

GERON CORP  
Form 424B2  
September 10, 2009

FILING PURSUANT TO RULE 424(b)(2)  
REGISTRATION STATEMENT NO. 333-160498

PROSPECTUS SUPPLEMENT NO. 1  
(TO PROSPECTUS DATED JULY 9, 2009)

GERON CORPORATION

COMMON STOCK,  
WARRANTS TO PURCHASE COMMON STOCK AND  
COMMON STOCK ISSUABLE UPON EXERCISE OF WARRANTS

You should read this prospectus supplement and the accompanying prospectus carefully before you invest. Both documents contain information you should consider carefully before making your investment decision.

We are offering pursuant to the terms and conditions of a common stock and warrant purchase agreement an aggregate of 550,000 shares of our common stock, par value \$0.001 per share, warrants to purchase an aggregate of 150,000 additional shares of common stock and the shares of our common stock to be issued upon exercise of such warrants. We will receive immediate proceeds from the sale of these shares and warrants equal to approximately \$3.6 million.

The warrants are exercisable from time to time at a price of \$9.00 per share of common stock during the period from September 9, 2009 until September 9, 2014. We would receive additional proceeds of approximately \$1.4 million upon the full exercise of the warrants.

There will be no warrant agent in connection with the issuance of the warrants.

In connection with this offering, for a period of one year from September 9, 2009, you agree not to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any of the shares of common stock offered hereby or securities convertible into or exchangeable or exercisable for any shares of common stock offered hereby, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the shares of common stock and warrants offered hereby (known as trading activity). In addition, this lock-up shall be waived by us at any time during the restricted period in which each of the following requirements are met: (a) the closing prices of our common stock (as adjusted for stock splits, dividends, combinations and similar events), as quoted on The Nasdaq Global Market (Nasdaq), for each of the five (5) consecutive trading days immediately preceding such trading activity are greater than or equal to \$15.00 per share, and (b) the trading activity is executed at a price, or prices, as quoted on Nasdaq, greater than or equal to \$15.00 per share. These restrictions shall not apply to transactions relating to shares of our common stock or other securities in each case acquired in open market transactions.

---

**USE OF PROCEEDS**

We currently intend to use the net proceeds from the sale of these shares of common stock and warrants in this offering to fund an investment in ViaGen, Inc. (ViaGen), an Arizona company that has licensed certain intellectual property from us related to animal reproductive technology, in order to maintain our 27% equity ownership in ViaGen.

**LIMITATION ON THE USE OF OUR NET OPERATING LOSSES**

We have significant amounts of net operating loss, or NOL, carryforwards (including, as of December 31, 2008, domestic federal NOL carryforwards of approximately \$412,200,000, which will expire at various dates beginning 2009 through 2028, if not utilized). These NOLs may be used to offset future taxable income, to the

extent we generate any taxable income, and thereby reduce or eliminate our future federal income taxes otherwise payable. However, the Internal Revenue Code of 1986, as amended, or Code, imposes significant limitations on the utilization of NOLs in the event of an "ownership change," as defined in Section 382 of the Code. This Section 382 limitation is an annual limitation on the amount of pre-ownership change NOLs that a corporation may use to offset its post-ownership change income. We may or may not have experienced an ownership change as a result of events in the past and/or the sale of shares of common stock and warrants pursuant to this prospectus supplement (or a combination thereof). If so, the use of our NOLs (or a portion thereof) against our future taxable income may be subject to a limitation under Section 382.

## **MATERIAL U.S. FEDERAL TAX CONSIDERATIONS**

The following is a general discussion of the material U.S. federal income tax consequences of the ownership and disposition of our common stock and warrants offered pursuant to this prospectus supplement, which we refer to as "Units," but is not a complete analysis of all the potential tax consequences relating thereto. For the purposes of this discussion, a U.S. Holder is any beneficial owner of our common stock or warrants that is treated for U.S. federal income tax purposes as:

- an individual citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (y) which has made a valid election to be treated as a United States person.

---

A Non-U.S. Holder is any beneficial owner of our common stock or warrants that is not a U.S. Holder or a partnership. If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock or warrants, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships which hold our common stock and partners in such partnerships should consult their own tax advisors.

This discussion addresses U.S. federal income tax consequences under the law and the regulations that are effective as of the date hereof. It does not address all aspects of U.S. federal income taxation that may be relevant in light of the holder's special tax status or special circumstances. U.S. expatriates, insurance companies, tax-exempt organizations, dealers in securities, banks or other financial institutions, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, U.S. Holders whose functional currency is not the U.S. dollar, partnerships or other pass-through entities, and investors that hold our common stock as part of a hedge, straddle or conversion transaction are among those categories of potential investors that are subject to special rules not covered in this discussion. This discussion assumes that the holder holds the common stock and warrants as capital assets for U.S. federal income tax purposes. The discussion does not address any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction. Furthermore, the following discussion is based on current provisions of the Code and Treasury Regulations and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Accordingly, each Non-U.S. Holder as well as each U.S. Holder should consult its own tax advisors regarding the U.S. federal, state, local and any non-U.S. income and other tax consequences of acquiring, holding and disposing of shares of our common stock and warrants.

### **U.S. HOLDERS**

#### **Dividends Paid on Common Stock**

A U.S. Holder generally will be required to include in gross income as ordinary dividend income the amount of any distributions paid on the common stock to the extent that such distributions are paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of

such earnings and profits will reduce the U.S. Holder's tax basis in its common stock and, to the extent such excess distributions exceed such tax basis, will be treated as gain from a sale or exchange of such common stock. Corporate holders may be entitled to a dividends received deduction with respect to such distributions and are urged to consult their own tax advisors in this regard. With respect to non-corporate U.S. Holders for taxable years beginning before January 1, 2011, dividends may be taxed at the lower applicable capital gains rate provided that certain holding period requirements are met.

---

### **Disposition of Common Stock**

Upon the sale or other disposition of common stock, a U.S. Holder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale and such holder's adjusted tax basis in the common stock. A U.S. Holder's tax basis in its common stock generally will equal that portion of the cost of the Unit that is allocated to the common stock (based on the relative fair market values of the common stock and the warrant comprising the Unit). Gain or loss upon the disposition of the common stock will be long-term capital gain or loss if, at the time of the disposition, the holding period for the common stock exceeds one year.

### **Tax Treatment of Warrants**

A U.S. Holder will recognize gain or loss upon the sale, redemption, lapse or other taxable disposition of a warrant in an amount equal to the difference between the amount of cash and the fair market value of other property received (if any) by the U.S. Holder and the U.S. Holder's tax basis in the warrant. A U.S. Holder's tax basis in a warrant will equal that portion of the cost of the Unit that is allocated to the warrant (based on the relative fair market values of the common stock and the warrant comprising the Unit). Such gain or loss will be capital gain or loss if the common stock to which the warrants relate would be a capital asset in the hands of the warrant holder and will be long-term capital gain or loss if the holding period exceeds one year.

The cash exercise of a warrant will not be a taxable event for the exercising U.S. Holder, except with respect to cash, if any, received in lieu of a fractional share. A U.S. Holder will generally have a holding period in shares of common stock acquired upon exercise of a warrant that commences on the day after the date of exercise of the warrant.

An adjustment to the exercise price or conversion ratio of the warrants, or the failure to make such adjustments, may in certain circumstances result in constructive distributions to the holders of the warrants that could be taxable as dividends under Section 305 of the Code. In such event, a holder's tax basis in the warrant would be increased by the amount of any such dividend.

### **NON-U.S. HOLDERS**

#### **Dividends Paid on Common Stock**

Payments on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's adjusted basis in the common stock, but not below zero, and then the excess, if any, will be treated as gain from the sale of the common stock (the tax treatment of which is described below).

Amounts treated as dividends paid to a Non-U.S. Holder of common stock generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividends or such lower rate as may be specified by an applicable tax treaty. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide a valid Internal Revenue Service (IRS) Form W-8BEN or other successor form certifying qualification for the reduced rate. If a Non-U.S. Holder holds our common stock through a foreign partnership or a foreign intermediary, the foreign partnership or foreign intermediary will also be required to comply with additional certification requirements.

---

Dividends received by a Non-U.S. Holder that are effectively connected with a United States trade or business conducted by the Non-U.S. Holder are exempt from such withholding tax. In order to obtain this exemption, a

Non-U.S. Holder must provide a valid IRS Form W-8ECI or other successor form properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are generally taxed at the same graduated rates applicable to United States persons, net of allowable deductions and credits. In addition to the graduated tax described above, dividends received by a corporate Non-U.S. Holder that are effectively connected with a United States trade or business of such holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

A Non-U.S. Holder may obtain a refund of any excess amounts currently withheld if an appropriate claim for refund is filed timely with the IRS.

### **Tax Treatment of Warrants**

An adjustment to the exercise price or conversion ratio of the warrants, or the failure to make such adjustments, may in certain circumstances result in constructive distributions to the holders of the warrants that could be taxable as dividends under Section 305 of the Code and subject to the withholding described above. In such event, any applicable withholding tax may be withheld from any subsequent distributions of cash or property made to a Non-U.S. Holder, including any common stock issued by us upon the exercise of a warrant.

### **Gain on Disposition of Common Stock or Warrants**

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock or warrants unless:

- the gain is effectively connected with a United States trade or business of the Non-U.S. Holder or, if a tax treaty applies, as attributable to a United States permanent establishment maintained by such non-U.S. holder;
- the Non-U.S. Holder is an individual who holds his or her common stock or warrants as a capital asset (generally, an asset held for investment purposes) and who is present in the United States for a period or periods aggregating 183 days or more during the taxable year in which the sale or disposition occurs and other conditions are met; or
- our common stock or warrants constitute a United States real property interest by reason of our status as a [United States real property holding corporation,] or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the holder's holding period for our common stock.

---

We believe that we are not currently and do not expect to become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future.

Unless an applicable treaty provides otherwise, gain described in the first bullet point above will be subject to U.S. federal income tax imposed on net income on the same basis that applies to United States persons generally and, for corporate holders under certain circumstances, the branch profits tax, but will generally not be subject to withholding. An individual Non-U.S. Holder described in the second bullet point above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by United States source capital losses. Non-U.S. Holders should consult any applicable income tax treaties that may provide for different rules.

Our common stock is traded on The Nasdaq Global Market under the symbol [GERN.] On September 8, 2009, the last reported sale price of our common stock on The Nasdaq Global Market was \$7.21 per share. As of September 8, 2009, we had 91,057,130 shares of common stock outstanding.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock under the sections captioned [Risk Factors] contained in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, each of which has been filed with the Securities and Exchange Commission and is incorporated by reference in this prospectus supplement and the accompanying prospectus.

## Edgar Filing: GERON CORP - Form 424B2

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of these documents. We are not making an offer of these securities in any state where the offer is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is September 9, 2009.

---

### TABLE OF CONTENTS

#### PROSPECTUS

About this Prospectus	1
About Geron	1
Risk Factors	1
Forward-Looking Statements	1
Ratio of Earnings to Fixed Charges	2
Use of Proceeds	2
Plan of Distribution	2
Description of Debt Securities	4
Description of Common Stock	13
Description of Preferred Stock	14
Description of Warrants	16
Certain Provisions of Delaware Law and of the Company's Charter and Bylaws	17
Validity of the Securities	18
Experts	18
Limitation on Liability and Disclosure of Commission Position on Indemnification for Securities Act Liabilities	18
Where You Can Find More Information	19

---