

Geron Corporation Reports 2007 First Quarter Financial Results

April 27, 2007 9:50 AM ET

Menlo Park, Calif. – April 27, 2007 – Geron Corporation (Nasdaq: GERN) today reported financial results for the three months ended March 31, 2007.

For the first quarter of 2007, the company reported operating revenues of \$916,000 and operating expenses of \$17.3 million, compared to \$583,000 and \$11.4 million, respectively, for the comparable 2006 period. Net loss applicable to common stockholders for the 2007 period was \$2.5 million, or \$(0.03) per share, compared to \$4.9 million, or \$(0.08) per share for the comparable 2006 period.

Revenues for the first quarter of 2007 and for the comparable 2006 period reflect royalty and license fee revenue under various license agreements and collaborative agreements. Interest and other income for the first quarter of 2007 amounted to \$2.8 million, compared to \$1.9 million for the first quarter of 2006.

Research and development expenses increased for the first quarter of 2007 to \$13.2 million, compared to \$9.4 million for the comparable 2006 period, as a result of increased personnel-related costs, increased scientific consulting expenses and increased clinical trial expenses. Included in the first quarter of 2007 research and development expense is \$2.6 million of non-cash expense related to stock options. General and administrative expenses increased for the first quarter of 2007 to \$4.1 million, compared to \$2.1 million for the comparable 2006 period. Included in the first quarter 2007 general and administrative expense is \$1.7 million of non-cash expense related to stock options and increased costs of compliance.

The company expects its research and development expenses to increase in the future as it begins additional clinical trials with its telomerase inhibitor drug and its telomerase-based cancer vaccine, continues preclinical development of its human embryonic stem cell (hESC)-based cell therapy for spinal cord injury and initiates preclinical development of its telomerase activator drug for the treatment of HIV.

In the 2006 Form 10-K, the company reported a change in the classification of warrants issued to investors in connection with equity financings from equity to liabilities in accordance with recent guidance relating to Emerging Issues Task Force Issue 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" (Issue 00-19). Changes in the fair value of the warrants are reflected as unrealized gain/loss on derivatives in the consolidated statements of operations. In the first quarter of 2007, the company recognized an unrealized gain of \$14.8 million related to the changes in fair value. In March 2007, the company amended the documentation of certain warrants in order to clarify the provisions that resulted in liability treatment under Issue 00-19. As a result of the amendments, those warrants have been re-classified as equity on the March 31, 2007 balance sheet.

First Quarter 2007 Highlights:

- Studies published in *Stem Cells and Development* show that GRNOPC1, the company's hESC-based oligodendroglial progenitor cell therapy, produces multiple nerve growth factors and proteins that enhance survival and stimulate regeneration of neurons damaged during spinal cord injury.
- Studies published in *Cancer Research* demonstrate that GRN163L induces altered tumor cell adhesion in animal models of lung cancer and potentially aids in the prevention of metastasis.
- Warrants held by investors to purchase 1,875,000 shares of common stock were exercised at \$8.00 per share for gross proceeds of \$15.0 million to the company. The exercised warrants were issued in connection with the financing announced in December 2006 and had an expiration date of Feb. 28, 2007. In conjunction with this warrant exercise, the company issued to the institutional investors new warrants to purchase 1,125,000 shares of common stock, at a premium, exercisable from June 2007.

Conference Call

At 6:30 a.m. PDT/9:30 a.m. EDT on Apr. 30, Thomas B. Okarma, Ph.D., M.D., Geron's chief executive officer, and David L.

Greenwood, Geron's chief financial officer, will host a conference call to discuss the company's first quarter results.

Participants can access the conference call via telephone by dialing 800-573-4840 (U.S.); 617-224-4326 (international). The passcode is 59567667. A live audio-only Webcast is also available through a link that is posted on the conferences page in the investor relations section of Geron's Website at <http://www.geron.com>. The audio Web broadcast of the conference call will be available for replay through May 30, 2007.

Geron is developing first-in-class biopharmaceuticals for the treatment of cancer and degenerative diseases, including spinal cord injury, heart failure, diabetes and HIV/AIDS. The company is advancing an anti-cancer drug and a cancer vaccine that target the enzyme telomerase through multiple clinical trials. Geron is also the world leader in the development of human embryonic stem cell-based therapeutics, with its spinal cord injury treatment anticipated to be the first product to enter clinical development. For more information, visit www.geron.com.

This news release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that such forward-looking statements in this press release regarding potential applications of Geron's technologies constitute forward-looking statements that involve risks and uncertainties, including, without limitation, risks inherent in the development and commercialization of potential products, uncertainty of clinical trial results or regulatory approvals or clearances, need for future capital, dependence upon collaborators and maintenance of our intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements. 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, 2006.

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At Geron: David L. Greenwood, Chief Financial Officer, 650-473-7765, info@geron.com

Financial table follows.

GERON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except share and per share data)	THREE MONTHS ENDED	
	MARCH 31,	
	Restated	
	2007	2006
	-----	-----
		(Note 1)
Revenues from collaborative agreements	\$293	\$55
License fees and royalties	623	528
	-----	-----
Total revenues	916	583
Operating expenses:		
Research and development	13,189	9,363
General and administrative	4,129	2,082
	-----	-----
Total operating expenses	17,318	11,445
	-----	-----
Loss from operations	(16,402)	(10,862)
Unrealized gain on derivatives	14,805	4,082
Interest and other income	2,792	1,892
Interest and other expense	(28)	(40)
	-----	-----
Net income (loss)	1,167	(4,928)

Deemed dividend on derivatives	(3,661)	--
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Net loss applicable to common stockholders	\$(2,494)	\$(4,928)
	=====	=====
Basic and diluted net loss per share applicable to common stockholders	\$(0.03)	\$(0.08)
	=====	=====
Shares used in computing basic and diluted net loss per share applicable to common stockholders	71,797,056	65,088,861
	=====	=====

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	MARCH 31, 2007	DECEMBER 31, 2006
	----- (Unaudited)	----- (Note 2)
Current assets:		
Cash, restricted cash and cash equivalents	\$146,252	\$136,412
Marketable securities	75,504	77,448
Interest and other receivables	856	1,268
Other current assets	2,343	2,025
	-----	-----
Total current assets	224,955	217,153
Property and equipment, net	3,064	2,482
Deposits and other assets	968	1,165
	-----	-----
	\$228,987	\$220,800
	=====	=====
Current liabilities	10,916	46,776
Noncurrent liabilities	98	105
Stockholders' equity	217,973	173,919
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	\$228,987	\$220,800
	=====	=====

Note 1: Restated financial information derived from quarterly financial statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2006.

Note 2: Derived from audited financial statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2006.

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