

GERON CORP  
Form PRE 14A  
March 13, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION**  
Washington, D.C. 20549  
**SCHEDULE 14A**

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**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.     )**

Filed by the Registrant   **x**  
Filed by a Party other than the Registrant   **o**

Check the appropriate box:

- x**   **Preliminary Proxy Statement**
- o**   Definitive Proxy Statement
- o**   Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- o**   Definitive Additional Materials
- o**   Soliciting Material Pursuant to Rule §240.14a-12

**GERON CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x**   No fee required.
- o**   Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1.   Title of each class of securities to which transaction applies:

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2.   Aggregate number of securities to which transaction applies:

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4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

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2. Form, Schedule or Registration Statement No.:

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3. Filing Party:

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4. Date Filed:

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## GERON CORPORATION

230 Constitution Drive  
Menlo Park, CA 94025

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### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on May 24, 2006

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To the Stockholders of Geron Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of GERON CORPORATION, a Delaware corporation (the Company), will be held on Wednesday, May 24, 2006, at 8:30 a.m. local time at the Company's headquarters, 230 Constitution Drive, Menlo Park, California 94025, for the following purposes:

1. To elect the members of Class I of the Board of Directors to serve for the following three years or until their successors are elected and qualified;
2. To amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock to 200,000,000 shares;
3. To approve the Company's 2006 Directors' Stock Option Plan, to replace the 1996 Directors' Stock Option Plan, which is expiring;
4. To ratify appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006; and
5. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on Friday, March 20, 2006, as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof. Shares of common stock may be voted at the meeting only if the holder is present at the meeting in person or by valid proxy.

All stockholders are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, sign, date and return the enclosed proxy as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. Even if you have given your proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name.

By Order of the Board of Directors,

David L. Greenwood  
*Secretary*

Menlo Park, California  
April \_\_, 2006

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY, COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.**

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**GERON CORPORATION**  
**230 Constitution Drive**  
**Menlo Park, CA 94025**

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**PROXY STATEMENT**

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**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

This proxy statement is being furnished to stockholders of Geron Corporation, a Delaware corporation (the Company), in connection with the solicitation by the Board of Directors of the Company of proxies to be used at the Annual Meeting of Stockholders to be held on May 24, 2006, at 8:30 a.m. local time (the Annual Meeting), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at the Company's headquarters at 230 Constitution Drive, Menlo Park, California 94025. This proxy statement and accompanying proxy card are being mailed to all stockholders entitled to vote at the Annual Meeting on or about April \_\_, 2006.

**Solicitation and Voting of Proxies**

Only holders of record at the close of business on Friday, March 20, 2006, (the Record Date) will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. At the close of business on the Record Date, there were \_\_ shares of common stock, par value \$0.001 per share (the Common Stock), outstanding. Each holder of record of Common Stock on such date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

The Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of Common Stock beneficially owned by others to forward to such beneficial owners. In addition, the Company may reimburse persons representing beneficial owners of Common Stock for their costs of forwarding solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by solicitation by mail, telephone or other electronic means, or in person, by directors, officers, or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services. In addition, the Company has retained the Altman Group to assist in the solicitation of proxies by mail, telephone or other electronic means, or in person, for a fee of approximately \$5,500 plus expenses relating to the solicitation.

**Quorum Requirement and Votes Required for the Proposals**

In order to constitute a quorum and to transact business at the Annual Meeting, a majority of the outstanding shares of Common Stock on the Record Date must be represented at the Annual Meeting. Shares represented by proxies that reflect abstentions or broker non-votes (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Directors will be elected by a favorable vote of a plurality of the aggregate votes present, in person or by proxy, at the Annual Meeting. Accordingly, abstentions will not affect the outcome of the election of candidates for director. The election of directors is a matter on which a broker or other nominee is empowered to vote. Accordingly, no broker non-votes will result from this proposal. Stockholders are not permitted to cumulate their shares for the purpose of electing directors or otherwise.

The proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock to 200,000,000 shares requires the affirmative vote of a majority of the issued and outstanding shares of common stock. Accordingly, proxies reflecting abstentions or broker non-votes as to this proposal will be treated as votes against the amendment.

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The proposal to approve the 2006 Directors' Stock Option Plan (the 2006 Directors Plan) requires the affirmative vote of a majority of the aggregate votes present, in person or by proxy, and entitled to vote at the Annual Meeting. Accordingly, proxies reflecting abstentions as to this proposal will be treated as votes against the 2006 Directors Plan. Broker non-votes, however, will be treated as unvoted for purposes of this proposal, and thus will not be counted as votes for or against the 2006 Directors Plan.

The proposal to ratify the selection of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending December 31, 2006 requires the affirmative vote of a majority of the aggregate votes present, in person or by proxy, and entitled to vote at the Annual Meeting. Abstentions will have the same effect as a vote against this proposal. However, the ratification of our selection of Ernst & Young LLP is a matter on which a broker or other nominee is empowered to vote. Accordingly, no broker non-votes will result from this proposal.

**Geron Plan Participants**

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Participants in the Geron 401(k) Plan will receive a proxy that incorporates all shares owned through the Geron 401(k) Plan, assuming the shares are registered in the same name. The proxy will serve as voting instructions for the trustee of the 401(k) Plan. If the proxy is not voted, the plan trustee will vote those shares in the same proportion as other 401(k) participants vote their 401(k) Plan shares.

Shares purchased through the Geron Employee Stock Purchase Plan will follow standard brokerage industry practices. Shares held in the name of the broker will be voted on behalf of the holder on certain routine matters. To the extent the brokerage firm votes shares on the behalf of the holder, the shares will be counted for the purpose of determining a quorum.

### **Householding of Annual Meeting Materials**

Some brokers and other nominee record holders may be participating in the practice of householding proxy statements. This means that only one (1) copy of this proxy may have been sent to multiple stockholders in a stockholder's household. The Company will promptly deliver copies of the proxy statement and annual report to any stockholder who contacts the Company's investor relations department at (650) 473-7765 or by mail addressed to Investor Relations, Geron Corporation, 230 Constitution Drive, Menlo Park, California 94025, requesting such copies. If a stockholder is receiving multiple copies of the proxy statement and annual report at the stockholder's household and would like to receive a single copy of the proxy statement and annual report for a stockholder's household in the future, stockholders should contact their broker, other nominee record holder, or the Company's investor relations department to request mailing of a single copy of the proxy statement and annual report.

### **Voting Via the Internet or by Telephone**

Most beneficial owners whose stock is held in street name receive voting instruction forms from their banks, brokers, or other agents, rather than the Company's proxy card.

A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers telephone and Internet grants of proxies. If your shares are held in an account with a broker or bank participating in the ADP Investor Communication Services program, you may grant your proxy for those shares telephonically by calling the telephone number shown on the form received from your broker or bank, or via the Internet at ADP Investor Communication Services' website <http://www.proxyvote.com>.

Submitting your proxy via the Internet or by telephone will not affect your right to revoke your proxy and vote in person, should you decide to attend the Annual Meeting.

The telephone and Internet proxy granting procedures are designed to authenticate stockholders' identities, to allow stockholders to give their proxy granting instructions and to confirm that stockholders' instructions have been recorded properly. Stockholders granting proxies via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the stockholder.

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### **Revocability of Proxies**

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with the Secretary at the Company's offices, 230 Constitution Drive, Menlo Park, California 94025, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

## **MATTERS TO BE CONSIDERED AT THE 2006 ANNUAL MEETING**

### **PROPOSAL 1**

#### **ELECTION OF DIRECTORS**

The Company's Board of Directors consists of seven members. The Company's Bylaws provide for the classification of the Board of Directors into three classes, as nearly equal in number as possible, with staggered terms of office. The Company's Bylaws also provide that upon expiration of the term of office for a class of directors, nominees for such class will be elected for a term of three years or until their successors are duly elected and qualified.

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The term of office of the Class I directors will expire in May 2006, and three nominees for director are to be elected as Class I directors. The three nominees are Thomas B. Okarma, Ph.D., M.D., John P. Walker and Patrick J. Zenner. The Class II directors, Thomas D. Kiley, Esq. and Edward V. Fritzky, have one year remaining on their term of office. The Class III directors, Alexander E. Barkas, Ph.D. and Charles J. Homcy, M.D., have two years remaining on their term of office.

The Board of Directors has selected three nominees for Class I directors, all of whom are currently directors of the Company. The three candidates receiving the highest number of affirmative votes of the shares represented and entitled to vote at the Annual Meeting will be elected as Class I directors of the Company. Accordingly, abstentions will not affect the outcome of the proposal. The election of directors is a matter on which a broker or other nominee is empowered to vote. Accordingly, no broker non-votes will result from this proposal.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as management may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve.

Set forth below is information regarding the nominees for Class I director, the periods during which he has served as director, and information furnished by him as to principal occupations and directorships held by him in corporations whose shares are publicly registered.

### NOMINEE FOR ELECTION TO THE BOARD OF DIRECTORS For a Three Year Term Expiring at the 2009 Annual Meeting

#### Class I Directors (Term Expiring at the 2009 Annual Meeting)

Name	Age	Principal Occupation/Position with the Company
Thomas B. Okarma, Ph.D., M.D	60	President and CEO
John P. Walker	57	Private Investor/Consultant
Patrick J. Zenner	59	Former President and CEO, Hoffmann La-Roche, Inc., North America

*Thomas B. Okarma, Ph.D., M.D.*, has served as the Company's President, Chief Executive Officer and a director since July 1999. He is also a director of Geron Bio-Med Limited, a United Kingdom company and the Company's wholly-owned subsidiary and TA Therapeutics, Ltd, a Hong Kong company and a joint venture between the Company and Biotechnology Research Corporation of Hong Kong. From May 1998 until July 1999, Dr. Okarma was the Vice President of Research and Development of the Company. From December 1997 until May 1998, Dr. Okarma was Vice President of Cell Therapies of the Company. From 1985 until joining Geron, Dr. Okarma, the scientific founder of Applied Immune Sciences, Inc., served initially as its Vice President of Research and Development and then as its Chairman and Chief Executive Officer 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 an A.B. from Dartmouth College and a M.D. and Ph.D. from Stanford University.

*John P. Walker* has served as a director of the Company since April 1997. Since 2001, Mr. Walker acting as a consultant and investor has served as an Investment Advisor to MDS Capital Corporation, Interim Chief Executive Officer of KAI Pharmaceuticals, Chairman and Interim Chief Executive Officer at Guava Technologies, Chairman and Chief Executive Officer of Bayhill Therapeutics and Chairman and Interim Chief Executive Officer of Centaur, Inc. From 1993 to 2001, he was Chairman, Chief Executive Officer and a director of Axys Pharmaceuticals Inc. and its predecessor company, Arris Pharmaceutical Corporation. Prior to his association with Arris, Mr. Walker was the Chairman and Chief Executive Officer of Vitaphore Corporation, a biomaterials company which was sold to Union Carbide Chemical and Plastics Company Inc. in 1990. From 1971 to 1985, Mr. Walker was employed by American Hospital Supply Corporation in a variety of general management, sales and marketing positions, most recently serving as President of the American Hospital Company. Mr. Walker is a director of Renovis, Inc. and certain other privately held biotechnology companies. He holds a B.A. from the State University of New York at Buffalo and is a graduate of the Advanced Executive Program, J.L. Kellogg Graduate School of Management at Northwestern University.

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*Patrick J. Zenner* has served as a director of the Company since July 2001. Currently, he is serving as interim Chief Executive Officer for CuraGen Corporation, a genomics-based biopharmaceutical company. From 1969 until January 2001, Mr. Zenner held a series of executive managerial positions with Hoffmann La-Roche, Inc., North America, the prescription drug unit of the Roche Group, a leading research-based health care enterprise. He retired as President and Chief Executive Officer in January 2001. Mr. Zenner has been a board member of numerous associations including the Pharmaceutical Research and Manufacturers Association, the Health Care Institute of New Jersey, the American Foundation for Pharmaceutical Education, the American Society of Hospital Pharmacists Foundation, the Health Care Leadership Council and the Biotechnology Industry Organization. He is also a director of Arqule, Inc., Curagen Corporation, Dendrite International, Exact Sciences, First Horizon Pharmaceutical Corporation, Praecis Pharmaceuticals, XOMA Ltd. and West Pharmaceutical Services. Mr. Zenner holds a B.S.B.A. from Creighton University and a M.B.A. from Fairleigh Dickinson University. He serves on the Board of Trustees for both universities.

### **The Board of Directors Unanimously Recommends That Stockholders Vote FOR the Election of Each Nominee to the Board of Directors**

#### **MEMBERS OF THE BOARD OF DIRECTORS CONTINUING IN OFFICE**

Set forth below is information regarding the continuing Class II and Class III directors of the Company, including their ages, the periods during which they have served as directors, and information furnished by them as to principal occupations and directorships held by them in corporations whose shares are publicly registered.

#### **Class II Directors (Term Expiring at the 2007 Annual Meeting)**

<u>Name</u>	<u>Age</u>	<u>Principal Occupation/Position with the Company</u>
Thomas D. Kiley, Esq.	62	Attorney-at-law
Edward V. Fritzky	55	Former Chairman, CEO and President, Immunex Corporation

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*Thomas D. Kiley, Esq.*, has served as a director of the Company since September 1992. Mr. Kiley is also a director of Connetics Corp. and certain privately held biotechnology companies. He has been self-employed since 1988 as an attorney, consultant and investor. From 1980 to 1988, he was an officer of Genentech, Inc., a biotechnology company, serving variously as Vice President and General Counsel, Vice President for Legal Affairs and Vice President for Corporate Development. From 1969 to 1980, he was with the Los Angeles law firm of Lyon & Lyon and was a partner at the firm from 1975 to 1980. Mr. Kiley holds a B.S. in Chemical Engineering from Pennsylvania State University and a J.D. from George Washington University.

*Edward V. Fritzky* has served as a director of the Company since July 1998. He served as a director and advisor to Amgen Corporation from July 2002 to May 2005. He served as Chief Executive Officer and Chairman of Immunex Corporation from January 1994 to July 2002. Mr. Fritzky is also a director of Sonosite, Inc. and Jacobs Engineering Group, Inc. Mr. Fritzky served as President of Lederle Laboratories, a division of American Cyanamid, from 1992 to 1994, and as Vice President of Lederle Laboratories from 1989 to 1992. Prior to joining Lederle Laboratories, Mr. Fritzky was an executive of Searle Pharmaceuticals, Inc., a subsidiary of the Monsanto Company. During his tenure at Searle, Mr. Fritzky was Vice President of Marketing in the United States, and later President and General Manager of Searle Canada, Inc. and Lorex Pharmaceuticals, a joint venture company. Mr. Fritzky is also the Trustee of the Fred Hutchinson Cancer Center. Mr. Fritzky holds a B.A. from Duquesne University and is a graduate of the Advanced Executive Program, J.L. Kellogg Graduate School of Management at Northwestern University.

#### **Class III Directors (Term Expiring at the 2008 Annual Meeting)**

<u>Name</u>	<u>Age</u>	<u>Principal Occupation/Position with the Company</u>
Alexander E. Barkas, Ph.D.	58	Managing Member, Prospect Management Company, LLC, the General Partner of Prospect Venture Partners L.P.; Managing Member, Prospect Management Co. II, LLC, the

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Name	Age	Principal Occupation/Position with the Company
Charles J. Homcy, M.D.	57	General Partner of Prospect Venture Partners II, L.P. and Prospect Associates II, L.P.; and Managing Member, Prospect Management Co. III, LLC.; the General Partner of Prospect Venture Partners III, L.P. President and CEO, Portola Pharmaceuticals, Inc.

*Alexander E. Barkas, Ph.D.*, has served as Chairman of the Board since July 1993 and as a director of the Company since March 1992. Dr. Barkas is also a director of Tercica, Inc. and several privately held medical technology companies. From March 1992 until May 1993, he served as President and Chief Executive Officer of the Company. He is a founding partner of Prospect Venture Partners, a venture capital investment firm formed in October 1997. Dr. Barkas was a partner with Kleiner Perkins Caufield & Byers, a venture capital investment firm, from 1991 to October 1997. He holds a B.A. from Brandeis University and a Ph.D. from New York University.

*Charles J. Homcy, M.D.*, has served as a director of the Company since July 2005 and is currently President and Chief Executive Officer of Portola Pharmaceuticals, Inc. From January 2003 to November 2003, Dr. Homcy served as senior R&D advisor at Millenium Pharmaceuticals, having joined them in 2002 as President, Research and Development. Prior to that, he served as Executive Vice President, Research and Development of COR Therapeutics, Inc. from 1995 to 2002 and as a director of COR from January 1998 to 2002. Since 1997, Dr. Homcy has been Clinical Professor of Medicine, University of California at San Francisco Medical School and attending physician at the San Francisco VA Hospital. From 1994 until 1995, Dr. Homcy was president of the medical research division of American Cyanamid Company-Lederle Laboratories (now a division of Wyeth-Ayerst Laboratories). From 1990 until 1994, Dr. Homcy was executive director of the cardiovascular and central nervous system research section at Lederle Laboratories. From 1991 to 1995, Dr. Homcy also served as attending physician at The Presbyterian Hospital, College of Physicians and Surgeons, at Columbia University in New York. From 1979 to 1990, he was attending physician at Massachusetts General Hospital and an Associate Professor of Medicine at Harvard Medical School. Dr. Homcy is also a member of the board of directors of Millennium Pharmaceuticals, Cytokinetics and Kosan Biosciences. Dr. Homcy received his B.A. and M.D. degrees from the Johns Hopkins University in Baltimore.

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There are no family relationships among executive officers or directors of the Company. There are no current legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business to which the executive officers, directors or the Company are a party. There are no current, nor in the past five years have been any legal proceedings involving any director or executive officer related to (i) federal bankruptcy, (ii) criminal proceedings, (iii) federal or state securities laws or (iv) any judgment, decree or order enjoining a director or officer from acting as an investment advisor, broker or dealer of securities or engaging in any type of business practice.

### Board Committees and Meetings

During the fiscal year ended December 31, 2005, the Board of Directors held six meetings and acted by written consent on three occasions. The Board has an Audit Committee, a Compensation Committee, a Stock Option Committee and a Nominating Committee. During the fiscal year ended December 31, 2005, each of the incumbent directors attended 100% of the meetings of the Board and the committees on which he served. Currently the Company does not maintain a formal policy regarding director attendance at the Annual Meeting of Stockholders. However, it is expected that, absent compelling circumstances, directors will be in attendance. Last year all six incumbent directors were in attendance.

*Audit Committee.* The Audit Committee acts pursuant to a written charter adopted by the Board of Directors. The Audit Committee, which is comprised of Messrs. Fritzky, Kiley and Walker, met five times in 2005 and acted by written consent on five occasions. All of the members of the Audit Committee are independent, as that term is defined by Nasdaq Marketplace Rule 4200(a)(15). The Board of Directors has determined that all of the members of the Audit Committee are financially literate and that at least one member of the Audit Committee, Mr. Walker, has accounting and financial management expertise. The Audit Committee's responsibilities include: (i) recommending the selection of the Company's independent registered public accounting firm to the Board of Directors and pre-approval of any fees paid to such firm, (ii) consulting with the independent auditors with regard to the plan and scope of the audit, (iii) reviewing, in consultation with the independent auditors, their report of the audit or proposed report of the audit, and the accompanying management letter, if any, and (iv) consulting with the independent auditors and management with regard to the adequacy of the Company's internal controls. See more information about the Audit Committee in the Audit Committee report on page 22.

*Compensation Committee.* The Compensation Committee, which is comprised of Dr. Barkas and Mr. Zenner, met two times in 2005 and acted by written consent on four occasions. All of the members of the Compensation Committee are independent, as that term is defined by Nasdaq



Marketplace Rule 4200(a)(15). The Compensation Committee makes recommendations concerning salaries and incentive compensation, administers the incentive compensation and benefit plans of the Company, and performs such other functions regarding compensation as the Board may delegate. In addition, the Compensation Committee has exclusive authority to administer the 2002 Equity Incentive Plan with respect to executive officers and directors. The Compensation Committee charter was adopted in March 2004. See more information about the Compensation Committee in the Compensation Committee report on page 18.

*Stock Option Committee.* The Stock Option Committee was formed in December 1996 in order to provide timely option grants to new employees and consultants (other than executive officers and directors of the Company) and currently consists of one member, Dr. Okarma. The Stock Option Committee has limited authority to administer the Company's 2002 Equity Incentive Plan concurrently with the Compensation Committee. The Stock Option Committee has the authority to grant options for up to 20,000 shares of Common Stock to only new employees and consultants in accordance with procedures approved by the Board of Directors. The Stock Option Committee acted by written consent on 16 occasions during fiscal 2005.

*Nominating Committee.* The Nominating Committee was formed in February 2001 in order to make recommendations to the Board for candidates to be nominated for election or re-election as a director by the stockholders or by the Board. The members of the Nominating Committee are Dr. Barkas and Mr. Fritzky. All members of the Nominating Committee are independent as defined in the Nasdaq Marketplace Rules. The Nominating Committee met one time during fiscal 2005. The Nominating Committee will consider nominees for director nominated by stockholders upon submission in writing to the Secretary of the Company of the names of such nominees in accordance with the Company's Bylaws.

The Nominating Committee will investigate, evaluate and interview, as appropriate, a director candidate with regard to his or her individual characteristics as well as how those characteristics fit with the needs of the Board of Directors as a whole. Specific qualifications and the process for identification and recommendation of director candidates are provided in more detail on page 25.

## Compensation of Directors

### Fees

Beginning on June 1, 2005, non-employee directors currently receive the following cash compensation:

- (i) Twenty Thousand Dollars (\$20,000) per year, plus an additional Ten Thousand Dollars (\$10,000) for service as Chair of the Board or the Audit Committee and an additional Five Thousand Dollars (\$5,000) for service as Chair of the Compensation Committee or the Nominating Committee of the Board; plus
- (ii) One Thousand Five Hundred Dollars (\$1,500) for each regular or special Board meeting attended by such director in person, and Seven Hundred Fifty Dollars (\$750) for each regular or special Board meeting attended by such director by telephone or videoconference; plus
- (iii) For members of the Audit Committee, Nominating Committee and the Compensation Committee of the Board, Seven Hundred Fifty Dollars (\$750) for each meeting of either such committee attended by such director in person, and Two Hundred Fifty Dollars (\$250) for each meeting of either such committee attended by such director by telephone or videoconference; plus
- (iv) Reimbursement for out-of-pocket expenses incurred in connection with attendance at meetings of the Board of Directors.

The annual director compensation under (i) above shall be payable on the date of the annual meeting of stockholders with respect to the preceding twelve-month period (or a *pro rata* portion of such amount if such director served for less than a full year), in cash or, at each director's election, in shares of Common Stock granted under Section 12 of the Company's 2002 Equity Incentive Plan. The per-meeting compensation under (ii) and (iii) above shall be payable in cash within ten business days after each meeting.

On May 6, 2005 the Company issued shares of Common Stock to the following directors in payment of the annual director compensation:

<u>Director</u>	Number of Shares Issued Under the 2002	Price Per Share
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	<b>Equity Incentive Plan</b>	
Barkas, Alexander	3,125	\$ 6.40
Fritzky, Edward	1,875	\$ 6.40
Kiley, Thomas	1,875	\$ 6.40
Walker, John	2,187	\$ 6.40

The remaining eligible director received a cash payment of \$12,000.

#### **Directors Stock Option Plan**

See discussion of stock option grants for non-employee directors on page 9, under Proposal 3.

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## **PROPOSAL 2**

### **APPROVAL OF INCREASE IN NUMBER OF AUTHORIZED SHARES OF COMMON STOCK**

The Board of Directors has adopted, subject to stockholder approval, an amendment to the Company's Restated Certificate of Incorporation to increase the Company's authorized number of shares of Common Stock from 100,000,000 shares to 200,000,000 shares.

The additional Common Stock to be authorized by adoption of the amendment would have rights identical to the current outstanding Common Stock of the Company. Adoption of the proposed amendment and issuance of the Common Stock would not affect the rights of the holders of currently outstanding Common Stock, except for effects incidental to increasing the number of shares of the Common Stock outstanding, such as dilution of the earnings per share and voting rights of current holders of Common Stock. If the amendment is adopted, it will become effective upon filing of a Certificate of Amendment to the Company's Restated Certificate of Incorporation, in substantially the form of Appendix 1 hereto, with the Secretary of State of the State of Delaware.

In addition to the \_\_\_ shares of Common Stock outstanding as of March 20, 2006, the Board has reserved \_\_\_ shares for issuance upon exercise of options and rights granted under the Company's stock option and stock purchase plans and up to approximately\_\_\_ shares of Common Stock which may be issued upon exercise of warrants and future milestone obligations.

Although at present the Board of Directors has no plans to issue additional shares of Common Stock other than as described above, it desires to have such shares available to provide additional flexibility to use its capital stock for business and financial purposes in the future. The additional shares may be used, without further stockholder approval, for various purposes including, without limitation, raising capital, providing equity incentives to employees, officers or directors, establishing strategic relationships with other companies and expanding the Company's business through the acquisition of other businesses or technologies.

The additional shares of Common Stock that would become available for issuance if the proposal were adopted could also be used by the Company in connection with the Share Purchase Rights Plan adopted by the Board in July 2001. The Rights Plan is to protect stockholders interest in the event the Company is confronted with coercive takeover tactics. Pursuant to the Rights Plan, all holders of Common Stock were issued Rights that, under certain circumstances related to an acquisition of shares not approved by the Board of Directors, would allow them to acquire additional shares of Common Stock at a low price. Although this proposal to increase the authorized number of shares of Common Stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board currently aware of any such attempts directed at the Company), nevertheless, stockholders should be aware that approval of this proposal could facilitate future efforts by the Company to deter or prevent changes in control of the Company, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices.

### **REQUIRED VOTE**

Stockholders are requested in this Proposal 2 to approve this amendment to the Company's Restated Certificate of Incorporation. The affirmative vote of a majority of the issued and outstanding shares of common stock will be required to approve this proposal. Accordingly, proxies

reflecting abstentions or broker non-votes as to this proposal will be treated as votes against the amendment.

**The Board of Directors Unanimously Recommends That  
Stockholders Vote FOR Proposal 2**

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**PROPOSAL 3**

**APPROVAL OF 2006 DIRECTORS' STOCK OPTION PLAN**

The Company's stockholders are being asked to approve the adoption of the 2006 Directors' Stock Option Plan (the 2006 Directors Plan) at this Annual Meeting.

On January 27, 2006, the Board of Directors adopted the 2006 Directors Plan, subject to stockholder approval. The Board believes the proposed 2006 Directors Plan is essential to maintain balanced and competitive total compensation for Board members. The Company currently grants options to non-employee directors under the 1996 Directors' Option Plan, as amended (the 1996 Directors Plan), which was approved by the Company's Board in June 1996 and approved by stockholders in July 1996. As of March 20, 2006, \_\_\_ shares of the Company's Common Stock remained available for future grants under the 1996 Directors Plan and \_\_\_ shares of Common Stock were subject to outstanding options granted (net of canceled or expired options) under the 1996 Directors Plan. The 1996 Directors Plan will expire by its terms in July 2006, and no further option grants can be made under the 1996 Directors Plan after that date. Without the adoption of the 2006 Directors Plan, the Company would be unable to make option grants to non-employee directors in 2006 and beyond, consistent with the Company's normal compensation practices and common practice in the industry. The 2006 Directors Plan would enable the Company to continue to attract and retain high quality individuals to serve on the Board of Directors.

**Summary of 2006 Directors' Stock Option Plan**

The following summary of the material provisions of the proposed 2006 Directors Plan does not purport to be complete, and is subject to and qualified in its entirety by reference to the complete text of the 2006 Directors Plan, which is attached as Appendix 2 to this proxy statement.

**General, Purpose and Administration**

The Directors Plan provides for the grant of nonqualified stock options to non-employee directors of the Company. It is designed to work automatically and not to require administration; however, to the extent administration is necessary, it will be provided by the Board of Directors.

The purpose of the Directors Plan is to provide an incentive for directors to continue to serve the Company as directors and to assist the Company in recruiting highly qualified individuals when vacancies occur on the Board of Directors. As of March 20, 2006, \_\_\_ non-employee directors of the Company are currently eligible to receive option grants under the 2006 Directors Plan. See "Federal Income Tax Aspects" below for information concerning the tax treatment of non-qualified stock options.

**Stock Subject to the 2006 Directors Plan**

Under the 2006 Directors Plan, a maximum of 2,500,000 shares of Common Stock will be initially reserved for issuance of stock options. If stock options granted under the 2006 Directors Plan expire or otherwise terminate without being exercised, the shares of Common Stock not purchased pursuant to such stock option again become available for issuance under the 2006 Directors Plan.

**Terms of Options**

The following is a description of the principal terms of options under the 2006 Directors Plan.

*Option Grants.* The 2006 Directors Plan provides that each person who becomes a non-employee director after the effective date of the 2006 Directors 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 (the First Option). In addition, non-employee directors (other than the Chairman of the Board of Directors and any director receiving a First Option on the date of the annual meeting) 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 (a Subsequent Option) to purchase 20,000 shares of Common Stock under

the 2006 Directors Plan. In the case of the Chairman of the Board of Directors, the Subsequent Option will be for 40,000 shares of Common Stock. In addition, the

Company will grant the Chairman of the Audit Committee an option to purchase 10,000 shares of Common Stock under the 2006 Directors Plan (a Committee Chair Option). The Committee Chair Option for the Compensation Committee Chairman and the Nominating Committee Chairman shall be for 5,000 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, Compensation Committee or Nominating Committee of the Board of Directors, as well as on the date of each Annual Meeting during the director's service on such committee (a Committee Service Option), other than the Chairman of such committee. There is currently no stock option grant contemplated for participation on other committees.

The 2006 Directors 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, Committee Chair Option and Committee Service Option is fully vested on the date of its grant. The options issued pursuant to the 2006 Directors 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 or unless there is a death of an optionee within 3 months following his or her termination of service, in which case the options will remain exercisable for an additional 6 month period from the date of death.

*Exercise Price and Term of Options.* The exercise price of all stock options granted under the 2006 Directors Plan is equal to the fair market value of a share of the Company's Common Stock on the date of grant of the option. The Board of Directors will determine the fair market value; provided, however, that where there is a public market for the Common Stock, the fair market value per share shall be determined based on the public market. Currently, the Common Stock is traded on the Nasdaq National Market and the fair market value per share is equal to the closing price of the Company's Common Stock on the Nasdaq National Market on the date of grant of the option. Options granted under the 2006 Directors Plan will have a term of ten years.

*Effect of Certain Corporate Events.* In the event of the dissolution or liquidation of the Company, a sale of all or substantially all of the assets of the Company, the merger or consolidation of the Company with or into another corporation in which the Company is not the surviving corporation or any other capital reorganization in which more than 50% of the shares of the Company entitled to vote are exchanged, each non-employee director shall have a reasonable time within which to exercise the option, including any part of the option that would not otherwise be exercisable, prior to the effectiveness of such dissolution, liquidation, sale, merger or reorganization, at the end of which time the option shall terminate, or shall receive a substitute option with comparable terms, as to an equivalent number of shares of stock of the corporation succeeding the Company or acquiring its business by reason of such dissolution, liquidation, sale, merger, consolidation or reorganization.

*Duration and Termination.* The Board of Directors may at any time amend or terminate the 2006 Directors Plan, except that such termination cannot affect options previously granted without the agreement of any optionee so affected. If not terminated earlier, the Directors Plan will expire in 2016.

*Federal Income Tax Aspects.* The following brief summary of the effect of federal income taxation upon the optionee and the Company with respect to the grant and exercise of options under the 2006 Directors Plan, does not purport to be complete, and does not discuss the income tax laws of any municipality, state or foreign country in which an optionee may reside. The Company advises all eligible directors to consult their own tax advisors concerning tax implications of option grants and exercises and the disposition of stock acquired upon such exercises under the 2006 Directors Plan.

Options granted under the 2006 Directors Plan are nonqualified stock options. An optionee will not recognize any taxable income at the time he or she is granted a nonqualified stock option. However upon its exercise, the optionee will recognize ordinary income for tax purposes measured by the excess of the then fair market value of the shares over the option price. Upon resale of such shares by the optionee, any difference between the sale price and the exercise price, to the extent not recognized as ordinary income as provided above will be treated as capital gain (or loss), and will be long-term capital gain if the optionee has held the shares more than one year. For individual taxpayers, the current maximum U.S. federal income tax rate on long-term capital gains under current tax law is

15% whereas the maximum rate on other income is 35%. Capital losses for individual taxpayers are allowed under U.S. tax laws in full against capital gains plus \$3,000 of other income. The Company generally will be entitled to a tax deduction in the amount and at the time that the optionee recognizes ordinary income with respect to shares acquired upon exercise of a nonstatutory stock option.

**Plan Benefits**

The following table sets forth information with respect to the stock options granted under the 1996 Directors Plan to the non-employee directors of the Company (six persons) in the fiscal year ended December 31, 2005. As discussed above, the executive officers of the Company and the employees of the Company are not eligible for grants under the 1996 Directors Plan or the proposed 2006 Directors Plan.

<u>Director</u>	<b>Number of Shares Subject to Options Granted under the 1996 Directors Plan</b>	<b>Weighted Average Exercise Price Per Share</b>
Barkas, Alexander	32,500	\$ 6.40
Fritzky, Edward	22,500	\$ 6.40
Homcy, Charles	45,000	\$ 8.60
Kiley, Thomas	22,500	\$ 6.40
Walker, John	22,500	\$ 6.40
Zenner, Patrick	22,500	\$ 6.40

As of March 20, 2006, the aggregate fair market value of shares subject to outstanding options under the 1996 Directors Plan was \$\_\_ based upon the closing price of the Common Stock on the Nasdaq National Market on that date.

**Additional Option Grants to Directors**

In January 2005, the Company granted stock options under the 2002 Equity Incentive Plan to Dr. Barkas for 20,000 shares of Common Stock, Mr. Walker for 10,000 shares of Common Stock and Mr. Fritzky for 2,500 shares of Common Stock. The options had an exercise price equal to the closing price of the Company's Common Stock on the date of grant of \$8.83 per share. The options have a term of 10 years from the date of grant and were fully vested on the date of grant. For further details about the 2002 Equity Incentive Plan, see Note 12 of Notes to Consolidated Financial Statements of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 1, 2006.

**REQUIRED VOTE**

Stockholders are requested in this Proposal 3 to approve the 2006 Directors' Stock Option Plan. The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the meeting will be required to approve the proposal. Accordingly, proxies reflecting abstentions as to this proposal will be treated as votes against the 2006 Directors Plan. Broker non-votes, however, will be treated as unvoted for purposes of this proposal, and thus will not be counted as votes for or against the 2006 Directors Plan.

**The Board of Directors Unanimously Recommends That  
Stockholders Vote FOR Proposal 3**

**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

On the recommendation of the Audit Committee, the Board of Directors has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006 and has further directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has served as the Company's independent registered public accounting firm since 1992. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from stockholders.

The Company has been informed by Ernst & Young LLP that, to the best of their knowledge, neither the firm nor any of its members or their associates has any direct financial interest or material indirect financial interest in the Company or its affiliates.

Stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm is not required by the Company's Bylaws or otherwise. However, the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee and the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee and the Board of Directors in their discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

**REQUIRED VOTE**

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will have the same effect as a vote against this proposal. However, the ratification of our selection of Ernst & Young LLP is a matter on which a broker or other nominee is empowered to vote. Accordingly, no broker non-votes will result from this proposal.

**The Board of Directors Unanimously Recommends That  
Stockholders Vote FOR Proposal 4**

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the amount and percentage of the outstanding shares of the Common Stock, which, according to the information supplied to the Company, are beneficially owned by (i) each person who, to the best of the Company's knowledge based exclusively on Schedules 13G filed with the SEC, is the beneficial owner of more than 5% of the Company's outstanding Common Stock, (ii) each person who is currently a director, three of whom are also nominees for election as directors, (iii) each Named Executive Officer, as defined on page 15 below, and (iv) all current directors and executive officers as a group. Unless otherwise indicated, the address for each of the stockholders in the table below is c/o Geron Corporation, 230 Constitution Drive, Menlo Park, CA 94025. Except for information based on Schedules 13G, as indicated in the footnotes, beneficial ownership is stated as of February 21, 2006.

Beneficial Owner	Beneficial Ownership <sup>(1)</sup>	
	Number of Shares	Percent of Total
<b>Directors/Nominees and Named Executive Officers:</b>		
Alexander E. Barkas, Ph.D. <sup>(2)</sup>	360,724	*
Edward V. Fritzky <sup>(3)</sup>	178,045	*
Charles J. Homcy, M.D. <sup>(4)</sup>		*
Thomas D. Kiley, Esq. <sup>(5)</sup>	209,845	*
John P. Walker <sup>(6)</sup>	160,370	*
Patrick J. Zenner <sup>(7)</sup>	132,083	*
David J. Earp, J.D., Ph.D. <sup>(8)</sup>	376,855	*

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	<b>Beneficial Ownership<sup>(1)</sup></b>	
David L. Greenwood <sup>(9)</sup>	771,028	1.17%
Calvin B. Harley, Ph.D. <sup>(10)</sup>	458,539	*
Jane S. Lebkowski, Ph.D. <sup>(11)</sup>	410,193	*
Thomas B. Okarma, Ph.D., M.D. <sup>(12)</sup>	1,280,428	1.93%
All directors and executive officers as a group (12 persons)	4,507,299	6.50%

\* Represents beneficial ownership of less than 1% of the Common Stock.

- (1) Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of Common Stock subject to options held by that person that are currently exercisable or exercisable within 60 days of February 21, 2006 are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of each other person. The persons named in this table, to the best of the Company's knowledge, have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and except as indicated in the other footnotes to this table.
- (2) Includes 17,308 shares held directly by Alexander E. Barkas, 882 shares held by Lynda Wijcik, the spouse of Dr. Barkas, 17,056 shares held by the Barkas-Wijcik Trust under Agreement dated July 26, 1999, and 325,478 shares issuable upon the exercise of outstanding options held by Dr. Barkas exercisable within 60 days of February 21, 2006.