we completed the acquisition of Roslin Bio-Med Ltd., a privately held company formed by the Roslin Institute in Midlothian, Scotland. In connection with this acquisition, we formed a research collaboration with the Roslin Institute and committed approximately $20,000,000 in research funding over six years. Using an effective interest rate of 6%, this research funding obligation had a net present value of
$17,200,000 at the acquisition date and was capitalized as an intangible asset that is being amortized as research and development expense over the six year funding period. Imputed interest is also being accreted to the value of the research funding obligation and is recognized as interest expense.

At the time of acquisition, we estimated the effective interest rate and have been evaluating the spending rate under the collaboration as compared to the contractual funding period. Revisions in the effective interest rate or amortization period would have the effect of increasing or decreasing research and development expense as well as the balance of intangible assets and research funding obligation on the balance sheet. As of December 31, 2003, no revisions to the effective interest rate or amortization period have been made and we do not expect revisions in the future.

Valuation of Equity Instruments

As permitted by SFAS No. 123, “Accounting for Stock-Based Compensation,” (SFAS 123) we elected to continue to apply the provisions of APB Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations in accounting for our employee stock option and stock purchase plans. We are generally not required under APB Opinion No. 25 and related interpretations to recognize compensation expense in connection with our employee stock option and stock purchase plans. We are required by SFAS 123 to present, in the Notes to Consolidated Financial Statements, the pro forma effects on reported net income and earnings per share as if compensation expense had been recognized based on the fair value method of accounting prescribed by SFAS 123.

In valuing our options using the Black-Scholes option pricing model, we make assumptions about risk-free interest rates, dividend yields, volatility and weighted average expected lives of the options. Risk-free interest rates are derived from United States zero-coupon treasury strip yields as of the option grant date. Dividend yields are based on our historical dividend payments, which have been zero to date. Volatility is derived from the historical volatility of our common stock as traded on Nasdaq. The weighted average expected lives of the options is based on historical experience of option exercises. Each year, we have consistently applied the same methodology when deriving these assumptions. Revisions of any of these assumptions would increase or decrease the value of the option and increase or decrease the pro forma effect on reported net income and earnings per share if the compensation expense had been recognized based on the fair value method. As of December 31, 2003, no revisions to the assumptions used in the Black-Scholes option pricing model have been made and we do not expect revisions in the future.

In valuing our warrants using the Black-Scholes option pricing model, we make assumptions about risk-free interest rates, dividend yields, volatility and weighted average expected lives of the warrants. Risk-free interest rates are derived from United States zero-coupon treasury strip yields as of the warrant issue date. Dividend yields are based on our historical dividend payments, which have been zero to date. Volatility is derived from the historical volatility of our common stock as traded on Nasdaq. The weighted average expected lives of the warrants is based on the term of the warrant. Upon issuance of a warrant to consultants or collaborators, we recognize an expense in our consolidated statements of operations. Upon issuance of warrants in connection with an equity financing, we recognize issuance costs with an offset to additional paid-in capital in our consolidated balance sheets. Each year, we have consistently applied the same methodology when deriving these assumptions. Revisions of any of these assumptions would increase or decrease the value of the warrant and increase or decrease the expense or issuance cost recognized upon issuance of the warrant. As of December 31, 2003, no revisions to the assumptions used in the Black-Scholes option pricing model have been made and we do not expect revisions in the future.

Results of Operations

Our results of operations have fluctuated from period to period and will continue to fluctuate in the future based upon the timing and composition of funding under our various collaborative agreements, as well as the progress of our research and development efforts and variations in the level of expenses related to developmental efforts during any given period. Results of operations for any period may be unrelated to results of operations for any other period. In addition, historical results should not be viewed as indicative
of future operating results. We are subject to risks common to companies in our industry and at our stage of development, including risks inherent in our research and development efforts, reliance upon our collaborative partners, enforcement of our patent and proprietary rights, need for future capital, potential competition and uncertainty of regulatory approvals or clearances. In order for a therapeutic product to be commercialized based on our research, we and our collaborators must conduct preclinical tests and clinical trials that demonstrate its efficacy and safety, obtain regulatory approvals or clearances and enter into manufacturing, distribution and marketing arrangements, as well as obtain market acceptance. We do not expect to receive revenues or royalties based on therapeutic products for a period of years, if at all.

Revenues

We recognized revenues from collaborative agreements of $72,000 in 2003 compared to $566,000 in 2002 and $3.3 million in 2001. Revenues in 2003 primarily reflected cost reimbursements from consulting contracts. Revenues in 2002 primarily reflected the final research support payment from our collaborative agreement with Kyowa Hakko. In 2002, Kyowa Hakko completed their research funding to us as contractually agreed. We received $2.0 million in funding payments under the Kyowa Hakko agreement in 2001. We did not receive any funding payments from Kyowa Hakko in 2002 or 2003. Revenues in 2001 primarily represented research support payments from our collaborative agreement with Kyowa Hakko and our collaborative agreement with Pharmacia, which ended in 2001. We recognized $1.3 million in revenue for funding payments received under the Pharmacia agreement in 2001. We recognize revenue under collaborative agreements as we incur the related research and development costs.

We have entered into license and option agreements with companies involved with oncology, diagnostics, research tools, agriculture and biologics production. In each of these agreements, we have granted certain rights to our technologies. In connection with the agreements, we are entitled to receive license fees, option fees, milestone payments and royalties on future sales, or any combination thereof. We recognized license and option fee revenues of $972,000, $492,000 and $200,000 in 2003, 2002 and 2001, respectively related to our various agreements. Also, we received royalties of $130,000, $190,000 and $140,000 in 2003, 2002 and 2001, respectively, on product sales of telomerase detection and telomere measurement kits to the research-use-only market and cell-based research products. License and royalty revenues are dependent upon additional agreements being signed and future product sales. We expect to recognize revenue of $227,000 in 2004, $137,000 each in 2005, 2006, 2007 and $404,000 thereafter related to our existing deferred revenue. Current revenues may not be predictive of future results.

Research and Development Expenses

Research and development expenses were $25.6 million, $29.8 million and $27.9 million for the years ended December 31, 2003, 2002 and 2001, respectively. The decrease in 2003 from 2002 was primarily due to a reduction in personnel-related costs of approximately $3.8 million associated with restructurings in June 2002 and January 2003 and a reduction in external research support costs of approximately $400,000. The increase in 2002 from 2001 was primarily the result of increased costs of $2.5 million related to raw materials and manufacturing expenses for our telomerase inhibitor compounds. Overall, we expect research and development expenses to increase in the next year as we continue to incur expenses related to manufacturing and testing of our telomerase inhibitor compounds and continue development of our human embryonic stem cell (hESC) programs.

Our research and development activities can be divided into two major categories of related programs, oncology and hESC therapies. The oncology programs focus on treating or diagnosing cancer by targeting or detecting the presence of telomerase, either inhibiting activity of the telomerase enzyme, diagnosing cancer by detecting the presence of telomerase, or using telomerase as a target for therapeutic vaccines. Our core knowledge base in telomerase and telomere biology supports all these approaches, and our scientists may contribute to any or all of these programs in a given period.

Our hESC therapy programs focus on treating degenerative diseases with cell therapies based on cells derived from hESCs. A core of knowledge of hESC biology, as well as a significant continuing effort in
deriving, growing, maintaining, and differentiating hESCs, underlies all aspects of this group of programs. Many of our researchers are allocated to more than one hESC project, and the percentage allocations of time changes as the resource needs of individual programs vary.

Research and development expenses allocated to programs are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>Oncology</td>
<td>$13,231</td>
</tr>
<tr>
<td>hESC Therapies</td>
<td>12,320</td>
</tr>
<tr>
<td>Total</td>
<td>$25,551</td>
</tr>
</tbody>
</table>

In our oncology area, we have concentrated our resources in two programs: telomerase inhibitor compounds and telomerase therapeutic vaccines. Our telomerase inhibitor compounds, GRN163 and GRN163L, are in preclinical animal toxicology and efficacy studies. We hope to complete the preclinical studies successfully during 2004, after which we expect to prepare and file an IND application. A telomerase therapeutic vaccine for patients with metastatic prostate cancer is currently in a Phase I/II clinical study at Duke University Medical Center.

In our hESC therapy programs, we have concentrated our resources on several specific cell types. We have developed proprietary methods to derive, maintain and scale up undifferentiated hESCs and differentiate them into therapeutically relevant cells. We are now testing six different therapeutic cell types in animal models. In three of these cell types, we have preliminary results indicating efficacy as evidenced by functional recovery of the treated animals. After completion of these studies, we expect to begin one or more Phase I clinical trials, most likely including treatment for spinal cord injury.

At this time, we cannot provide reliable estimates of how much time or investment will be necessary to complete the programs currently in progress. Drug development in the U.S. is a process that includes multiple steps defined by the FDA under applicable statutes, regulations and guidance documents. After the preclinical research process of identifying, selecting and testing in animals a potential pharmaceutical compound, the clinical development process begins with the filing of an IND. Clinical development typically involves three phases of study: Phase I, II, and III. The most significant costs associated with clinical development are incurred in Phase III trials, which tend to be the longest and largest studies conducted during the drug development process. After the completion of a successful preclinical and clinical development program, a New Drug Application (NDA) must be filed with the FDA, which includes among other things very large amounts of preclinical and clinical data and results and manufacturing-related information necessary to support requested approval of the product. The NDA must be reviewed and approved by the FDA.

According to industry statistics, on average it takes 10 to 15 years to research, develop and bring to market a new prescription medicine in the United States. In light of the steps and complexities involved, the successful development of our product candidates is highly uncertain. Actual product timelines and costs are subject to enormous variability and are very difficult to predict. Our clinical development programs are updated and changed periodically to reflect the most recent preclinical and clinical data and other relevant information. In addition, various statutes and regulations also govern or influence the manufacturing, safety reporting, labeling, storage, recordkeeping and marketing of each product. The lengthy process of seeking these regulatory reviews and approvals, and the subsequent compliance with applicable statutes and regulations, require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect our business. In responding to an NDA submission, the FDA may grant marketing approval, may request additional information, may deny the application if it determines that the application does not provide an adequate basis for approval, and may also refuse to review an application that has been submitted if it determines that the application does not provide an adequate basis for filing and review. We cannot assure you that any approval required by the FDA will be obtained on a timely basis, if at all.
For a more complete discussion of the risks and uncertainties associated with completing development of potential products, see the sub-section titled “Because we or our collaborators must obtain regulatory approval to market our products in the United States and other countries, we cannot predict whether or when we will be permitted to commercialize our products” and “Entry into clinical trials with one or more product candidates may not result in any commercially viable products” in the section of Item 1 entitled “Additional Factors That May Affect Future Results,” and elsewhere in this annual report.

**General and Administrative Expenses**

General and administrative expenses were $5.8 million, $7.1 million and $10.7 million for the years ended December 31, 2003, 2002 and 2001, respectively. The decrease in 2003 from 2002 was the result of a reduction in personnel-related costs of $563,000 as a result of the restructuring announced in January 2003, partially offset by increased external accounting and legal costs of $43,000. The decrease in 2002 from 2001 was due to a reduction in personnel-related costs of $914,000 as a result of the restructuring announced in June 2002, a reduction in business consulting expenses of $2.2 million and a reduction in legal expenses of $1.0 million. We expect general and administrative expenses to approximate current levels in the next year.

**Interest and Other Income**

Interest income was $968,000, $1.8 million and $5.0 million for the years ended December 31, 2003, 2002 and 2001, respectively. The decrease in 2003 as compared to 2002 was the net result of lower interest rates partially offset by higher cash and investment balances in the fourth quarter of 2003. The decrease in 2002 as compared to 2001 was primarily due to lower interest rates and decreasing cash and investment balances. Interest earned in the future will depend on any future funding cycles and prevailing interest rates. We also received $864,000, $770,000 and $794,000 in research payments under government grants for the years ended December 31, 2003, 2002 and 2001, respectively and recorded these amounts as other income in each year. We expect income from government grants to decrease in the future with the conclusion of our National Consortium Drug Discovery Group grant award from the National Cancer Institute.

**Interest and Other Expense**

Interest and other expense was $736,000, $757,000 and $1.0 million for the years ended December 31, 2003, 2002 and 2001, respectively. The decrease in interest and other expense in 2003 and 2002 was primarily the result of reduced equipment loan payments.

**Conversion Expense**

In connection with the restructuring agreement for our series D convertible debentures in November 2001, we modified the terms of $10.0 million of our outstanding series D convertible debentures by reducing the conversion price to 92% of the closing bid price on the date of conversion by the investor and, as a result, we recorded $7.2 million as conversion expense in 2001. The conversion expense was calculated as the difference between the fair market value of the common stock issued on the date of conversion and the fair market value of common stock that would have been issued under the original agreement.

Also in November 2001, we modified the terms of the remaining $15.0 million of our series D convertible debentures to extend the maturity date to June 30, 2005, increase the yield on the debenture to 2.5%, and fix the conversion price at $20.00 per share. In addition, we modified the terms of the related warrants that were originally issued with our series D convertible debentures to reset the exercise price of 40% of the warrants to $15.625 per share and extend the exercise period to June 30, 2003 (series D-1 warrants) and 60% of the warrants to $25.00 per share and extend the exercise period to December 31, 2006 (series D-2 warrants). The difference between the current fair values of the original series D warrants and the amended series D-1 and D-2 warrants was recorded as conversion expense of $3.4 million. We
also recorded the remaining $15.0 million of amended series D convertible debentures at a fair value of $16.3 million with the offsetting difference of $1.3 million being recorded as conversion expense. The fair values used in calculating the conversion expense associated with the series D-1 and D-2 warrants and the amended series D convertible debentures were based on values determined through the assistance of an independent valuation.

In May 2003, we modified the existing terms of the outstanding $15.0 million series D convertible debentures to provide for an automatic conversion into equity on the maturity date, to fix the conversion price at $5.00 per share and to eliminate the interest accrual for the remainder of the term. In addition, we modified the terms of the related outstanding warrants to change the exercise prices to $7.50 per share. The warrant expiration periods were unchanged.

The difference between the current fair values of the existing series D-1 and D-2 warrants and the amended series D-1 and D-2 warrants was recorded as conversion expense of $583,000. We also recorded the amended series D convertible debentures at a fair value of $16,509,000 with the difference of $935,000 being recorded as conversion expense. The remaining excess of the fair value over the face value of the debentures from the first modification of $739,000 was recognized as a reduction to conversion expense. The 2.5% interest accrued through the date of the second modification was added to the outstanding principal balance. No further interest accruals were required after the date of the second modification. In calculating the conversion expense associated with the amended series D-1 and D-2 warrants, we used the Black-Scholes Valuation Model to determine fair values. The conversion expense associated with the amended series D convertible debentures was based on the fair value of the underlying common stock.

During May and June 2003, all of the remaining $15.0 million of series D convertible debentures plus accrued interest of $575,000 were converted into 3,115,068 shares of Geron common stock. As of December 31, 2003, no series D convertible debentures remained outstanding. Amended series D-1 warrants to purchase 333,935 shares of Geron common stock expired on July 1, 2003 without having been exercised. Amended series D-2 warrants to purchase 500,901 shares of Geron common stock remained outstanding as of December 31, 2003.

Net Loss

Net loss was $29.9 million, $33.9 million and $42.1 million for the years ended December 31, 2003, 2002 and 2001, respectively. The decrease in net loss in 2003 compared to 2002 was the net result of reduced revenues partially offset by decreased operating expenses. The decrease in net loss in 2002 compared to 2001 was the net result of reduced revenues from collaborative agreements partially offset by lower conversion expense related to convertible debentures.

Liquidity and Capital Resources

Cash, restricted cash, cash equivalents and marketable securities at December 31, 2003 were $109.8 million compared to $47.5 million at December 31, 2002 and $79.6 million at December 31, 2001. We have an investment policy to invest these funds in liquid, investment grade securities, such as interest-bearing money market funds, corporate notes, commercial paper and municipal securities. The increase in cash, restricted cash, cash equivalents and marketable securities in 2003 was the result of two equity financings in 2003 which resulted in net cash proceeds of $83.3 million. The decrease in cash, restricted cash, cash equivalents and marketable securities in 2002 was the result of cash used in operations.

Net cash used in operations was $24.4 million in 2003, $31.3 million in 2002 and $22.4 million in 2001. The decrease in net cash used in operations in 2003 was due to reduced operating expenses, primarily the result of the restructuring announced in January 2003. The increase in net cash used in operations in 2002 was primarily the result of increased research and development expenses and a decrease in revenues.

Through December 31, 2003, we have invested approximately $12.7 million in property and equipment, of which approximately $8.3 million was financed through an equipment financing
arrangement. Minimum annual payments due under the equipment financing facility are expected to total, $176,000, $146,000 and $55,000 in 2004, 2005 and 2006, respectively. As of December 31, 2003, we had approximately $1.3 million available for borrowing under our equipment financing facilities. The drawdown period under the equipment financing facilities expires on September 30, 2004. We intend to renew the commitment for new equipment financing facilities in 2004 to further fund equipment purchases. If we are unable to renew the commitment, then we will need to spend our own resources for equipment purchases.

In November 2003, we completed a public offering of 5,750,000 shares of common stock, which included the underwriters’ exercise of their over-allotment option, resulting in net cash proceeds of approximately $64.3 million. In April 2003, we sold 4,400,000 shares of Geron common stock to two investors at $4.60 per share resulting in net proceeds of approximately $19.0 million.

In June 2003, Geron entered into a licensing agreement with Transgenomic, Inc. covering manufacture of phosphoramidate and thio-phosphoramidate oligonucleotides for our telomerase inhibitor compounds, GRN163 and GRN163L. In connection with the agreement, Transgenomic purchased 310,000 shares of Geron common stock at $5.05 per share in addition to paying a non-refundable cash license fee. In a separate collaboration research agreement between the two companies, a research fee was paid to Transgenomic, Inc.

In May 2003, we modified the existing terms of the outstanding $15.0 million series D convertible debentures to provide for an automatic conversion into equity on the maturity date, to fix the conversion price at $5.00 per share and to eliminate the interest accrual for the remainder of the term. In addition, we modified the terms of the related outstanding warrants to change the exercise prices to $7.50 per share. The warrant expiration periods were unchanged. During May and June 2003, all of the remaining $15.0 million of series D convertible debentures plus accrued interest of $575,000 were converted into 3,115,068 shares of Geron common stock. As of December 31, 2003, no series D convertible debentures remained outstanding. Amended series D-1 warrants to purchase 333,935 shares of Geron common stock expired on July 1, 2003 without having been exercised. Amended series D-2 warrants to purchase 500,901 shares of Geron common stock remained outstanding as of December 31, 2003.

In January 2003, we reduced our research staff by 29 employees and our support staff by 11 employees. We restructured our organization in order to concentrate our resources on the continued development of our lead anti-cancer product candidates, GRN163 and GRN163L, and our human embryonic stem cell therapy programs. We recorded a restructuring charge in the first quarter of 2003 of approximately $670,000, of which $390,000 was recorded as research and development expense and $280,000 was recorded as general and administrative expense. As of December 31, 2003, no further amounts were due as a result of this restructuring.

Our contractual obligations for the next five years, and thereafter are as follows:

<table>
<thead>
<tr>
<th>Contractual Obligations (1)</th>
<th>Total</th>
<th>Less Than 1 Year</th>
<th>1-3 Years</th>
<th>4-5 Years</th>
<th>After 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts in thousands</td>
<td>$377</td>
<td>$176</td>
<td>$201</td>
<td>—</td>
</tr>
<tr>
<td>Equipment loans .................</td>
<td>$936</td>
<td>814</td>
<td>122</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Operating leases ...............</td>
<td>8,785</td>
<td>3,692</td>
<td>4,158</td>
<td>$374</td>
<td>$561</td>
</tr>
<tr>
<td>Research funding (2) ............</td>
<td>$10,098</td>
<td>$4,682</td>
<td>$4,481</td>
<td>$374</td>
<td>$561</td>
</tr>
</tbody>
</table>

(1) This table does not include any milestone payments under research collaborations or license agreements as the timing and likelihood of such payments are not known.
(2) Research funding is comprised of sponsored research commitments at various academic laboratories around the world, including the Roslin Institute.
We estimate that our existing capital resources, interest income and equipment financing facilities will be sufficient to fund our current level of operations through June 30, 2006. Changes in our research and development plans or other changes affecting our operating expenses or cash balances may result in the expenditure of available resources before such time, and in any event, we will need to raise substantial additional capital to fund our operations in the future. We intend to seek additional funding through strategic collaborations, public or private equity financings, equipment loans or other financing sources that may be available.

**Off-Balance Sheet Arrangements**

None.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The following discussion about our market risk disclosures contains forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. We do not use derivative financial instruments for speculative or trading purposes.

_Credit Risk._ We place our cash, restricted cash, cash equivalents, and marketable securities with three financial institutions in the United States. Generally, these deposits may be redeemed upon demand and therefore, bear minimal risk. Deposits with banks may exceed the amount of insurance provided on such deposits. Financial instruments that potentially subject us to concentrations of credit risk consist primarily of marketable securities. Marketable securities consist of high-grade corporate bonds and U.S. government agency securities. Our investment policy, approved by our Board of Directors, limits the amount we may invest in any one type of investment, thereby reducing credit risk concentrations.

_Interest Rate Sensitivity._ The fair value of our cash equivalents and marketable securities at December 31, 2003 was $109.1 million. These investments include $12.7 million of cash and cash equivalents which are due in less than 90 days, $64.4 million of short-term investments which are due in less than one year and $32.0 million in long-term investments which are due in one to two years. Our investment policy is to manage our marketable securities portfolio to preserve principal and liquidity while maximizing the return on the investment portfolio through the full investment of available funds. We diversify the marketable securities portfolio by investing in multiple types of investment grade securities. We primarily invest our marketable securities portfolio in short-term securities with at least an investment grade rating to minimize interest rate and credit risk as well as to provide for an immediate source of funds. Although changes in interest rates may affect the fair value of the marketable securities portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold. Due to the nature of our investments, which are primarily corporate notes and money market funds, we have concluded that there is no material market risk exposure.

_Foreign Currency Exchange Risk._ Because we translate foreign currencies into United States dollars for reporting purposes, currency fluctuations can have an impact, though generally immaterial, on our results. We believe that our exposure to currency exchange fluctuation risk is insignificant primarily because our international subsidiary satisfies its financial obligations almost exclusively in its local currency. For the 2003 year end, there was an immaterial currency exchange impact from our intercompany transactions. However, our financial obligations to the Roslin Institute are stated in British pounds sterling over the next two years. This obligation may become more expensive for us if the United States dollar becomes weaker against the British pounds sterling. As of December 31, 2003, we did not engage in foreign currency hedging activities.
Item 8. Consolidated Financial Statements and Supplementary Data

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Geron Corporation

We have audited the accompanying consolidated balance sheets of Geron Corporation as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Geron Corporation at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Palo Alto, California
February 10, 2004
## GERON CORPORATION

### CONSOLIDATED BALANCED SHEETS

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$12,823</td>
<td>$4,604</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>530</td>
<td>530</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>96,427</td>
<td>42,383</td>
</tr>
<tr>
<td>Interest and other receivables</td>
<td>1,146</td>
<td>704</td>
</tr>
<tr>
<td>Notes receivable from related parties</td>
<td>67</td>
<td>433</td>
</tr>
<tr>
<td>Prepaid assets</td>
<td>815</td>
<td>2,115</td>
</tr>
<tr>
<td>Total current assets</td>
<td>111,808</td>
<td>50,769</td>
</tr>
<tr>
<td>Equity investments in licensees</td>
<td>401</td>
<td>365</td>
</tr>
<tr>
<td>Notes receivable from related parties</td>
<td>172</td>
<td>162</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,684</td>
<td>2,444</td>
</tr>
<tr>
<td>Deposits and other assets</td>
<td>231</td>
<td>245</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>3,819</td>
<td>6,684</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$118,115</td>
<td>$60,669</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND STOCKHOLDERS' EQUITY** |        |        |
| Current liabilities:               |        |        |
| Accounts payable                   | $1,297 | $1,594 |
| Accrued compensation               | 2,499  | 789    |
| Accrued liabilities                | 762    | 949    |
| Current portion of deferred revenue | 227   | 543    |
| Current portion of equipment loans | 176    | 367    |
| Current portion of research funding obligation | 4,864 | 5,141 |
| **Total current liabilities**      | 9,825  | 9,383 |
| Noncurrent portion of deferred revenue | 815   | 1,030 |
| Noncurrent portion of equipment loans | 201  | 377    |
| Noncurrent portion of research funding obligation | 950 | 3,822 |
| Convertible debentures             | —      | 16,316 |

**Commitments**

**Stockholders’ equity:**

- Preferred stock, $0.001 par value; 3,000,000 shares authorized; no shares issued and outstanding at December 31, 2003 and 2002.
- Common stock, $0.001 par value; 100,000,000 shares authorized; 39,316,742 and 24,766,821 shares issued and outstanding at December 31, 2003 and 2002, respectively.
- Additional paid-in capital
  - 2003: $362,695
  - 2002: $256,097
- Deferred compensation
  - 2003: $0 (231)
  - 2002: $0 (209)

**Accumulated deficit**

- 2003: $(255,666)
- 2002: $(225,783)

**Accumulated other comprehensive loss**

- 2003: $(513)
- 2002: $(389)

**Total stockholders’ equity**

- 2003: $106,324
- 2002: $29,741

**Total**

- 2003: $118,115
- 2002: $60,669

See accompanying notes.
## GERON CORPORATION
### CONSOLIDATED STATEMENTS OF OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands, except shares and per share amounts)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from collaborative agreements</td>
<td>$ 72</td>
<td>$ 566</td>
<td>$ 3,280</td>
</tr>
<tr>
<td>License fees and royalties</td>
<td>1,102</td>
<td>682</td>
<td>340</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>1,174</strong></td>
<td><strong>1,248</strong></td>
<td><strong>3,620</strong></td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>25,551</td>
<td>29,822</td>
<td>27,926</td>
</tr>
<tr>
<td>General and administrative</td>
<td>5,803</td>
<td>7,126</td>
<td>10,713</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>31,354</strong></td>
<td><strong>36,948</strong></td>
<td><strong>38,639</strong></td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(30,180)</td>
<td>(35,700)</td>
<td>(35,019)</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>1,812</td>
<td>2,549</td>
<td>5,860</td>
</tr>
<tr>
<td>Conversion expense</td>
<td>(779)</td>
<td>—</td>
<td>(11,910)</td>
</tr>
<tr>
<td>Interest and other expense</td>
<td>(736)</td>
<td>(757)</td>
<td>(1,004)</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td><strong>(29,883)</strong></td>
<td><strong>(33,908)</strong></td>
<td><strong>(42,073)</strong></td>
</tr>
<tr>
<td><strong>Basic and diluted net loss per share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss per common share</td>
<td>$ (0.97)</td>
<td>$ (1.37)</td>
<td>$ (1.90)</td>
</tr>
<tr>
<td>Shares used in computing net loss per common share</td>
<td>30,965,330</td>
<td>24,661,733</td>
<td>22,121,833</td>
</tr>
</tbody>
</table>

See accompanying notes.
### Geron Corporation

#### Consolidated Statement of Stockholders’ Equity

<table>
<thead>
<tr>
<th></th>
<th>Common Stock Shares</th>
<th>Common Stock Amount</th>
<th>Additional Paid-In Capital</th>
<th>Deferred Compensation</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Total Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances at December 31, 2000</td>
<td>21,780,812</td>
<td>$22</td>
<td>$214,012</td>
<td>$(475)</td>
<td>$(149,802)</td>
<td>$ 161</td>
<td>$ 63,918</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in unrealized gain (loss) on marketable securities and equity investments in licensees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative translation adjustment</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock in connection with equity line</td>
<td>757,885</td>
<td>1</td>
<td>7,252</td>
<td></td>
<td></td>
<td></td>
<td>7,253</td>
</tr>
<tr>
<td>Conversion of convertible debentures</td>
<td>1,646,638</td>
<td>1</td>
<td>27,122</td>
<td></td>
<td></td>
<td></td>
<td>27,123</td>
</tr>
<tr>
<td>Issuance of warrants to purchase common stock in exchange for services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of warrants to purchase common stock to certain institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation related to issuance of common stock and options in exchange for services</td>
<td>2,473</td>
<td></td>
<td>1,717</td>
<td></td>
<td></td>
<td></td>
<td>1,717</td>
</tr>
<tr>
<td>Issuance of common stock to certain research institutions</td>
<td>100,000</td>
<td></td>
<td>1,066</td>
<td></td>
<td></td>
<td></td>
<td>1,066</td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of warrants</td>
<td>27,341</td>
<td></td>
<td>449</td>
<td></td>
<td></td>
<td></td>
<td>449</td>
</tr>
<tr>
<td>Issuance of common stock under employee stock plans, net</td>
<td>166,625</td>
<td></td>
<td>899</td>
<td></td>
<td></td>
<td></td>
<td>899</td>
</tr>
<tr>
<td>Amortization of deferred compensation related to option exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances at December 31, 2001</td>
<td>24,481,774</td>
<td>24</td>
<td>253,595</td>
<td>(234)</td>
<td>(191,875)</td>
<td>32</td>
<td>61,542</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Net change in unrealized gain (loss) on marketable securities and equity investments in licensees</td>
<td></td>
<td></td>
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<tr>
<td>Cumulative translation adjustment</td>
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<tr>
<td>Comprehensive loss</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock in acquisition of technology</td>
<td>210,000</td>
<td>1</td>
<td>1,584</td>
<td></td>
<td></td>
<td></td>
<td>1,585</td>
</tr>
<tr>
<td>Issuance of warrants to purchase common stock in exchange for services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation related to issuance of common stock and options in exchange for services</td>
<td>2,601</td>
<td></td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>Issuance of common stock under employee stock plans, net</td>
<td>72,446</td>
<td></td>
<td>264</td>
<td></td>
<td></td>
<td></td>
<td>264</td>
</tr>
<tr>
<td>Deferred compensation related to 401(k) contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of deferred compensation related to option exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances at December 31, 2002</td>
<td>24,766,821</td>
<td>25</td>
<td>256,097</td>
<td>(209)</td>
<td>(225,783)</td>
<td>(389)</td>
<td>29,741</td>
</tr>
<tr>
<td>Net loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in unrealized gain (loss) on marketable securities and equity investments in licensees</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Cumulative translation adjustment</td>
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</tr>
<tr>
<td>Comprehensive loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common stock in connection with private financings, net of issuance costs of $1,260</td>
<td>4,710,000</td>
<td>5</td>
<td>20,541</td>
<td></td>
<td></td>
<td></td>
<td>20,546</td>
</tr>
<tr>
<td>Issuance of common stock in connection with public offering, net of issuance costs of $10,849</td>
<td>5,750,000</td>
<td>6</td>
<td>64,325</td>
<td></td>
<td></td>
<td></td>
<td>64,331</td>
</tr>
<tr>
<td>Conversion of convertible debentures</td>
<td>3,115,068</td>
<td>3</td>
<td>17,089</td>
<td></td>
<td></td>
<td></td>
<td>17,092</td>
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<tr>
<td>Stock-based compensation related to issuance of common stock and options in exchange for services</td>
<td>289,595</td>
<td></td>
<td>1,454</td>
<td></td>
<td></td>
<td></td>
<td>1,454</td>
</tr>
<tr>
<td>Issuance of common stock upon exercise of warrants</td>
<td>150,000</td>
<td></td>
<td>570</td>
<td></td>
<td></td>
<td></td>
<td>570</td>
</tr>
<tr>
<td>Issuance of common stock under employee stock plans, net</td>
<td>382,893</td>
<td></td>
<td>2,071</td>
<td></td>
<td></td>
<td></td>
<td>2,071</td>
</tr>
<tr>
<td>401(k) contribution</td>
<td>152,365</td>
<td></td>
<td>548</td>
<td></td>
<td></td>
<td></td>
<td>548</td>
</tr>
<tr>
<td>Deferred compensation related to 401(k) contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of deferred compensation related to 401(k) contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
## Geron Corporation

### Consolidated Statements of Cash Flows

**Year Ended December 31,**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(29,883)</td>
<td>$(33,908)</td>
<td>$(42,073)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,174</td>
<td>1,492</td>
<td>1,264</td>
</tr>
<tr>
<td>Gain on investments</td>
<td>—</td>
<td>—</td>
<td>132</td>
</tr>
<tr>
<td>Loss on equity investments in licensees</td>
<td>1</td>
<td>235</td>
<td>18</td>
</tr>
<tr>
<td>Conversion expense related to modification of series D convertible debentures and warrants</td>
<td>777</td>
<td>—</td>
<td>11,910</td>
</tr>
<tr>
<td>Amortization of intangible assets, principally research related</td>
<td>2,865</td>
<td>2,864</td>
<td>11,910</td>
</tr>
<tr>
<td>Interest expense related to convertible debentures, net of premium amortization</td>
<td>—</td>
<td>21</td>
<td>102</td>
</tr>
<tr>
<td>Issuance of common stock in exchange for acquired in-process research technology</td>
<td>—</td>
<td>1,585</td>
<td>—</td>
</tr>
<tr>
<td>Accretion of interest on research funding obligation</td>
<td>491</td>
<td>491</td>
<td>490</td>
</tr>
<tr>
<td>Expense related to common stock issued for services rendered</td>
<td>227</td>
<td>18</td>
<td>4,310</td>
</tr>
<tr>
<td>Amortization of deferred compensation</td>
<td>83</td>
<td>234</td>
<td>241</td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and other receivables</td>
<td>(442)</td>
<td>593</td>
<td>(141)</td>
</tr>
<tr>
<td>Prepaid assets</td>
<td>1,644</td>
<td>(800)</td>
<td>(339)</td>
</tr>
<tr>
<td>Notes receivable from related parties</td>
<td>356</td>
<td>(63)</td>
<td>(183)</td>
</tr>
<tr>
<td>Equity investments in licensees</td>
<td>—</td>
<td>—</td>
<td>(1,010)</td>
</tr>
<tr>
<td>Deposits and other assets</td>
<td>14</td>
<td>(4)</td>
<td>58</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(297)</td>
<td>256</td>
<td>(121)</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>2,153</td>
<td>(692)</td>
<td>656</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>696</td>
<td>(742)</td>
<td>1,007</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(531)</td>
<td>(291)</td>
<td>1,314</td>
</tr>
<tr>
<td>Research funding payments</td>
<td>(3,640)</td>
<td>(2,609)</td>
<td>(2,829)</td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>(84)</td>
<td>(23)</td>
<td>(94)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>$(24,396)</td>
<td>$(31,343)</td>
<td>$(22,423)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(411)</td>
<td>(328)</td>
<td>(1,106)</td>
</tr>
<tr>
<td>Purchases of marketable securities</td>
<td>(107,699)</td>
<td>(31,558)</td>
<td>(54,505)</td>
</tr>
<tr>
<td>Proceeds from maturities of marketable securities</td>
<td>53,574</td>
<td>—</td>
<td>28,209</td>
</tr>
<tr>
<td>Proceeds from sales/calls of marketable securities</td>
<td>—</td>
<td>49,176</td>
<td>31,290</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by investing activities</strong></td>
<td>(54,536)</td>
<td>17,290</td>
<td>3,888</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from equipment loans</td>
<td>—</td>
<td>498</td>
<td>102</td>
</tr>
<tr>
<td>Payments of obligations under capital leases and equipment loans</td>
<td>(367)</td>
<td>(878)</td>
<td>(931)</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock, net of issuance costs</td>
<td>87,518</td>
<td>264</td>
<td>8,152</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>87,151</td>
<td>(116)</td>
<td>7,323</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>8,219</td>
<td>(14,169)</td>
<td>(11,212)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, at beginning of year</strong></td>
<td>4,604</td>
<td>18,773</td>
<td>29,985</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, at end of year</strong></td>
<td>$12,823</td>
<td>$4,604</td>
<td>$18,773</td>
</tr>
</tbody>
</table>

See accompanying notes.
1. Organization and Summary of Significant Accounting Policies

Organization

Geron Corporation (Geron or the Company) was incorporated in the State of Delaware on November 29, 1990. Geron is a biopharmaceutical company focused on developing and commercializing therapeutic and diagnostic products for cancer based on its telomerase technology, and cell-based therapeutics using its human embryonic stem cell technology. Principal activities to date have included obtaining financing, securing operating facilities and conducting research and development. The Company has no therapeutic products currently available for sale and does not expect to have any therapeutic products commercially available for sale for a period of years, if at all. These factors indicate that the Company’s ability to continue its research and development activities is dependent upon the ability of management to obtain additional financing as required.

Principles of Consolidation

The consolidated financial statements include the accounts of Geron Corporation and its wholly-owned subsidiary, Geron Bio-Med Ltd., a United Kingdom company. Intercompany accounts and transactions have been eliminated. The financial statements of the Company’s subsidiary outside the United States are measured using the local currency as the functional currency. Assets and liabilities of this subsidiary are translated at rates of exchange at the balance sheet date. The resultant translation adjustments are included in accumulated other comprehensive income (loss), a separate component of stockholders’ equity. Income and expense items are translated at average monthly rates of exchange.

Net Loss Per Share

Basic earnings (loss) per share is based on weighted average shares outstanding and excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings (loss) per share includes any dilutive effect of options, warrants and convertible securities.

A reconciliation of shares used in calculation of basic and diluted net loss per share follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2003</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In thousands, except share and per share amounts)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (29,883)</td>
<td>$ (33,908)</td>
<td>$ (42,073)</td>
</tr>
<tr>
<td>Basic and Diluted Net Loss Per Share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted net loss per common share</td>
<td>$ (0.97)</td>
<td>$ (1.37)</td>
<td>$ (1.90)</td>
</tr>
<tr>
<td>Weighted average shares of common stock outstanding used in computing net loss per common share</td>
<td>30,965,330</td>
<td>24,661,733</td>
<td>22,121,833</td>
</tr>
</tbody>
</table>

Had the Company been in a net income position, diluted earnings per share would have included the shares used in the computation of basic net loss per share as well as an additional 1,432,238, 822,545 and 1,454,846 shares for 2003, 2002 and 2001, respectively, related to outstanding options, warrants and convertible securities not included above (as determined using the treasury stock method at the estimated average market value).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents and Marketable Debt Securities Available-For-Sale

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company is subject to credit risk related to its cash equivalents and available-for-sale securities. The Company places its cash and cash equivalents in money market...
funds, municipal notes and commercial paper. The Company’s investments include corporate notes in United States corporations with original maturities ranging from 2 to 24 months.

The Company classifies its marketable debt securities as available-for-sale. Available-for-sale securities are recorded at fair value with unrealized gains and losses reported in accumulated other comprehensive income (loss) in stockholders’ equity. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Realized gains and losses are included in interest and other income and are derived using the specific identification method for determining the cost of securities sold and have been immaterial to date. Declines in market value judged other-than-temporary result in a charge to interest income. Dividend and interest income are recognized when earned. See Note 2 on Financial Instruments and Credit Risk.

Revenue Recognition

Geron recognizes revenue related to license and research agreements with collaborators, royalties, milestone payments and government grants. The Company’s revenue arrangements with multiple deliverables are divided into separate units of accounting if certain criteria are met, including whether the delivered item has stand-alone value to the end user and whether there is objective and reliable evidence of the fair value of the undelivered items. The consideration the Company receives is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are considered separately for each of the separate units.

Since Geron’s inception, a substantial portion of its revenues has been generated from license and research agreements with collaborators. The Company recognizes revenue under these collaborative agreements as the related research and development costs are incurred. Milestone fees are recognized upon completion of specified milestones according to contract terms. Deferred revenue represents the portion of research payments received which have not been earned.

The Company also has several license, option and marketing agreements with various oncology, diagnostics, research tools, agriculture and biologics production companies. With each of these agreements, the Company receives nonrefundable license payments in cash or equity securities, option payments in cash or equity securities, royalties on future sales of products, milestone payments, or any combination of these items. Nonrefundable signing or license fees that are not dependent on future performance under these agreements are recognized as revenue when received and over the term of the arrangement if the Company has continuing performance obligations. Option payments are recognized as revenue over the period of the option agreement. Milestone payments are recognized upon completion of specified milestones according to contract terms. Royalties are generally recognized upon receipt.

The Company receives income from United States government grants that support the Company’s research efforts in defined research projects. These grants generally provided for reimbursement of approved costs incurred as defined in the various grants. Income associated with these grants is recognized upon receipt of reimbursement and is included in interest and other income.

Restricted Cash

As of December 31, 2003 and 2002, the Company held $530,000 in a certificate of deposit as collateral on an unused line of credit.

 Marketable and Non-Marketable Equity Investments in Licensees

Investments in non-marketable nonpublic companies are carried at the lower of cost or net realizable value. Investments in marketable equity securities are carried at the market value as of the balance sheet date. Unrealized gains and losses are included as a separate component of stockholders’ equity. Realized
1. Organization and Summary of Significant Accounting Policies (Continued)

Gains or losses are included in interest and other income and are derived using the specific identification method. No writedowns were recorded in the years ended December 31, 2003, 2002 and 2001.

**Derivative Financial Instruments**

The Company owns a warrant to purchase common stock in a private company. In accordance with Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended (SFAS 133), the Company accounts for the warrant as a derivative financial instrument. Accordingly, the warrant is recorded at fair value as of the balance sheet date based on the Black-Scholes valuation of such instruments in comparable companies and other indicators of the investment’s value. Any gains or losses in fair value are recorded in interest and other income. The Company does not use derivative financial instruments for trading or speculative purposes. See Note 3 on Marketable and Non-Marketable Equity Investments in Licensees.

The Company’s exposure to currency exchange fluctuation risk is insignificant. Geron Bio-Med, Ltd., the Company’s international subsidiary, satisfies its financial obligations almost exclusively in its local currency. For 2003, there was an insignificant currency exchange impact from intercompany transactions. The Company does not engage in foreign currency hedging activities.

**Intangible Asset and Research Funding Obligation**

In May 1999, the Company completed the acquisition of Roslin Bio-Med Ltd., a privately held company formed by the Roslin Institute in Midlothian, Scotland. In connection with this acquisition, the Company formed a research collaboration with the Roslin Institute and committed approximately $20,000,000 in research funding over six years. Using an effective interest rate of 6%, this research funding obligation had a net present value of $17,200,000 at the acquisition date and was capitalized as an intangible asset that is being amortized as research and development expense over the six year funding period. Imputed interest is also being accreted to the value of the research funding obligation and is recognized as interest expense.

**Research and Development Expenses**

All research and development costs are expensed as incurred. The value of acquired in-process research and development is charged to expense on the date of acquisition. Research and development expenses include, but are not limited to, payroll and personnel expense, lab supplies, preclinical studies, raw materials to manufacture clinical trial drugs, manufacturing costs, sponsored research at other labs, consulting and research-related overhead. Accrued liabilities for raw materials to manufacture clinical trial drugs, manufacturing costs and sponsored research reimbursement fees are included in accrued liabilities and research and development expenses.

**Depreciation and Amortization**

The Company records property and equipment at cost and calculates depreciation using the straight-line method over the estimated useful lives of the assets, generally four years. Leasehold improvements are amortized over the shorter of the estimated useful life or remaining term of the lease.

**Employee Stock Plans**

As permitted by SFAS No. 123, “Accounting for Stock-Based Compensation,” (SFAS 123), as amended by SFAS No. 148, “Accounting for Stock-Based Compensation — Transition and Disclosures,” the Company elected to continue to apply the provisions of APB Opinion No. 25, “Accounting for Stock
1. Organization and Summary of Significant Accounting Policies (Continued)

Issued to Employees,” and related interpretations in accounting for its employee stock option and stock purchase plans. The Company is generally not required under APB Opinion No. 25 and related interpretations to recognize compensation expense in connection with its employee stock option and stock purchase plans. The Company is required by SFAS 123 to present, in the Notes to Consolidated Financial Statements, the pro forma effects on reported net income and earnings per share as if compensation expense had been recognized based on the fair value method of accounting prescribed by SFAS 123.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period of the options using the straight-line method. The Company’s pro forma information follows:

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td>(In thousands, except per share amounts)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (29,883)</td>
<td>$ (33,908)</td>
<td>$ (42,073)</td>
</tr>
<tr>
<td>Add back:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>—</td>
<td>241</td>
<td>241</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based employee expense determined under SFAS 123</td>
<td>(7,429)</td>
<td>(10,380)</td>
<td>(8,931)</td>
</tr>
<tr>
<td>Pro forma net loss</td>
<td>$ (37,312)</td>
<td>$ (44,047)</td>
<td>$ (50,763)</td>
</tr>
<tr>
<td>Basic and diluted net loss per share as reported</td>
<td>$ (0.97)</td>
<td>$ (1.37)</td>
<td>$ (1.90)</td>
</tr>
<tr>
<td>Basic and diluted pro forma net loss per share</td>
<td>$ (1.20)</td>
<td>$ (1.79)</td>
<td>$ (2.29)</td>
</tr>
</tbody>
</table>

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company’s employee stock options and employee stock purchase plans have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair market value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options, nor do they necessarily represent the effects of employee stock options on reported net income (loss) for future years.

Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes certain changes in equity that are excluded from net loss.

The components of accumulated other comprehensive income (loss) are as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized holding gain (loss) on available-for-sale securities and marketable equity investments in licensees</td>
<td>$ (360)</td>
<td>$ (316)</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(153)</td>
<td>(73)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ (513)</td>
<td>$ (389)</td>
<td></td>
</tr>
</tbody>
</table>

Concentrations of Customers and Suppliers

The majority of the Company’s revenue was earned in the United States. One customer, Kyowa Hakko, accounted for 40% of the Company’s 2002 revenues. No revenues were earned from Kyowa
Hakko in 2003. Two customers, Pharmacia and Kyowa Hakko, accounted for 35% and 55% of the Company’s 2001 revenues, respectively. In January 2001, the Company and Pharmacia agreed to terminate their agreement. No revenues were earned from Pharmacia in 2003 or 2002.

The Company has contracted with third-party manufacturers to produce GMP-grade drugs for preclinical and clinical studies. The Company has also contracted for raw materials to supply those manufacturers. Should the Company not be able to obtain sufficient quantities of raw materials or GMP-grade drugs from its third-party sources or other third-party sources, certain development and clinical activities may be delayed.

Other Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 46, “Consolidation of Variable Interest Entities” (FIN 46). The consolidation requirements of FIN 46 apply immediately to variable interest entities (VIEs) created after January 31, 2003. The consolidation requirements apply to older entities at the end of the first fiscal year or interim period ending after December 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. Except for its wholly-owned subsidiary, a VIE, the Company does not have variable interests in other VIEs and the adoption of FIN 46 has not had a material effect on its financial position or results of operations.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149 (SFAS 149), “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” This statement amends SFAS 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires contracts with similar characteristics to be accounted for on a comparable basis. SFAS 149 is effective for contracts entered into or modified after June 30, 2003 and the adoption of SFAS 149 has not had a material effect on the Company’s financial condition or results of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150 (SFAS 150), “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” SFAS 150 establishes standards on the classification and measurement of financial instruments with characteristics of both liabilities and equity. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003. The adoption of SFAS 150 has not had a material effect on the Company’s financial condition or results of operations.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to current year presentation. Marketable securities in the prior year were classified as short-term and long-term investments and prepaid assets in the prior year were classified as other current assets. Also, patent legal expenses in the prior years have been reclassified from research and development expense to general and administrative expense.
2. Financial Instruments and Credit Risk

**Cash Equivalents and Marketable Debt Securities Available-for-Sale**

Marketable debt securities by security type at December 31, 2003 were as follows:

<table>
<thead>
<tr>
<th>Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Included in cash and cash equivalents:

- Money market fund ........................................... $ 8,787 $ — $ — $ 8,787
- Municipal note ............................................. 3,944 — (3) 3,941

$ 12,731 $ — $ (3) $ 12,728

Restricted cash:

- Certificate of deposit .................................... $ 530 $ — $ — $ 530

Investments:

- Corporate notes (due in less than 1 year) .............. $ 64,413 $ 30 $ (49) $ 64,394
- Corporate notes (due in 1–2 years) ...................... $ 31,966 $ 67 $ — $ 32,033

Marketable debt securities by security type at December 31, 2002 were as follows:

<table>
<thead>
<tr>
<th>Cost</th>
<th>Gross Unrealized Gains</th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Included in cash and cash equivalents:

- Money market fund ........................................... $ 4,519 $ — $ — $ 4,519

Restricted cash:

- Certificate of deposit .................................... $ 530 $ — $ — $ 530

Investments:

- Corporate notes (due in less than 1 year) .............. $ 35,318 $ 77 $ (2) $ 35,393
- Corporate notes (due in 1–2 years) ...................... $ 6,938 $ 52 $ — $ 6,990

Notes Receivable from Related Parties

The Company presently holds notes receivable in the amount of $239,000 from present or former employees of the Company generally related to the specific individuals’ housing costs incurred following relocation. For the years ended December 31, 2003, 2002, and 2001, three, five and five employees, respectively, had notes receivable to the Company. These notes, which in general bear no interest, are collateralized by certain real property assets of the employees. Imputed interest income on these loans have been forgiven and this expense has been recognized as an operating expense. The three remaining notes are being paid in a series of installments over two years with full payment due by December 31, 2005.

Other Fair Value Disclosures

At December 31, 2003, the fair value of the notes receivable from employees is $230,000 and approximates the carrying value due to the short maturities of the notes receivable. The fair value was estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms of borrowers of similar credit quality. The Company records the notes receivable from
employees at its carrying value since there is an insignificant difference between the fair value and the carrying value.

At December 31, 2003, the fair value of the equipment loans approximates the carrying value of $377,000. The fair value was estimated using discounted cash flow analyses, based on the Company’s current incremental borrowing rates for similar types of borrowing arrangements.

See discussion of Roslin research funding obligation in Note 9.

Credit Risk

The Company places its cash, restricted cash, cash equivalents, and marketable securities with three financial institutions in the United States. Generally, these deposits may be redeemed upon demand and therefore, bear minimal risk. Deposits with banks may exceed the amount of insurance provided on such deposits. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of marketable securities. Marketable securities consist of high-grade corporate bonds and U.S. government agency securities. The Company’s investment policy, approved by the Board of Directors, limits the amount the Company may invest in any one type of investment, thereby reducing credit risk concentrations.

3. Marketable and Non-Marketable Equity Investments in Licensees

In connection with its license agreement with Clone International Pty Ltd. signed in December 2000, the Company received equity equal to 33% of the outstanding stock of Clone International. As the Company’s share of Clone International’s operating losses exceeds the original carrying value of its investment, the Company has discontinued the application of the equity method as of December 31, 2001. The carrying value of Clone International equity was zero at December 31, 2003 and 2002. The Company does not have any funding obligations under this license.

In connection with its license agreement with ProLinia, Inc., the Company received a warrant to purchase 1,500,000 shares of ProLinia common stock at an exercise price of $0.40 per share. In 2003, ProLinia merged with Exeter Life Sciences, Inc. with Exeter being the surviving corporation. As part of the merger, all of the ProLinia warrants were converted into warrants to purchase shares of Exeter’s Series P preferred stock.

As of December 31, 2003, the Company had a warrant to purchase 225,000 shares of Exeter Series P preferred stock at an exercise price of $2.67 per share. The warrant, which contains a cashless exercise feature, has an expiration date of May 17, 2005. Statement of Financial Accounting Standards No. 133 (SFAS 133), “Accounting for Derivative Instruments and Hedging Activities,” requires derivative instruments to be recorded at fair value. Accordingly, the warrant is recorded at fair value as of the balance sheet date based on the Black-Scholes valuation of such instruments in comparable companies and other known indicators of the investment’s value and is included in the balance sheet under equity investments in licensees. Any resulting change in fair value is considered a realized gain or loss and is included in interest and other income. As of December 31, 2003, the original carrying value of the Exeter warrants was $210,000 and the fair value was $206,000.
4. Property and Equipment

Property and equipment, stated at cost, is comprised of the following:

<table>
<thead>
<tr>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2002</td>
</tr>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and computer equipment</td>
<td>$3,041</td>
<td>$2,872</td>
</tr>
<tr>
<td>Lab equipment</td>
<td>5,570</td>
<td>5,358</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>4,062</td>
<td>4,062</td>
</tr>
<tr>
<td></td>
<td>12,673</td>
<td>12,292</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(10,989)</td>
<td>(9,848)</td>
</tr>
<tr>
<td></td>
<td>$1,684</td>
<td>$2,444</td>
</tr>
</tbody>
</table>

Property and equipment at December 31, 2003 and 2002 includes assets under capitalized leases and equipment loans of approximately $875,000 and $3,314,000 respectively. Accumulated amortization related to leased assets was approximately $584,000 and $2,189,000 at December 31, 2003 and 2002, respectively.

5. Equipment Loans

In 2003, the Company renewed its equipment financing facilities and had approximately $1,250,000 available for borrowing as of December 31, 2003. The drawdown period under the equipment financing facilities expires on September 30, 2004. The obligations under the previous equipment loans, which are secured by the equipment financed, bear interest at fixed rates of approximately 9% per year and are due in monthly installments through June 2006.

Future minimum principal payments on equipment loans are as follows:

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th>Equipment Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
</tr>
<tr>
<td>2004</td>
<td>$176</td>
</tr>
<tr>
<td>2005</td>
<td>146</td>
</tr>
<tr>
<td>2006</td>
<td>55</td>
</tr>
<tr>
<td>Total minimum principal payments</td>
<td>$377</td>
</tr>
</tbody>
</table>

6. Accrued Liabilities

Accrued liabilities consist of the following:

<table>
<thead>
<tr>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2002</td>
</tr>
<tr>
<td>(In thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal expenses</td>
<td>$265</td>
<td>$525</td>
</tr>
<tr>
<td>Present value of lease exit</td>
<td>200</td>
<td>—</td>
</tr>
<tr>
<td>Sponsored research agreements</td>
<td>96</td>
<td>232</td>
</tr>
<tr>
<td>Annual report</td>
<td>33</td>
<td>80</td>
</tr>
<tr>
<td>Other</td>
<td>168</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>$762</td>
<td>$949</td>
</tr>
</tbody>
</table>
7. Operating Lease Commitment

On March 25, 1996, the Company leased two facilities under two five-year non-cancelable operating leases. In 2001, the Company exercised the first of two options to extend the lease period on the two original 1996 leases for two and one half years (until July 31, 2004), and assumed an operating lease on a third facility. The lease on the third facility expires on April 30, 2005, and Geron has an option to extend the term to January 31, 2007. The Company is currently negotiating a multi-year extension of the leases on its first two facilities. Future minimum payments under non-cancelable operating leases are approximately $814,000 in 2004 and $122,000 in 2005. Rent expense under operating leases was approximately $1,296,000, $994,000 and $710,000 for the years ended December 31, 2003, 2002 and 2001, respectively. Base rent under each of the three leases increases annually by the Consumer Price Index which historically has been between 4% to 4.17%.

In June 2003, the Company entered into an agreement to sublease to a third party a portion of its leased facilities and ceased using such portion of the facilities for its own purposes. In connection with this sublease agreement, the Company recognized a liability of approximately $277,000 for the present value of remaining lease payments in excess of future sublease rental receipts. The Company is accreting this liability over the remaining sublease term to the face value of the liability by recording accretion expense. The liability is reduced as monthly lease payments are made. As of December 31, 2003, the Company had recognized $2,000 in accretion expense and had a remaining liability of $200,000. Minimum future sublease receipts are approximately $78,000 in 2004 and $26,000 in 2005.

8. Convertible Debentures

Series D Debentures

On June 29, 2000, the Company sold $25,000,000 in series D zero coupon convertible debentures and warrants to purchase 834,836 shares of Geron common stock to an institutional investor. The debentures were convertible at any time by the holder at a fixed conversion price of $29.95 per share. The payment obligations under the series D debentures ranked senior to all other obligations and while outstanding, no other debt could be issued that would take higher priority. In connection with the issuance of the series D convertible debentures, the Company recorded approximately $616,000 in interest expense for the difference between the fair value of the Company’s common stock and the conversion price of the debentures on the closing date of the financing. The warrant to purchase 834,836 shares of Geron common stock was exercisable at $37.43 per share at the option of the holder through December 2001. The value of the warrant of $10,527,000 was determined using Black-Scholes and since the debentures were immediately convertible at the option of the holder, the entire warrant value was recorded as a charge to interest expense and a credit to additional paid-in capital in 2000. This debenture contained a beneficial conversion feature equal to the difference between the market price of the Company’s common stock at the date of issue and the conversion price. In December 2000, the Company adopted EITF 00-27. Accordingly, the Company recognized an additional $10,527,000 in imputed non-cash interest expense related to the beneficial conversion feature of the series D convertible debentures as a cumulative effect of a change in accounting principle, with an offset to additional paid-in capital.

In November 2001, the Company modified the terms of $10,000,000 of outstanding series D convertible debentures by reducing the conversion price to $9.89 per share (92% of the closing bid price on the date of conversion by the investor and converted the debentures into 1,011,122 shares of Geron common stock). As a result, the Company recognized $7,240,000 as conversion expense. The conversion expense was equal to the difference between the fair market price of the common stock issued on the date of conversion and the fair market value of common stock that would have been issued under the original agreement.

Also in November 2001, the Company modified the terms of the remaining $15,000,000 of series D convertible debentures to extend the maturity date to June 30, 2005, increased the yield on the debenture
8. Convertible Debentures (Continued)

to 2.5%, and fixed the conversion price at $20.00 per share. In addition, the Company modified the terms of the related outstanding warrants that were originally issued with the series D debentures to reset the exercise price of 40% of the warrants to $15.625 per share and extended the exercise period to June 30, 2003 (series D-1 warrants) and 60% of the warrants to $25.00 per share and extended the exercise period to December 31, 2006 (series D-2 warrants). The difference between the current fair values of the original series D warrants and the amended series D-1 and D-2 warrants was recorded as conversion expense of $3,370,000. The Company also recorded the remaining $15,000,000 of amended series D convertible debentures at a fair value of $16,300,000 with the offsetting difference of $1,300,000 being recorded as conversion expense. The excess of the fair value over the face value of the debentures was amortized over the life of the amended series D convertible debentures as a reduction to interest expense, $148,000 in 2003, $355,000 in 2002 and $59,000 in 2001. The Company accrued 2.5% interest on the amended series D convertible debentures as interest expense over the life of the debentures, $146,000 in 2003, $375,000 in 2002 and $54,000 in 2001. The fair values used in calculating the conversion expense associated with the series D-1 and D-2 warrants and the amended series D convertible debentures were based on values determined through an independent valuation.

In May 2003, the Company modified the existing terms of the outstanding $15,000,000 series D convertible debentures to provide for an automatic conversion into equity on the maturity date, fixed the conversion price at $5.00 per share and eliminated the interest accrual for the remainder of the term. In addition, the Company modified the terms of the related outstanding warrants and changed the exercise prices to $7.50 per share. The expiration periods were unchanged.

The difference between the current fair values of the existing series D-1 and D-2 warrants and the amended series D-1 and D-2 warrants was recorded as conversion expense of $583,000. The Company also recorded the amended series D convertible debentures at a fair value of $16,509,000 with the difference of $935,000 being recorded as conversion expense. The remaining excess of the fair value over the face value of the debentures from the first modification of $739,000 was recognized as a reduction to conversion expense. The 2.5% interest accrued through the date of the second modification was added to the outstanding principal balance. No further interest accruals were required after the date of the second modification. In calculating the conversion expense associated with the amended series D-1 and D-2 warrants, the Company used the Black-Scholes Valuation Model to determine fair values. The conversion expense associated with the amended series D convertible debentures was based on the fair value of the underlying common stock.

During May and June 2003, all of the remaining $15,000,000 of series D convertible debentures plus accrued interest of $575,000 were converted into 3,115,068 shares of Geron common stock. As of December 31, 2003, no series D convertible debentures remained outstanding. Amended series D-1 warrants to purchase 333,935 shares of Geron common stock expired on July 1, 2003 without having been exercised and amended series D-2 warrants to purchase 500,901 shares of Geron common stock remained outstanding as of December 31, 2003.

9. Intangible Asset and Research Funding Obligation

In May 1999, the Company completed the acquisition of Roslin Bio-Med Ltd., a privately held company formed by the Roslin Institute in Midlothian, Scotland. In connection with this acquisition, the Company formed a research collaboration with the Roslin Institute and committed approximately $20,000,000 in research funding over six years. Using an effective interest rate of 6%, this research funding obligation had a net present value of $17,200,000 at the acquisition date. As of December 31, 2003 and 2002, the present value of our remaining commitment was $5,814,000 and $8,963,000, respectively. Payments totaling $3,640,000 and $2,609,000 were made to the Roslin Institute under the research funding obligation in 2003 and 2002, respectively. Imputed interest of $491,000 each was
accreted to the value of the research funding obligation and was recognized as interest expense in 2003 and 2002, respectively.

The acquisition was accounted for using the purchase method of accounting. The purchase price was allocated among the acquired basic research in the form of a license in the nuclear transfer technology, the research agreement with the Institute and the net tangible assets of Roslin Bio-Med Ltd. At the time of acquisition the value of the nuclear transfer technology of $23,400,000 was reflected as acquired in-process research technology expense and the value of the research agreement of $17,200,000 was capitalized as an intangible asset that is being amortized over the six year funding period as research and development expense, $2,865,000 in 2003, $2,864,000 in 2002 and $2,865,000 in 2001. Research and development expense related the amortization of this intangible asset is expected to be $2,865,000 in 2004 and $955,000 in 2005.

10. Acquisition of In-Process Research Technology

Effective March 5, 2002, the Company purchased certain intellectual property related to oligonucleotide N3’ — P5’ phosphoramidates from Lynx Therapeutics, Inc. The acquisition price was $2,500,000, of which $1,000,000 was paid in cash and 210,000 shares of Geron common stock. The total acquisition price was charged to research and development expense. The Company acquired the research technology from Lynx Therapeutics, Inc. for use solely in performing research related to its GRN163 and GRN163L telomerase inhibitor compounds. The Company must further the research and development of the technology before it can enter into clinical trials for a potential commercial application. The Company concluded that this technology has no alternative future use, and accordingly, expensed the value of the acquired research technology at the time of acquisition.

11. Stockholders’ Equity

Warrants

Warrants outstanding to purchase Geron common stock as of December 31, 2003 are exercisable upon grant and are detailed as follows:

<table>
<thead>
<tr>
<th>Issuance Date</th>
<th>Exercise Price</th>
<th>Number of Shares</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2003</td>
<td>$16.15</td>
<td>600,000</td>
<td>October 2006</td>
</tr>
<tr>
<td>April 2003</td>
<td>$ 6.34</td>
<td>600,000</td>
<td>April 2006</td>
</tr>
<tr>
<td>September 2002</td>
<td>$ 4.00</td>
<td>50,000</td>
<td>September 2012</td>
</tr>
<tr>
<td>November 2001</td>
<td>$ 7.50</td>
<td>500,901</td>
<td>December 2006</td>
</tr>
<tr>
<td>September 2001</td>
<td>$ 9.07</td>
<td>5,000</td>
<td>September 2011</td>
</tr>
<tr>
<td>August 2001</td>
<td>$14.60</td>
<td>100,000</td>
<td>August 2011</td>
</tr>
<tr>
<td>August 2001</td>
<td>$22.56</td>
<td>9,000</td>
<td>July 2006</td>
</tr>
<tr>
<td>August 2000</td>
<td>$31.69</td>
<td>5,000</td>
<td>August 2010</td>
</tr>
<tr>
<td>July 2000</td>
<td>$ 6.75</td>
<td>25,000</td>
<td>July 2010</td>
</tr>
<tr>
<td>March 2000</td>
<td>$67.09</td>
<td>200,000</td>
<td>March 2010</td>
</tr>
<tr>
<td>March 2000</td>
<td>$12.50</td>
<td>100,000</td>
<td>March 2010</td>
</tr>
<tr>
<td>October 1998</td>
<td>$ 5.78</td>
<td>5,083</td>
<td>October 2008</td>
</tr>
<tr>
<td>August 1997</td>
<td>$ 6.75</td>
<td>25,000</td>
<td>August 2007</td>
</tr>
</tbody>
</table>

2,224,984

1992 Stock Option Plan

The Company administers the 1992 Stock Option Plan (1992 Plan) which expired in August 2002 and no further option grants can be made from this 1992 Plan. The options granted under the 1992 Plan were either incentive stock options or nonstatutory stock options. Options granted under this Plan expired no
later than ten years from the date of grant. For incentive stock options and nonstatutory stock options, the
option exercise price was at least 100% and 85%, respectively, of the fair market value of the underlying
common stock on the date of grant. Options to purchase shares of common stock generally vested over a
period of four or five years from the date of the option grant, with a portion vesting after six months and
the remainder vesting ratably over the remaining period.

On September 18, 1998, the Board of Directors approved a resolution to offer all employees holding
outstanding options to purchase common stock of the Company under the 1992 Plan with exercise prices
in excess of the closing price of the Company’s common stock on September 17, 1998 of $4.75, the option
to exchange all such options for new incentive and/or nonstatutory stock options. In connection with this
option exchange program, options to purchase 1,148,224 shares of common stock were cancelled and
regranted. In addition, the Company recorded deferred compensation of approximately $1,300,000 in 1998.
The remaining deferred compensation was amortized over the remaining vesting term of the options. The
Company recognized no compensation expense related to this option exchange in 2003 and $234,000 and
$241,000 in 2002 and 2001, respectively.

2002 Equity Incentive Plan

In May 2002, the Company’s stockholders approved the adoption of the 2002 Equity Incentive Plan
for grants to employees of the Company and any parent or subsidiary of the Company (including officers
and employee directors) of either incentive stock or nonstatutory stock options and stock purchase rights to
employees (including officers and employee directors) and consultants (including non-employee directors)
of the Company or any parent or subsidiary of the Company. As of December 31, 2003, the Company had
reserved 5,996,767 shares of common stock for issuance under the 2002 Plan. Options granted under the
2002 Plan expire no later than ten years from the date of grant. For incentive stock options, the option
price shall be equal to 100% of the fair market value of the underlying common stock on the date of grant.
All other stock option prices are determined by the administrator. If, at the time the Company grants an
option, the optionee directly or by attribution owns stock possessing more than 10% of the total combined
voting power of all classes of stock of the Company, the option price shall be at least 110% of the fair
market value of the underlying common stock and shall not be exercisable more than five years after the
date of grant.

Options to purchase shares of common stock generally vest over a period of four years from the date
of the option grant, with a portion vesting after six months and the remainder vesting ratably over the
remaining period. Under certain circumstances, options may be exercised prior to vesting, subject to the
Company’s right to repurchase shares subject to such option at the exercise price paid per share. The
Company’s repurchase rights would generally terminate on a vesting schedule identical to the vesting
schedule of the exercised option. In 2003 and 2002, the Company did not repurchase any shares, in
accordance with these repurchase rights. As of December 31, 2003, no shares outstanding are subject
to repurchase.

Directors’ Stock Option Plan

In July 1996, the Company adopted the 1996 Directors’ Stock Option Plan (Directors’ Option Plan)
and reserved an aggregate of 250,000 shares of common stock for issuance thereunder. In May 1999, the
stockholders approved an amendment to increase the number of authorized shares to 500,000 shares of
common stock. In May 2003, the stockholders approved an amendment to increase the number of
authorized shares to 1,000,000 shares of common stock. As of December 31, 2003, 640,000 options have
been granted under the Directors’ Option Plan. The Directors’ Option Plan provides that each person who
becomes a non-employee director after the effective date of the Directors’ Option Plan, whether by election of the stockholders of the Company or by appointment by the Board of Directors to fill a vacancy, will automatically be granted an option to purchase 45,000 shares of common stock on the date on which such person first becomes a non-employee director (First Option). In addition, non-employee directors (other than the Chairman of the Board of Directors) will automatically be granted a subsequent option on the date of the Annual Meeting of Stockholders in each year during such director’s service on the Board (Subsequent Option) to purchase 20,000 shares of common stock under the Directors’ Option Plan. In the case of the Chairman of the Board of Directors, the Subsequent Option will be for 30,000 shares of common stock. Finally, the Company will grant an option to purchase 2,500 shares to each non-employee director upon such director’s appointment to the Audit Committee or Compensation Committee of the Board of Directors, as well as on the date of each Annual Meeting during the director’s service on such committee (Committee Service Option). There is currently no stock option grant contemplated for participation on other committees.

The Directors’ Option Plan provides that each First Option granted thereunder becomes exercisable in installments cumulatively as to one-third of the shares subject to the First Option on each of the first, second and third anniversaries of the date of grant of the First Option. Each Subsequent Option and Committee Service Option is fully vested on the date of its grant. The options issued pursuant to the Directors’ Option Plan remain exercisable for up to 90 days following the optionee’s termination of service as a director of the Company, unless such termination is a result of death or permanent and total disability, in which case the options (both those already exercisable and those that would have become exercisable had the director remained on the board for an additional 36 months) remain exercisable for up to a 24 month period.

The exercise price of all stock options granted under the Directors’ Option Plan is equal to 100% of the fair market value of the underlying common stock on the date of grant. Options granted under the Directors’ Option Plan have a term of ten years.
Aggregate option activity for the 1992 Stock Option Plan, 2002 Equity Incentive Plan and the Directors’ Stock Option Plan is as follows:

<table>
<thead>
<tr>
<th>Shares Available For Grant</th>
<th>Outstanding Options</th>
<th>Weighted Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Number of Shares</td>
<td>Price Per Share</td>
</tr>
</tbody>
</table>

Balance at December 31, 2000
- 2,812,282 shares at a weighted average exercise price of $9.11

Additional shares authorized
- 1,050,000 shares at a weighted average exercise price of $—

Options granted
- 2,508,176 shares at a weighted average exercise price of $13.05

Options exercised
- 120,505 shares at a weighted average exercise price of $4.12

Options forfeited
- 171,264 shares at a weighted average exercise price of $15.71

Balance at December 31, 2001
- 5,028,689 shares at a weighted average exercise price of $10.97

Additional shares authorized
- 5,000,000 shares at a weighted average exercise price of $—

Options granted
- 2,058,366 shares at a weighted average exercise price of $4.73

Options exercised
- 16,357 shares at a weighted average exercise price of $4.89

Options forfeited
- 762,021 shares at a weighted average exercise price of $12.04

1992 Plan options expired
- 171,264 shares at a weighted average exercise price of $—

Balance at December 31, 2002
- 6,308,677 shares at a weighted average exercise price of $8.82

Options Outstanding

<table>
<thead>
<tr>
<th>Exercise Price Range</th>
<th>Number</th>
<th>Weighted Average Exercise Price</th>
<th>Weighted Average Remaining Contractual Life (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0.82 – $ 4.56</td>
<td>1,497,931</td>
<td>$ 3.77</td>
<td>7.88</td>
</tr>
<tr>
<td>$ 4.75 – $ 5.08</td>
<td>1,583,287</td>
<td>$ 4.92</td>
<td>7.14</td>
</tr>
<tr>
<td>$ 5.95 – $11.00</td>
<td>1,622,424</td>
<td>$ 8.88</td>
<td>7.24</td>
</tr>
<tr>
<td>$11.13 – $41.13</td>
<td>1,415,838</td>
<td>$15.85</td>
<td>6.72</td>
</tr>
<tr>
<td>$ 0.82 – $41.13</td>
<td>6,119,480</td>
<td>$ 8.22</td>
<td>7.25</td>
</tr>
</tbody>
</table>

As of December 31, 2003 and 2002, there were 3,769,875 and 3,170,023 exercisable options outstanding at a weighted average exercise price of $9.05 and $9.40, respectively.

Stock Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (APB 25) and the related Interpretations in accounting for its employee stock options and options granted to non-employee directors.

Pro forma information regarding net loss and net loss per share as required by SFAS 123 is presented in Note 1. The fair value for employee stock options have been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rates ranging from 1.57% to 3.28% for 2003, 2.47% to 4.69% for 2002 and 3.39% to 5.29% for 2001; a
dividend yield of 0.0% for 2003, 2002 and 2001; volatility factors of the expected market price of the
Company’s common stock ranging from 0.881 to 1.072 for 2003, 0.881 for 2002 and 1.013 for 2001; and
a weighted average expected life of the options of 4 years for 2003 and 2002 and 5 years for 2001.

There were no options granted with an exercise price below fair market value of the Company’s
common stock on the date of grant for 2003, 2002 and 2001. The weighted average fair value of options
granted during 2003, 2002 and 2001 with an exercise price equal to the fair market value of the
Company’s common stock on the date of grant was $5.46, $3.05 and $10.08, respectively. There were no
options granted with an exercise price greater than the fair market value of the Company’s common stock

The Company grants options and warrants to consultants from time to time in exchange for services
performed for the Company. In general, these options and warrants vest over the contractual period of the
consulting arrangement. The Company granted options and warrants to consultants to purchase 72,970,
4,558 and 24,234 shares of the Company’s common stock in 2003, 2002 and 2001, respectively. The fair
value of these options and warrants is being amortized to expense over the vesting term of the options and
warrants. In addition, the Company will record any additional increase in the fair value of the option or
warrant as the options and warrants vest. The Company recorded expense of $163,000, $18,000 and
$249,000 for the fair value of these options and warrants in 2003, 2002 and 2001, respectively. As of
December 31, 2003, unamortized fair value of options and warrants to consultants of $29,400 remained
outstanding.

The Company also grants common stock to consultants, vendors and research institutions in exchange
for services performed for the Company. In 2003, 2002 and 2001, the Company issued 281,793, 2,601 and
100,876 shares of common stock, respectively, in exchange for goods or services. For these stock grants,
the Company recognized an expense equal to the fair market value of the granted shares on the date of
grant. In 2003, 2002 and 2001, the Company recognized approximately $1,291,000, $24,000 and
$1,066,000, respectively, of expense in connection with stock grants to consultants, vendors and research
institutions.

Employee Stock Purchase Plan

In July 1996, the Company adopted the 1996 Employee Stock Purchase Plan (Purchase Plan) and
reserved an aggregate of 300,000 shares of common stock for issuance thereunder. In May 2003, the
stockholders approved an amendment to increase the number of authorized shares to 600,000 shares of
common stock. Under the terms of the Purchase Plan, employees can choose to have up to 10% of their
annual salary withheld to purchase the Company’s common stock. The purchase price of the stock is
85% of the lower of the subscription date fair market value and the purchase date fair market value.
Approximately 35% of the eligible employees have participated in the Purchase Plan in 2003. The Company
does not recognize compensation cost related to employee purchase rights under the Purchase Plan.

Approximately 247,000, 213,000 and 155,000 shares have been issued under the Purchase Plan as of
December 31, 2003, 2002 and 2001, respectively. To comply with the pro forma reporting requirements of
SFAS 123, compensation cost is estimated for the fair value of the employees’ purchase rights using the
Black-Scholes model with the following weighted average assumptions: risk-free interest rates ranging
from 0.97% to 1.06% for 2003, 1.17% to 1.27% for 2002 and 1.81% to 3.65% for 2001; a dividend yield
of 0.0% for 2003, 2002 and 2001; volatility factors of the expected market price of the Company’s
common stock ranging from 1.019 to 1.025 for 2003, 0.881 for 2002 and 1.013 for 2001; and an expected
life of the purchase right of 6 months for 2003, 2002 and 2001. Based upon these assumptions, the pro
forma compensation cost estimated for the fair value of the employees’ purchase rights was approximately
$57,000 for 2003, $101,000 for 2002 and $211,000 for 2001 has been included in the pro forma
information included in Note 1. As of December 31, 2003, 352,940 shares were available for issuance under the 1996 Employee Stock Purchase Plan.

Common Shares Reserved for Future Issuance

Common stock reserved for future issuance as of December 31, 2003 is as follows:

- Outstanding options: 6,119,480
- Options available for grant: 4,279,538
- Employee stock purchase plan: 352,940
- Warrants outstanding: 2,224,984
- Total: 12,976,942

Share Purchase Rights Plan

On July 20, 2001, the Company’s Board of Directors adopted a share purchase rights plan and declared a dividend distribution of one right for each outstanding share of common stock to stockholders of record as of July 31, 2001. Each right entitles the holder to purchase one unit consisting of one one-thousandth of a share of Series A Junior Participating Preferred Stock for $100 per unit. Under certain circumstances, if a person or group acquires 15% or more of Geron outstanding common stock, holders of the rights (other than the person or group triggering their exercise) will be able to purchase, in exchange for the $100 exercise price, shares of the Company’s common stock, par value $0.001 per share, or of any company into which the Company is merged having a value of $200. The rights expire on July 31, 2011 unless extended by the Company’s Board of Directors. As of December 31, 2003, no rights were exercisable into any shares of common stock.

401(k) Plan

The Company sponsors a defined-contribution savings plan under Section 401(k) of the Internal Revenue Code covering all full-time U.S. employees (Geron 401K Plan). Participating employees may contribute up to the annual Internal Revenue Service contribution limit. The Geron 401K Plan also permits discretionary matching and profit sharing contributions to be made by the Company. The Geron 401K Plan is intended to qualify under Section 401 of the Internal Revenue Code so that contributions by employees or by the Company, and income earned on the contributions, are not taxable to employees until withdrawn from the Geron 401K Plan. Contributions by the Company, if any, will be deductible by the Company when made. At the direction of each participant, the assets of the Geron 401K Plan are invested in any of 14 different investment options.

In December 2003 and 2002, the Board of Directors approved a matching contribution equal to 100% of each employee’s 2003 and 2002 contributions, respectively. The matching contributions are invested in Geron’s common stock and vest ratably over four years for each year of service completed by the employee, commencing from the date of hire, until it is fully vested when the employee has completed four years of service. The Company provided the matching contribution in the month following Board approval.

The Company’s accrual for matching the 2003 employee contributions under this plan was approximately $400,000, of which $296,000 was fully vested as of December 31, 2003 and $244,000 was recorded as research and development expense and $52,000 was recorded as general and administrative expense. As of December 31, 2003, $105,000 has been recognized as deferred compensation for the remaining unvested portion of the matching contribution and will be amortized as compensation expense over the remaining vesting periods. As of December 31, 2003, the remaining deferred compensation for the 2002 match was $126,000.
11. Stockholders’ Equity (Continued)

Private Financings

In April 2003, the Company sold 4,400,000 shares of Geron common stock to two investors at $4.60 per share resulting in net cash proceeds of approximately $18,980,000. The shares were offered through a prospectus supplement to the Company’s effective universal shelf registration statement. The Company also issued to the investors warrants to purchase an additional 600,000 shares of Geron common stock at an exercise price of $6.34 per share. The warrants expire in April 2006. The value of the warrants of $2,040,000 was determined using Black-Scholes and was recognized as an issuance cost with an offset to additional paid-in capital.

In June 2003, the Company entered into a license agreement with Transgenomic, Inc. covering manufacture of phosphoramidate and thio-phosphoramidate oligonucleotides. In connection with the agreement, Transgenomic purchased 310,000 shares of Geron common stock at $5.05 per share in addition to paying a non-refundable cash license fee. In a separate collaboration research agreement between the two companies, a research fee was paid to Transgenomic, Inc.

Public Offering

In November 2003, the Company completed a public offering of 5,750,000 shares of common stock, which included the underwriters’ exercise of their over-allotment option, resulting in net cash proceeds of approximately $64,330,000. In connection with the offering, the Company issued warrants to purchase 600,000 shares of Geron common stock to two investors at an exercise price of $16.15 per share. The warrants are exercisable for a period beginning 90 days from the date of issuance and ending three years thereafter. The value of the warrants of $6,179,000 was determined using Black-Scholes and was recognized as an issuance cost with an offset to additional paid-in capital.

12. Collaborative Agreements

In April 1995, the Company entered into a License and Research Collaboration Agreement with Kyowa Hakko (the Kyowa Hakko Agreement). Under the Kyowa Hakko Agreement, Kyowa Hakko provided $20,000,000 of research funding over six years to support the Company’s program to discover and develop in certain Asian countries a telomerase inhibitor for the treatment of cancer. All of this research funding had been received as of December 31, 2001. The Company is entitled to receive future payments totaling $7,500,000 upon the achievement of certain contractual milestones relating to drug development and regulatory progress, as well as royalty payments on future product sales. Kyowa Hakko has rights to co-develop and market GRN163 and other compounds selected under the collaboration in Asia. Kyowa Hakko also purchased $2,500,000 of Geron common stock in connection with the Company’s initial public offering.

In March 1997, the Company signed a License and Research Collaboration Agreement (the Pharmacia Agreement) with Pharmacia Corporation to collaborate in the discovery, development and commercialization of a new class of anti-cancer drugs that inhibit telomerase. Under the collaboration, Pharmacia provided $20,000,000 of research funding over four years. In addition, Pharmacia purchased $10,000,000 of Geron common stock over two years at a premium. In January 2001, Geron and Pharmacia agreed to terminate the license and research collaboration agreement. Pharmacia returned all product rights for telomerase inhibitors to the Company.

Costs associated with research and development activities attributable to the above agreements approximated revenue recognized. Under these agreements, revenues of approximately none, $500,000 and $3,250,000, were recognized in 2003, 2002 and 2001, respectively. No milestone payments have been earned to date.
12. Collaborative Agreements (Continued)

In December 1997, the Company entered into a License, Product and Marketing Agreement with Boehringer Mannheim (the Boehringer Mannheim Agreement) to develop and commercialize certain research and clinical diagnostic products for cancer on an exclusive, worldwide basis. Under the Boehringer Mannheim Agreement, Boehringer Mannheim provided reimbursement for research previously conducted and is responsible for all clinical, regulatory, manufacturing, marketing and sales efforts and expenses. The Company is entitled to receive future payments upon achievement of certain contractual milestones relating to levels of product sales, as well as royalties on product sales. Further, the Company has an option to exercise co-promotion rights in the United States. After the acquisition of Boehringer Mannheim by Roche in early 1998, all licenses and agreements pertaining to telomerase-based cancer diagnostics entered into with Boehringer Mannheim have been transferred to Roche Diagnostics. In accordance with the Boehringer Mannheim Agreement, the Company received royalty payments from Roche of approximately $42,000, $30,000 and $31,000 in 2003, 2002 and 2001, respectively.

In March 1999, the Company entered into an exclusive License, Product and Marketing Agreement with Clontech (the Clontech Agreement) to develop, manufacture and sell six cell lines. Under the terms of the Clontech Agreement, Clontech was responsible for manufacturing and marketing of products resulting from the use of the Company's telomerase technology. The Clontech Agreement provides for Clontech to pay an up-front technology licensing fee of $50,000, and for Clontech and Geron to equally share operating profits generated from the sale of the cell lines. Specifically, the Company was entitled to receive reimbursement funding of the greater of $25,000 or 10% of sales on December 31, 1999, December 31, 2000, and December 31, 2001. Clontech launched its first product using the Company's telomerase technology in September 1999. The Company recognized $17,000, $29,000 and $46,000 in shared profits from sales of cell lines in 2003, 2002 and 2001, respectively. The Clontech Agreement has been terminated by mutual agreement as of January 31, 2003.

13. Income Taxes

As of December 31, 2003, the Company had domestic federal net operating loss carry forwards of approximately $188,000,000, which will expire at various dates beginning 2006 through 2023, if not utilized. The Company also had foreign net operating loss carry forwards of approximately $19,700,000, which carry forward indefinitely. The Company also had federal research and development tax credit carry forwards of approximately $6,550,000, which will expire at various dates beginning in 2007 through 2023, if not utilized.

Utilization of the net operating losses and credits may be subject to a substantial annual limitation due to the ownership change provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

Significant components of the Company’s deferred tax assets as of December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td></td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>$ 72,100</td>
<td>$ 61,800</td>
</tr>
<tr>
<td>Research credits</td>
<td>10,500</td>
<td>6,600</td>
</tr>
<tr>
<td>Capitalized research and development</td>
<td>8,000</td>
<td>5,400</td>
</tr>
<tr>
<td>License fees</td>
<td>2,900</td>
<td>3,100</td>
</tr>
<tr>
<td>Other — net</td>
<td>4,700</td>
<td>4,000</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>98,200</td>
<td>80,900</td>
</tr>
<tr>
<td>Valuation allowance for deferred tax assets</td>
<td>(98,200)</td>
<td>(80,900)</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>$ —</td>
<td>$ —</td>
</tr>
</tbody>
</table>
13. Income Taxes (Continued)

Because of the Company’s history of losses, the net deferred tax asset has been fully offset by a valuation allowance. The valuation allowance increased by $17,300,000, $24,100,000 and $9,200,000 during the years ended December 31, 2003, 2002 and 2001, respectively.

Approximately $3,400,000 of the valuation allowance for deferred tax assets relates to benefits of stock option deductions which, when recognized, will be allocated directly to contributed capital.

14. Restructuring Charges

In June 2002, Geron restructured its organization to focus resources on its most advanced product development programs. In the process, Geron reduced its research staff by 33 employees and its support staff by 10 employees, a reduction of approximately 30% of Geron’s work force in Menlo Park, California and Edinburgh, Scotland. The Company recorded a restructuring charge, consisting mostly of salaries, severance and other personnel related costs of $706,000, of which $625,000 was recorded as research and development expense and $81,000 was recorded as general and administrative expense.

In January 2003, the Company changed the organization in order to concentrate its resources on the continued development of its lead anti-cancer product candidates, GRN163 and GRN163L, and its human embryonic stem cell therapy programs. In the process, Geron reduced its research staff by 29 employees and its support staff by 11 employees. The Company recorded a restructuring charge, consisting mostly of salaries, severance and other personnel related costs of $670,000, of which $390,000 was recorded as research and development expense and $280,000 was recorded as general and administrative expense.

As of December 31, 2003, no further amounts were due as a result of these restructurings.

15. Segment Information

The Company adopted Statement of Financial Accounting Standards No. 131, “Disclosures about Segments of an Enterprise and Related Information” (SFAS 131) in fiscal year ended December 31, 1998. SFAS 131 establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS 131 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions how to allocate resources and assess performance. The Company’s chief decision maker, as defined under SFAS 131, is the Chief Executive Officer. To date, the Company has viewed its operations as principally one segment, the discovery and development of therapeutic and diagnostic products for oncology and human embryonic stem cell therapies. As a result, the financial information disclosed herein materially represents all of the financial information related to the Company’s principal operating segment.
16. Statement of Cash Flows Data

Supplementary information ..........................................

Interest paid ......................................................... $ 53 $ 87 $ 153

Supplementary investing and financing activities:

Conversion of convertible debentures ......................... $16,510 $ — $16,513
Premium on convertible debentures ............................. $ — $ — $ (1,300)
Issuance of warrants to purchase common stock and
common stock issued for prior year services ................ $ 1,227 $ 636 $ —
Unrealized gain (loss) on equity investments ............ $ 37 $(322) $(1,300)
Net unrealized gain (loss) on available-for-sale securities ... $ (81) $(338) $ 194
Issuance of common stock for 401(k) contribution ........ $ 548 $ — $ —
Deferred compensation on 401(k) contribution .......... $ 105 $ 209 $ —

Interest expense for the year ended December 31, 2003, 2002 and 2001 was $544,000, $600,000
and $847,000, respectively.

17. Quarterly Results (Unaudited)

First Quarter  Second Quarter  Third Quarter  Fourth Quarter
(In thousands, except per share amounts)

Year Ended December 31, 2003
Revenues .............................................. $ 262 $ 285 $ 472 $ 155
Operating expenses.................................. 8,306 8,938 5,709 8,401
Net loss ................................................ (7,932) (9,288) (5,107) (7,556)
Basic and diluted net loss per common share…. $ (0.32) $ (0.32) $ (0.15) $ (0.21)

Year Ended December 31, 2002
Revenues ............................................. $ 626 $ 111 $ 218 $ 293
Operating expenses.................................. 11,760 9,599 7,660 7,929
Net loss ................................................ (10,475) (9,008) (5,107) (7,229)
Basic and diluted net loss per common share…. $ (0.43) $ (0.37) $ (0.29) $ (0.29)

Basic and diluted net losses per share are computed independently for each of the quarters
presented. Therefore, the sum of the quarters may not be equal to the full year net loss per share
amounts.

18. Subsequent Event

In January 2004, the Company issued 85,885 shares of common stock to Transgenomic, Inc. as
payment of the first installment under a supply agreement pursuant to which Transgenomic is
manufacturing certain raw materials used in producing telomerase inhibitor compounds and payment for
goods received under a separate installment agreement. The fair value of the common stock for the first
installment has been recorded as a prepaid asset in January 2004 and will be amortized to research and
development expense on a pro-rata basis as materials are received which is expected to be approximately
two months. The fair value of the common stock for goods already received will be recorded as research
and development expense in January 2004.
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

Based on their evaluation as of a date within 90 days of the filing date of this annual report on Form 10-K, Geron’s principal executive officer and principal financial officer have concluded that Geron’s disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act) are effective to ensure that information required to be disclosed by Geron in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There were no significant changes in Geron’s internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation and up to the filing date of this annual report on Form 10-K. We have not identified any significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART III

Item 10. Directors and Executive Officers of the Registrant

Identification of Directors

The information required by this Item concerning the Company’s directors is incorporated by reference from the section captioned “Proposal 1: Election of Directors” contained in the Company’s Definitive Proxy Statement related to the Annual Meeting of Stockholders to be held May 27, 2004, to be filed by the Company with the Securities and Exchange Commission (the Proxy Statement).

Identification of Executive Officers

The information required by this Item concerning the Company’s executive officers is set forth in Part I of this Report.

Code of Ethics

Geron has adopted a Code of Conduct with which every person who works for Geron is expected to comply. The Code of Conduct is publicly available on Geron’s website under the Investor Relations section at www.geron.com. This website address is intended to be an inactive, textual reference only; none of the material on this website is part of this report. If any substantive amendments are made to the Code of Conduct or grant any waiver, including any implicit waiver, from a provision of the code to Geron’s Chief Executive Officer, Chief Financial Officer or Corporate Controller, Geron will disclose the nature of such amendment or waiver on that website or in a report on Form 8-K.

Copies of the Code of Conduct will be furnished without charge to any person who submits a written request directed to the attention of the Company Secretary, at Geron’s offices located at 230 Constitution Drive, Menlo Park, California, 94025.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference from the section captioned “Executive Compensation” contained in the Proxy Statement.
Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated by reference from the section captioned “Security Ownership of Certain Beneficial Owners and Management” contained in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference from the sections captioned “Certain Transactions” and “Executive Compensation” contained in the Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference from the section captioned “Principal Accountant Fees and Services” contained in the Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) (1) Consolidated Financial Statements

Included in Part II, Item 8 of this Report:

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report of Ernst &amp; Young LLP, Independent Auditors ............................................................... 41</td>
</tr>
<tr>
<td>Consolidated Balance Sheets — December 31, 2003 and 2002 .................................................... 42</td>
</tr>
<tr>
<td>Consolidated Statements of Operations — Years ended December 31, 2003, 2002 and 2001 ............... 43</td>
</tr>
<tr>
<td>Consolidated Statement of Stockholders’ Equity — Years ended December 31, 2003, 2002 and 2001 ……. 44</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements .......................................................................... 46</td>
</tr>
</tbody>
</table>

(2) Financial Statement Schedules

Financial statement schedules are omitted because they are not required or the information is disclosed in the financial statements listed in Item 15(a)(1) above.

(3) Exhibits.

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1(1)†</td>
<td>Sale and Purchase Agreement dated May 3, 1999, among the Registrant and each of the shareholders of Roslin</td>
</tr>
<tr>
<td>2.2(1)</td>
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10.8(2)† Sponsored Research Agreement dated as of September 8, 1992 between the Registrant and University of Texas Southwestern Medical Center at Dallas
10.9(2)† Exclusive License Agreement dated February 2, 1994 between the Registrant and the Regents of the University of California
10.10(2)† License and Research Collaboration Agreement dated April 24, 1995 between the Registrant and Kyowa Hakko Kogyo Co., Ltd., and Amendment No. 1 thereto dated July 15, 1995
10.11(2)† Standard Nonexclusive License Agreement dated January 1, 1996 between the Registrant and Wisconsin Alumni Research Foundation
10.12(2) Business Park Lease dated March 25, 1996 between the Registrant and David D. Bohannon Organization
10.13(2) Business Park Lease dated March 25, 1996 between the Registrant and David D. Bohannon Organization and Amendments Nos. 1, 2 and 3 thereto dated July 26, 1993, February 22, 1994 and March 25, 1996, respectively
10.15(2) Master Lease Agreement dated January 5, 1993 between the Registrant and Lease Management Services, Inc.
10.20(2) Note Secured by Second Deed of Trust dated December 1993 between the Registrant and Calvin B. Harley
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10.30(39) Intellectual Property License Agreement dated December 9, 1996 between Registrant and University Technology Corporation
10.33(39) First Amendment to Note Secured by Deed of Trust with Harley
10.35(40)† License Agreement dated August 1, 1997 between Registrant and The Johns Hopkins University
10.36(40)† Research Agreement dated August 1, 1997 between Registrant and The Johns Hopkins University
10.37(41)† License, Product Development, and Marketing Agreement dated as of December 19, 1997, by and between Registrant and Boehringer Mannheim, GmbH
10.38(42) Securities Purchase Agreement dated as of March 27, 1998 between Registrant and certain investors
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10.42(1)† Research and License Agreement dated May 3, 1999 by and between the Registrant, Roslin, and the Institute
10.43(1)† License Agreement dated May 3, 1999, among the Registrant, Roslin and the Institute
10.44(44) Amendment No. 1 to the Securities and Purchase Agreement, dated as of June 17, 1999, by and among the Registrant and certain investors
10.45(44) Amendment No. 1 to the Registration Rights Agreement, dated as of June 17, 1999, by and among the Registrant and certain investors
10.46(45) Securities Purchase Agreement dated as of September 30, 1999 between Registrant and RGC International Investors, LDC
10.47(46) License Agreement, dated as of April 23, 1999, with Wisconsin Alumni Research Foundation
10.48(47) Option Agreement, dated as of April 23, 1999, with Wisconsin Alumni Research Foundation
10.49(48) Amendment to the License Agreement, dated as of October 1, 1999, with Wisconsin Alumni Research Foundation
10.50(49) Secured Loan Agreement, dated as of August 10, 1999, by and between David J. Earp and Andrea L. Earp and the Registrant
10.51(50) Letter to Thomas Okarma, dated as of October 7, 1999, extending License and Research Collaboration Agreement between Pharmacia & Upjohn and the Registrant
10.52(51) Amendment No. 3 to the License and Research Collaboration Agreement, dated as of January 24, 2000, by and between the Registrant and Kyowa Hakko Kogyo Co., Ltd.
10.53(52) Securities Purchase Agreement by and between Registrant and private investor dated March 9, 2000
10.54(53) Warrant to purchase 100,000 shares of common stock issued by Registrant to private investor dated March 9, 2000
10.55(54) Warrant to purchase 200,000 shares of common stock issued by Registrant to private investor dated March 9, 2000
10.56(55) Securities Purchase Agreement dated as of June 29, 2000, by and between Registrant and the Purchaser
10.57(56) Registration Rights Agreement dated as of June 29, 2000, by and between Registrant and the Purchaser
10.58(57) Series D Zero Coupon Convertible Debenture
10.59(58) Warrant to purchase 834,836 shares of common stock issued by Registrant to the Purchaser, dated as of June 29, 2000
10.60(59) Common Stock Purchase Agreement, dated as of September 6, 2000, by and between the Registrant and Acqua Wellington
10.61(60) First Amendment to Intellectual Property License Agreement dated July 23, 2001, by and among Registrant and University Technology Corporation
10.62(61) Common Stock Purchase Agreement dated as of August 30, 2001, by and among Registrant and University Technology Corporation
10.63(62) Common Stock Warrant Agreement issued by Registrant to University Technology Corporation, dated as of August 30, 2001
10.64(63) Restructuring Agreement dated as of November 9, 2001, by and between Registrant and RGC International Investors, LDC
10.65(64) First Amendment to Lease and Assignment and Assumption of Lease, dated as of December 7, 2001, among the Registrant, iPrint Technologies, Inc. and Bohannon Development Company
10.66(65) License Agreement dated as of January 8, 2002, by and between Registrant and Wisconsin Alumni Research Foundation
10.67(66)† Purchase Agreement dated as of March 5, 2002, by and between Registrant and Lynx Therapeutics, Inc.
10.68(67) Employment agreement between Registrant and Thomas Okarma, dated January 21, 2003
10.69(68) Employment agreement between Registrant and David Greenwood, dated January 21, 2003
10.70(69) Employment agreement between Registrant and David Earp, dated January 21, 2003

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10.71(70) Employment agreement between Registrant and Calvin Harley, dated January 21, 2003
10.72(71) Employment agreement between Registrant and Melissa Kelly, dated January 21, 2003
10.73(72) Employment agreement between Registrant and Jane Lebkowski, dated January 21, 2003
10.74(73) Employment agreement between Registrant and William Stempel, dated January 21, 2003
10.75(74) Severance Plan, effective January 21, 2003
10.76(75)† License Agreement Amendment between Geron Corporation and Transgenomic, Inc., dated June 2, 2003
10.77(76) Restructuring Agreement dated as of May 23, 2003, by and between Registrant and RGC International Investors, LDC
14.1 Code of Conduct
21.1(77) List of Subsidiaries
23.1 Consent of Ernst & Young LLP, Independent Auditors
24.1 Power of Attorney (see signature page)
31.1 Certification of Chief Executive Officer pursuant to Form of Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 27, 2004
31.2 Certification of Chief Financial Officer pursuant to Form of Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 27, 2004
32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 27, 2004

† Certain portions of this Exhibit have been omitted for which confidential treatment has been requested and filed separately with the Securities and Exchange Commission.
(1) Incorporated by reference to identically numbered exhibits filed on the Registrant’s Form 8-K filed on May 18, 1999.
(2) Incorporated by reference to identically numbered exhibits filed with the Registrant’s Registration Statement on Form S-1 filed on June 12, 1996.
(8) Incorporated by reference to Exhibit 4.2 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.
(9) Incorporated by reference to Exhibit 4.1 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.
(15) Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on January 29, 2002.
Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on March 7, 2002.


Incorporated by reference to Exhibit 10.3 of the Registrant’s Current Report on Form 8-K filed on April 8, 2003.

Incorporated by reference to Exhibit 10.4 of the Registrant’s Current Report on Form 8-K filed on April 9, 2003.

Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on April 25, 2003.

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Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on September 11, 2003.

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Incorporated by reference to Exhibit 4.3 of the Registrant’s Registration Statement on Form S-3 filed on September 11, 2003.

Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on October 1, 2003.


Incorporated by reference to Appendix C of the Registrant’s Definitive Proxy Statement filed on April 7, 2003.

Incorporated by reference to Exhibit 99.1 of the Registrant’s Registration Statement on Form S-8 filed on December 23, 1999.


Incorporated by reference to Appendix 2 of the Registrant’s Definitive Proxy Statement filed on April 2, 2002.


Incorporated by reference to identically numbered exhibits filed with Registrant’s Quarterly Report on Form 10-Q filed on November 14, 1997.

Incorporated by reference to identically numbered exhibits filed with Registrant’s Annual Report on Form 10-K filed on March 31, 1998.


Incorporated by reference to Exhibit 10.40 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.

Incorporated by reference to identically numbered exhibits filed with Registrant’s Registration Statement on Form S-3 filed on January 24, 1997.

Incorporated by reference to Exhibit 10.1 filed with Registrant’s Quarterly Report on Form 10-Q filed on November 15, 1999.

Incorporated by reference to Exhibit 10.2 filed with Registrant’s Quarterly Report on Form 10-Q filed on November 15, 1999.

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(62) Incorporated by reference to Exhibit 4.3 of the Registrant’s Registration Statement on Form S-3 filed on September 27, 2001.
(64) Incorporated by reference to Exhibit 10.62 of the Registrant’s Annual Report on Form 10-K filed on March 1, 2002.
(66) Incorporated by reference to Exhibit 10.1 of the Registrant’s Registration Statement on Form S-3 filed on March 7, 2002.
(68) Incorporated by reference to Exhibit 10.2 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.
(69) Incorporated by reference to Exhibit 10.3 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.
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(74) Incorporated by reference to Exhibit 10.8 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.

(b) Reports on Form 8-K

The Registrant filed current reports on Form 8-K with the SEC:
  • on October 15, 2003, with respect to a press release dated October 15, 2003 announcing the Registrant’s plans to publicly offer 5,000,000 shares of its common stock;
• on October 15, 2003, with respect to the issuance of two warrants to Mainfield Enterprises, Inc. and The Riverview Group, LLC representing the rights to purchase an aggregate of 300,000 shares each of the Registrant’s common stock;

• on October 15, 2003, with respect to the filing of a preliminary prospectus supplement under the Registrant’s registration statement on Form S-3, Registration No 333-81596, in connection with a public offering of 5,000,000 shares of the Registrant’s common stock;

• on October 29, 2003, with respect to a press release dated October 29, 2003 announcing the pricing of the public offering of 5,000,000 shares of the Registrant’s common stock;

• on October 29, 2003, with respect to the filing of a prospectus supplement under the Registrant’s registration statement on Form S-3, Registration No. 333-81596, and the execution of an underwriting agreement, dated October 29, 2003, with UBS Securities LLC, SG Cowen Securities Corporation, Lazard Freres & Co. LLC and Needham & Company, Inc. as managing underwriters, in connection with a public offering of 5,000,000 shares of the Registrant’s common stock; and

• on November 5, 2003, with respect to a press release dated November 5, 2003 announcing the underwriters’ exercise of their over-allotment option to purchase 750,000 additional shares in connection with the public offering of 5,000,000 shares of the Registrant’s common stock.

(c) **Index to Exhibits**

   See Exhibits listed under Item 15(a)(3) above.

(d) **Financial Statements and Schedules**

   The financial statement schedules required by this Item are listed under Item 15(a)(1) and (2) above.
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Menlo Park, State of California, on the 27th day of February, 2004.

Geron Corporation

By: /s/ THOMAS B. OKARMA

THOMAS B. OKARMA

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW BY ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints, jointly and severally, Thomas B. Okarma, David L. Greenwood and William D. Stempel, and each one of them, attorneys-in-fact for the undersigned, each with the power of substitution, for the undersigned in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated opposite his/her name.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<table>
<thead>
<tr>
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<td>President, Chief Executive Officer and Director</td>
<td>February 27, 2004</td>
</tr>
<tr>
<td></td>
<td>(Principal Executive Officer)</td>
<td></td>
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<tr>
<td>/s/ DAVID L. GREENWOOD</td>
<td>Executive Vice President, Chief Financial Officer,</td>
<td>February 27, 2004</td>
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<td></td>
<td>Treasurer (Principal Financial and Accounting Officer)</td>
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<td>/s/ EDWARD V. FRITZKY</td>
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<td>/s/ THOMAS D. KILEY</td>
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<td>/s/ PATRICK J. ZENNER</td>
<td>Director</td>
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10.7(2)† Patent License Agreement dated September 8, 1992 between Registrant and University of Texas Southwestern Medical Center at Dallas
10.8(2)† Sponsored Research Agreement dated as of September 8, 1992 between the Registrant and University of Texas Southwestern Medical Center at Dallas
10.9(2)† Exclusive License Agreement dated February 2, 1994 between the Registrant and the Regents of the University of California
10.10(2)† License and Research Collaboration Agreement dated April 24, 1995 between the Registrant and Kyowa Hakko Kogyo Co., Ltd., and Amendment No. 1 thereto dated July 15, 1995
10.11(2)† Standard Nonexclusive License Agreement dated January 1, 1996 between the Registrant and Wisconsin Alumni Research Foundation
10.12(2) Business Park Lease dated March 25, 1996 between the Registrant and David D. Bohannon Organization
10.13(2) Business Park Lease dated March 25, 1996 between the Registrant and David D. Bohannon Organization and Amendments Nos. 1, 2 and 3 thereto dated July 26, 1993, February 22, 1994 and March 25, 1996, respectively
10.15(2) Master Lease Agreement dated January 5, 1993 between the Registrant and Lease Management Services, Inc.
10.20(2) Note Secured by Second Deed of Trust dated December 1993 between the Registrant and Calvin B. Harley
10.23(2) Common Stock Warrant dated May 4, 1994, issued by the Registrant to Cold Spring Harbor Laboratory
10.27(39)† Amendment No. 2 to License and Research Collaboration Agreement dated April 24, 1995 between the Registrant and Kyowa Hakko Kogyo Co., Ltd. dated March 23, 1997
<table>
<thead>
<tr>
<th>Document Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.30(39)</td>
<td>Intellectual Property License Agreement dated December 9, 1996 between Registrant and University Technology Corporation</td>
</tr>
<tr>
<td>10.33(39)</td>
<td>First Amendment to Note Secured by Deed of Trust with Harley</td>
</tr>
<tr>
<td>10.35(40)†</td>
<td>License Agreement dated August 1, 1997 between Registrant and The Johns Hopkins University</td>
</tr>
<tr>
<td>10.36(40)†</td>
<td>Research Agreement dated August 1, 1997 between Registrant and The Johns Hopkins University</td>
</tr>
<tr>
<td>10.37(41)†</td>
<td>License, Product Development, and Marketing Agreement dated as of December 19, 1997, by and between Registrant and Boehringer Mannheim, GmbH</td>
</tr>
<tr>
<td>10.38(42)</td>
<td>Securities Purchase Agreement dated as of March 27, 1998 between Registrant and certain investors</td>
</tr>
<tr>
<td>10.39(43)</td>
<td>Securities Purchase Agreement dated as of December 10, 1998 among the Registrant and certain investors</td>
</tr>
<tr>
<td>10.42(1)†</td>
<td>Research and License Agreement dated May 3, 1999 by and between the Registrant, Roslin, and the Institute</td>
</tr>
<tr>
<td>10.43(1)†</td>
<td>License Agreement dated May 3, 1999, among the Registrant, Roslin and the Institute</td>
</tr>
<tr>
<td>10.44(44)</td>
<td>Amendment No. 1 to the Securities and Purchase Agreement, dated as of June 17, 1999, by and among the Registrant and certain investors</td>
</tr>
<tr>
<td>10.45(44)</td>
<td>Amendment No. 1 to the Registration Rights Agreement, dated as of June 17, 1999, by and among the Registrant and certain investors</td>
</tr>
<tr>
<td>10.46(45)</td>
<td>Securities Purchase Agreement dated as of September 30, 1999 between Registrant and RGC International Investors, LDC</td>
</tr>
<tr>
<td>10.47(46)</td>
<td>License Agreement, dated as of April 23, 1999, with Wisconsin Alumni Research Foundation</td>
</tr>
<tr>
<td>10.48(47)</td>
<td>Option Agreement, dated as of April 23, 1999, with Wisconsin Alumni Research Foundation</td>
</tr>
<tr>
<td>10.49(48)</td>
<td>Amendment to the License Agreement, dated as of October 1, 1999, with Wisconsin Alumni Research Foundation</td>
</tr>
<tr>
<td>10.50(49)</td>
<td>Secured Loan Agreement, dated as of August 10, 1999, by and between David J. Earp and Andrea L. Earp and the Registrant</td>
</tr>
<tr>
<td>10.51(50)</td>
<td>Letter to Thomas Okarma, dated as of October 7, 1999, extending License and Research Collaboration Agreement between Pharmacia &amp; Upjohn and the Registrant</td>
</tr>
<tr>
<td>10.52(51)</td>
<td>Amendment No. 3 to the License and Research Collaboration Agreement, dated as of January 24, 2000, by and between the Registrant and Kyowa Hakko Kogyo Co., Ltd.</td>
</tr>
<tr>
<td>10.53(52)</td>
<td>Securities Purchase Agreement by and between Registrant and private investor dated March 9, 2000</td>
</tr>
<tr>
<td>10.54(53)</td>
<td>Warrant to purchase 100,000 shares of common stock issued by Registrant to private investor dated March 9, 2000</td>
</tr>
<tr>
<td>10.55(54)</td>
<td>Warrant to purchase 200,000 shares of common stock issued by Registrant to private investor dated March 9, 2000</td>
</tr>
<tr>
<td>10.56(55)</td>
<td>Securities Purchase Agreement dated as of June 29, 2000, by and between Registrant and the Purchaser</td>
</tr>
<tr>
<td>10.57(56)</td>
<td>Registration Rights Agreement dated as of June 29, 2000, by and between Registrant and the Purchaser</td>
</tr>
<tr>
<td>10.58(57)</td>
<td>Series D Zero Coupon Convertible Debenture</td>
</tr>
<tr>
<td>10.59(58)</td>
<td>Warrant to purchase 834,836 shares of common stock issued by Registrant to the Purchaser, dated as of June 29, 2000</td>
</tr>
<tr>
<td>10.60(59)</td>
<td>Common Stock Purchase Agreement, dated as of September 6, 2000, by and between the Registrant and Acqua Wellington</td>
</tr>
</tbody>
</table>

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10.61(60) First Amendment to Intellectual Property License Agreement dated July 23, 2001, by and among Registrant and University Technology Corporation
10.62(61) Common Stock Purchase Agreement dated as of August 30, 2001, by and among Registrant and University Technology Corporation
10.63(62) Common Stock Warrant Agreement issued by Registrant to University Technology Corporation, dated as of August 30, 2001
10.64(63) Restructuring Agreement dated as of November 9, 2001, by and between Registrant and RGC International Investors, LDC
10.65(64) First Amendment to Lease and Assignment and Assumption of Lease, dated as of December 7, 2001, among the Registrant, iPrint Technologies, Inc. and Bohannon Development Company
10.66(65) License Agreement dated as of January 8, 2002, by and between Registrant and Wisconsin Alumni Research Foundation
10.67(66)† Purchase Agreement dated as of March 5, 2002, by and between Registrant and Lynx Therapeutics, Inc.
10.68(67) Employment agreement between Registrant and Thomas Okarma, dated January 21, 2003
10.69(68) Employment agreement between Registrant and David Greenwood, dated January 21, 2003
10.70(69) Employment agreement between Registrant and David Earp, dated January 21, 2003
10.71(70) Employment agreement between Registrant and Calvin Harley, dated January 21, 2003
10.72(71) Employment agreement between Registrant and Melissa Kelly, dated January 21, 2003
10.73(72) Employment agreement between Registrant and Jane Lebkowski, dated January 21, 2003
10.74(73) Employment agreement between Registrant and William Stempel, dated January 21, 2003
10.75(74) Severance Plan, effective January 21, 2003
10.76(75)† License Agreement Amendment between Geron Corporation and Transgenomic, Inc., dated June 2, 2003
10.77(76) Restructuring Agreement dated as of May 23, 2003, by and between Registrant and RGC International Investors, LDC
14.1 Code of Conduct
21.1(77) List of Subsidiaries
23.1 Consent of Ernst & Young LLP, Independent Auditors
24.1 Power of Attorney (see signature page)
31.1 Certification of Chief Executive Officer pursuant to Form of Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 27, 2004
31.2 Certification of Chief Financial Officer pursuant to Form of Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 27, 2004
32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated February 27, 2004

† Certain portions of this Exhibit have been omitted for which confidential treatment has been requested and filed separately with the Securities and Exchange Commission.

(1) Incorporated by reference to identically numbered exhibits filed on the Registrant’s Form 8-K filed on May 18, 1999.
(2) Incorporated by reference to identically numbered exhibits filed with the Registrant’s Registration Statement on Form S-1 filed on June 12, 1996.

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Incorporated by reference to Exhibit 10.41 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.


Incorporated by reference to Exhibit 4.2 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.

Incorporated by reference to Exhibit 4.1 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.


Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on January 29, 2002.

Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on March 7, 2002.


Incorporated by reference to Exhibit 10.3 of the Registrant’s Current Report on Form 8-K filed on April 8, 2003.

Incorporated by reference to Exhibit 10.4 of the Registrant’s Current Report on Form 8-K filed on April 9, 2003.

Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on April 25, 2003.

Incorporated by reference to Exhibit 4.2 of the Registrant’s Registration Statement on Form S-3 filed on April 25, 2003.


Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on September 11, 2003.

Incorporated by reference to Exhibit 4.2 of the Registrant’s Registration Statement on Form S-3 filed on September 11, 2003.

Incorporated by reference to Exhibit 4.3 of the Registrant’s Registration Statement on Form S-3 filed on September 11, 2003.

Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on October 1, 2003.


Incorporated by reference to Appendix C of the Registrant’s Definitive Proxy Statement filed on April 7, 2003.

Incorporated by reference to Exhibit 99.1 of the Registrant’s Registration Statement on Form S-8 filed on December 23, 1999.


Incorporated by reference to Appendix 2 of the Registrant’s Definitive Proxy Statement filed on April 2, 2002.


(40) Incorporated by reference to identically numbered exhibits filed with Registrant’s Quarterly Report on Form 10-Q filed on November 14, 1997.

(41) Incorporated by reference to identically numbered exhibits filed with Registrant’s Annual Report on Form 10-K filed on March 31, 1998.


(43) Incorporated by reference to Exhibit 10.40 of the Registrant’s Current Report on Form 8-K filed on December 17, 1998.

(44) Incorporated by reference to identically numbered exhibits filed with Registrant’s Registration Statement on Form S-3 filed on July 1, 1999.


(47) Incorporated by reference to Exhibit 10.2 filed with Registrant’s Quarterly Report on Form 10-Q filed on November 15, 1999.

(48) Incorporated by reference to Exhibit 10.3 filed with Registrant’s Quarterly Report on Form 10-Q filed on November 15, 1999.

(49) Incorporated by reference to Exhibit 10.50 of the Registrant’s Annual Report on Form 10-K filed on March 17, 2000.


(52) Incorporated by reference to Exhibit 4.7 of the Registrant’s Quarterly Report on Form 10-Q filed on May 15, 2000.


(60) Incorporated by reference to Exhibit 4.1 of the Registrant’s Registration Statement on Form S-3 filed on September 27, 2001.

(61) Incorporated by reference to Exhibit 4.2 of the Registrant’s Registration Statement on Form S-3 filed on September 27, 2001.

(62) Incorporated by reference to Exhibit 4.3 of the Registrant’s Registration Statement on Form S-3 filed on September 27, 2001.


(64) Incorporated by reference to Exhibit 10.62 of the Registrant’s Annual Report on Form 10-K filed on March 1, 2002.


(66) Incorporated by reference to Exhibit 10.1 of the Registrant’s Registration Statement on Form S-3 filed on March 7, 2002.


(68) Incorporated by reference to Exhibit 10.2 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.

(69) Incorporated by reference to Exhibit 10.3 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.
(70) Incorporated by reference to Exhibit 10.4 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.

(71) Incorporated by reference to Exhibit 10.5 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.

(72) Incorporated by reference to Exhibit 10.6 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.

(73) Incorporated by reference to Exhibit 10.7 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.

(74) Incorporated by reference to Exhibit 10.8 filed with Registrant’s Quarterly Report on Form 10-Q filed on April 30, 2003.


CERTIFICATION PURSUANT TO
FORM OF RULE 13a-14(a)
AS ADOPTED PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas B. Okarma, Chief Executive Officer of Geron Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Geron Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 25, 2004

/s/ THOMAS B. OKARMA
Thomas B. Okarma
President and Chief Executive Officer
CERTIFICATION PURSUANT TO 
FORM OF RULE 13a-14(a) 
AS ADOPTED PURSUANT TO 
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, David L. Greenwood, Chief Financial Officer of Geron Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Geron Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 25, 2004

/s/ DAVID L. GREENWOOD
David L. Greenwood
Executive Vice President
Chief Financial Officer
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Geron Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying annual report on Form 10-K of the Company for the year ended December 31, 2003 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2004

/s/ Thomas B. Okarma
Thomas B. Okarma
President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Geron Corporation and will be retained by Geron Corporation and furnished to the Securities and Exchange Commission or its staff upon request.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Geron Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying annual report on Form 10-K of the Company for the year ended December 31, 2003 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 25, 2004 /s/ David L. Greenwood
David L. Greenwood
Executive Vice President
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Geron Corporation and will be retained by Geron Corporation and furnished to the Securities and Exchange Commission or its staff upon request.
Geron Corporation desires to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Specifically, Geron wishes to alert readers that, except for historical information contained herein, the matters discussed in the stockholder letter and annual report regarding product development and future applications of Geron’s technology constitute forward-looking statements that involve risks and uncertainties, including, without limitation, risks inherent in the development and commercialization of potential products, reliance on collaborators, need for additional capital, need for regulatory approvals or clearances, and the maintenance of our intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements. The information in the annual report is being provided as a convenience to investors. Geron is providing this information as of February 27, 2004. Geron disclaims any duty to update information provided herein and does not plan to update this information until its next annual report to stockholders. Additional information on potential factors that could affect our results and other risks and uncertainties are detailed from time to time in Geron’s periodic reports, including the annual report on Form 10-K for the year ended December 31, 2003.