

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 1999

GERON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

0-20859

75-2287752

(Commission File Number)

(IRS Employer Identification No.)

230 Constitution Drive, Menlo Park, CA

94025

(Address of principal executive offices)

(Zip Code)

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

N/A

(Former name or former address, if changed since last report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On May 3, 1999, Geron Corporation, a Delaware corporation (the "Company") acquired Roslin Bio-Med Ltd., a company registered in Scotland ("Roslin"), by the purchase (the "Purchase") of all of the outstanding stock of Roslin. The Purchase was accomplished pursuant to a Sale and Purchase Agreement dated May 3, 1999 among the Company and each of Roslin's shareholders (the "Purchase Agreement").

Pursuant to the Purchase Agreement, the Company purchased all of the outstanding share capital of Roslin in exchange for the issuance of an aggregate of 1,891,371 shares of the Company's Common Stock to the former Roslin shareholders. The shares issued to the former Roslin shareholders were issued pursuant to Section 506 of Regulation D of the Securities Act of 1933, as amended. Additionally, options to purchase Roslin shares were assumed by the Company and remain outstanding as fully vested options to purchase 208,629 shares of the Company's Common Stock in the aggregate.

Upon consummation of the acquisition, Roslin became a wholly owned United Kingdom subsidiary of the Company, operating under the name Geron Bio-Med Ltd. (the "Subsidiary"). Simon Best, the former chief executive officer of Roslin, will become managing director of the Subsidiary. Additionally, substantially all of Roslin's employees became employees of the Subsidiary.

Under the terms of the Purchase Agreement and a related Escrow Agreement dated April 30, 1999 among the Company, a committee acting for and on behalf of certain former Roslin shareholders, and U.S. Bank Trust National Association, a total of 860,000 shares of the Company's Common Stock will be held in escrow, including all of the shares of the Company's Common Stock issuable from the exercise of assumed fully vested Roslin options, for the purpose of protecting the Company against breaches of warranties made by certain shareholders of Roslin (the "Warrantors"). Subject to claims against the shares held in escrow, 545,000 of these shares will be released from escrow to the former Roslin shareholders on November 3, 1999, and the remaining 315,000 shares will be released from escrow to the former Roslin shareholders on May 3, 2000 assuming the exercise of the assumed fully vested options.

Additionally, the Company entered into to a Registration Rights Agreement with the former Roslin shareholders under which the Company agreed to register the shares acquired by the former Roslin shareholders under a registration statement on Form S-3, which registration statement must be filed no later than 120 days following May 3, 1999.

Simultaneous with the acquisition, the Company also formed a research collaboration with the Roslin Institute, one of the shareholders of Roslin (the "Institute"), under which the Company has committed approximately \$20.0 million in funding (based on an exchange rate of 1.6 U.S. dollars to 1.0 British pounds sterling ("BPS") which equals the average daily exchange rate as of February 28, 1999) over six years. The research collaboration was formed pursuant to the terms of a Research and License Agreement and a License Agreement, both among the Company, Roslin and the Institute.

The amount of consideration paid, and other terms of the Purchase Agreement, the Escrow Agreement, the Registration Rights Agreement, the Research and License Agreement and the License Agreement were the result of arms-length negotiation among the parties.

Roslin was established on the basis of an exclusive license from the Institute to develop its nuclear transfer technology for all animal and human-based biomedical applications excluding human reproductive cloning. The Company intends to continue such business and the research relationship with the Institute pursuant to the research collaboration with the Institute.

The share purchase also resulted in the Company's acquisition of \$112,000 (70,000 BPS) of general office equipment, computers, furniture and lab equipment, all of which the Company expects to use in substantially the same manner as it was used by Roslin.

Further details regarding these transactions are found in the following documents:

- the Company's press release dated May 4, 1999, which was filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission ("Commission") on May 4, 1999; and
- the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, filed with the Commission on May 14, 1999.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired.

Audited financial statements of Roslin for the period from October 1, 1997 (date of incorporation) until February 28, 1999 are attached below and filed with this report. Also attached and filed with this report is a report of the directors of Roslin for the period from incorporation until February 28, 1999, and an auditors' report from Arthur Andersen.

Directors Report

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the period from incorporation to 28 February 1999.

Business review

The company was incorporated on 1 October 1997 and commenced trading on 7 April 1998.

The company's purpose is to develop and exploit nuclear-transfer and molecular targeting technology to develop farm-animals and human-cells as a source of bio-medical products including but not limited to, organs, cells and tissues for human transplantation, blood and blood fractions and antibodies.

Results and dividends

	L 000s
Loss for the financial period	2,351

Retained loss at 28 February 1999	2,351
	=====

The directors do not recommend payment of a dividend.

Directors and their interests

The directors who served during the period, together with their interests in the share capital of the company, are as shown below:

		Number of ordinary shares of L 1 each

Ian Biggs	(appointed 11/1/99)	--
Simon Best	(appointed 1/6/98)	10,000
Dr John Brown	(appointed 11/5/98)	2,000
Professor Grahame Bulfield	(appointed 7/4/98)	--
Professor Anthony Clark	(appointed 7/4/98, resigned 1/6/98)	8,000
Ian Kent	(appointed 11/5/98)	4,000
Professor Ian Wilmut	(appointed 7/4/98)	12,000
Kenneth McCracken	(appointed 1/10/97, resigned 7/4/98)	--

Details of directors share options are disclosed in note 11.

Directors' responsibilities

Company law requires directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts, the directors are required to:

- - select suitable accounting policies and then apply them consistently;
- - make judgements and estimates that are reasonable and prudent;
- - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- - prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 compliance

The directors have performed an assessment of the potential impact of the Year 2000, including obtaining assurances from key suppliers. The directors believe that the company is Year 2000 compliant.

By order of the Board,

Roslin Institute (Edinburgh)
Roslin
Midlothian
EH25 9PS

/s/ Ian Biggs

Ian Biggs
Director

15 April 1999

Auditors' report

To the Directors of Roslin Bio-Med Limited:

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As discussed on page 2 the accounts are the responsibility of the directors. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 28 February 1999 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors

/s/ Arthur Andersen

18 Charlotte Square
Edinburgh
EH2 4DF
15 April 1999

Profit and loss account

For the period ended 28 February 1999

	Notes	1999 17 months L 000s
TURNOVER		4
Cost of sales		--

GROSS PROFIT		4
Net operating expenses	2	(2,434)

OPERATING LOSS		(2,430)
Interest income	3	79

LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(2,351)
Tax on loss on ordinary activities	6	-

RETAINED LOSS FOR THE FINANCIAL PERIOD	12	(2,351)
		=====

A statement of movements on reserves is given in note 12.

The current period results have been derived wholly from continuing operations.

The loss for the period equates to the historical cost loss for the period.

There are no recognised gains or losses in the period other than the loss for the period.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

28 February 1999

	Notes	1999 L 000s
FIXED ASSETS		
Intangible assets	7	1,090
Tangible assets	8	70

		1,160

CURRENT ASSETS		
Debtors	9	100
Cash at bank and in hand		1,926

		2,026
CREDITORS: Amounts falling due within one year	10	(723)

NET CURRENT ASSETS		1,303

TOTAL ASSETS LESS CURRENT LIABILITIES		2,463

NET ASSETS		2,463
		=====
CAPITAL AND RESERVES		
Called-up share capital	11	383
Share premium account	12	4,431
Profit and loss account	12	(2,351)

TOTAL CAPITAL EMPLOYED	13	2,463
		=====
SHAREHOLDERS' FUNDS		
Equity interests	11	2,460
Non-equity interests	11	3

		2,463
		=====

Signed on behalf of the Board

/s/ Ian Biggs

Ian Biggs

Director

15 April 1999

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

For the period ended 28 February 1999

	Notes	1999 L 000s
Net cash outflow from operating activities	16a)	(1,693)
Returns on investments and servicing of finance	16b)	79
Capital expenditure	16c)	(74)

Financing	16d)	(1,688)
		3,614

INCREASE IN CASH IN THE PERIOD		1,926
		=====

The accompanying notes are an integral part of this cash flow statement.

Notes to accounts

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Intangible fixed assets

Licences acquired from third parties are stated at cost, net of amortisation and provision for impairment. Licences are amortised over the minimum term of the licence agreement.

c) Tangible fixed assets

Fixed assets are shown at original historical cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Lab equipment	5 years straight line
Computer equipment	5 years straight line

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Provision is made for deferred taxation using the liability method, to take account of all timing differences except those which, in the opinion of the directors, will probably not reverse.

e) Turnover

Turnover represents net invoiced sales to customers excluding VAT.

f) Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit.

Notes to accounts (continued)

2 Net operating expenses

	1999 17 months L 000s
Administrative expenses	1,255
Research expenditure	1,179

	2,434
	=====

3 Interest income

	1999 17 months L 000s
Interest receivable	79
	=====

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1999 17 months L 000s
Depreciation and amounts written off	
- - tangible fixed assets	9
Amortisation of licences	110
Auditors' remuneration	8
Staff costs (note 5)	232
	=====

IN ADDITION TO THE AUDITORS' REMUNERATION SHOWN ABOVE THE COMPANY PAID L 6,500 FOR OTHER SERVICES PROVIDED BY THE AUDITORS.

5 Staff costs

Particulars of employees (including executive directors) are as shown below.

	1999 17 months L 000s
Employee costs during the period amounted to:	
Wages and salaries	212
Social security costs	20

	232
	=====

5 Staff costs (continued)

The average monthly number of persons employed by the company during the period was as follows:

	1999 Number
Administrative	5 =====

Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	1999 17 months L 000s
Emoluments	199 =====

Pensions

No director was a member of a pension scheme.

6 Tax on loss on ordinary activities

No tax charge arose in the period due to trading losses.

7 Intangible fixed assets

	Licenses L 000s	Total L 000s
COST		
Beginning of period	--	--
Additions	1,200	1,200
	-----	-----
End of period	1,200	1,200
	=====	=====
AMORTISATION		
Beginning of period	-	-
Charge	110	110
	-----	-----
End of period	110	110
	=====	=====
NET BOOK VALUE		
Beginning of period	-	-
	=====	=====
End of period	1,090	1,090
	=====	=====

8 Tangible fixed assets

	Lab equipment L 000s	Computer equipment L 000s	Total L 000s
COST OR VALUATION			
Beginning of period	--	--	--
Additions	63	16	79
	-----	-----	-----
End of period	63	16	79
	=====	=====	=====
DEPRECIATION			
Beginning of period	--	--	-
Charge	8	1	9
	-----	-----	-----
End of period	8	1	9
	=====	=====	=====
NET BOOK VALUE			
	=====	=====	=====
End of period	55	15	70
	=====	=====	=====

9 Debtors

The following are included in the net book value of debtors:

	1999 L 000s
Amounts falling due within one year:	
Prepayments and accrued income	5
VAT	95

	100
	=====

10 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1999 L 000s
Trade creditors	218
Social security and PAYE	19
Other creditors	486

	723
	=====

11 Called-up share capital

	Authorised 1999 Number	Issued, called-up and fully paid 1999 L
Equity shares:		
`A' ordinary shares of L 1	172,000	172,000
`B' ordinary shares of L 1	248,000	188,000
`C' ordinary shares of L 1	20,000	20,000
	-----	-----
Total equity share capital	440,000	380,000
	-----	-----
Non-equity share capital		
`D' ordinary shares of L 0.01	688,000	3,440
	-----	-----
Total non-equity share capital	688,000	3,440
	-----	-----
Total share capital	1,128,000	383,440
	=====	=====

During the period the following shares were allotted:

Date	Shares	Number	Consideration L 000s	Share premium L 000s
7 April 1998	`A' ordinary	172,000	1,200	1,028
7 April 1998	`B' ordinary	172,000	--	1,028
7 April 1998	`C' ordinary	20,000	20	--
17 December 1998	`D' ordinary	344,000	2,400	2,397
23 October 1998	`B' ordinary	16,000	64	48

Details of the consideration for the `B' ordinary shares issued on 7 April 1998 are set out in note 18

a) Income

All classes of ordinary shares, other than `D' ordinary shares, rank equally for dividends.

`D' ordinary shares are not entitled to a dividend.

b) Redemption

The company may redeem the `D' ordinary shares at any time in return for the payment of an aggregate sum of L 1 to the registered holder.

11 Called-up share capital (continued)

c) Capital

On the return of assets on liquidation or capital reduction, the repayment of capital shall be in the following order:

First, in paying to the holders of the 'A' ordinary shares, an amount per share equal to the aggregate amount subscribed for all the issued 'A' ordinary shares and 'D' ordinary shares together with a sum equal to any arrears or accruals of the dividends on the 'A' ordinary shares calculated to the date of the return on capital;

Second, in paying to the holders of the 'B' and 'C' ordinary shares the sum per share paid on each 'A' ordinary share together with a sum equal to any arrears or accruals of the dividends on the ordinary shares calculated to the date of the return of capital; and

The balance of such assets shall be distributed amongst the holders of the equity shares in proportion to the amounts paid up or credited as paid up on the equity shares held by them respectively; and

After the equity shareholders have received L 1,000 per share the holders of the 'D' ordinary shares will receive L 0.01 per share.

d) Voting

Equity shares will carry one vote per share. 'D' ordinary shares have no voting rights.

e) Share options

Options have been granted to subscribe for 'B' ordinary shares of the company as follows:

	Option exercise price	At 1 October 1997	Granted	At 28 1999 February
Simon Best	L 4	--	10,000	10,000
Ian Biggs	L 8	--	5,000	5,000
John Brown	L 4	--	5,000	5,000
Ian Kent	L 4	--	10,000	10,000
	=====	=====	=====	=====

One quarter of the options granted to Messrs. Best, Brown and Kent are exercisable immediately, with a further quarter becoming exercisable on each subsequent anniversary of the date the options were granted until such time as all options are exercisable.

The options granted to Mr Biggs are exercisable from January 2000.

In addition, options may also be exercised in advance of any transaction involving the sale of the company or its assets.

Notes to accounts (continued)

12 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	1999 L 000s
Distributable	
- - profit and loss account	(2,351)
Non-distributable	
- - share premium account	4,431

Total reserves	2,080 =====

The movement in the period was as follows:

	Share premium account L 000s	Profit and loss account L 000s	Total L 000s
Beginning of period	--	--	--
Retained loss for the period	--	(2,351)	(2,351)
Share issues	4,431	--	4,431
	-----	-----	-----
End of period	4,431 =====	(2,351) =====	2,080 =====

13 Reconciliation of movements in shareholders' funds

	1999 L 000s
Loss for the financial period	(2,351)
New share capital subscribed	4,814
Opening shareholders' funds	--

Closing shareholders' funds	2,463 =====

Notes to accounts (continued)

14 Guarantees and other financial commitments

Capital commitments

At the end of the period, capital commitments were:

	1999
	L 000s
Contracted for but not provided for	--
	=====

15 Related party transactions

The company undertook transactions, all of which were on an arms length basis, and had balances outstanding at 28 February 1999 with related parties as shown below:

RELATED PARTY	Purchases L 000s	Creditors L 000s	Sales L 000s	Debtors L 000s
Roslin Institute	1,456	344	--	--
3i plc	108	29	--	--
	=====	=====	=====	=====

Roslin Institute and 3i plc related parties by virtue of their significant shareholdings in the company. Transactions with Roslin Institute relate to the recharge of costs in respect of facilities and other services provided by Roslin Institute. Transactions with 3i relate to set up and monitoring fees and the recharge of legal fees incurred by 3i.

16 Cash flow statement

a) Reconciliation of operating loss to net cash outflow from operating activities

	1999
	L 000s
Operating loss	(2,430)
Depreciation charges	9
Amortisation charges	110
Increase in debtors	(100)
Increase in creditors	718

NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1,693)
	=====

b) Returns on investments and servicing of finance

	1999
	L 000s
Interest received	79

NET CASH INFLOW	79
	=====

Notes to accounts (continued)

16 Cash flow statement (continued)

c) Capital expenditure

	1999 L 000s
Purchase of tangible fixed assets	(74)

NET CASH OUTFLOW	(74) =====

d) Financing

	1999 L 000s
Issue of share capital	3,684
Expenses paid in connection with share issues	(70)

NET CASH INFLOW	3,614 =====

17 Analysis and reconciliation of net funds

	At 1 October 1997 L 000s	Cash flow L 000s	Other non- charges L 000s	At 28 February 1999 L 000s
Cash in bank and in hand	--	1,926	--	1,926
	=====	=====	=====	=====

	1999 L 000s
Increase in cash in the period	1,926

Movement in net funds in period	1,926
Net funds at 1 October 1997	--

Net funds at 28 February 1999 .	1,926 =====

18 Major non-cash transactions

During the period the company issued 172,000 'B' ordinary shares of L 1 to Roslin Institute in return for certain licences. Details of the licences acquired are provided in note 7. The cost attributed to the licences is L 1,200,000.

Notes to accounts (continued)

19 Going concern

As at 28 February 1999, the company has L 1,926,000 of cash.

On the basis of current activity and the directors' current projections this cash balance will be exhausted towards the end of 1999. The company has entered into a funding arrangement with 3i that will result in a further L 2,400,000 being available for drawdown subject to the company attaining certain scientific milestones.

The directors believe that progress towards these milestones is satisfactory and, accordingly, further funds will be available which will allow the company to remain a going concern for the foreseeable future. There are also a number of other commercial opportunities open to the company. For these reasons, the directors continue to adopt the going concern basis in preparing the accounts. The accounts do not include any adjustments that would result if the directors were unable to secure the additional funds referred to above.

(b) Pro Forma Financial Information.

Pro-forma condensed combined financial statements are not included in this Current Report on Form 8-K. Such financial statements are expected to be filed by amendment within 60 days after May 18, 1999, as required by Item 7, part (b) (2).

(c) Exhibits.

- 2.1+ Sale and Purchase Agreement dated May 3, 1999, among the Company and each of the shareholders of Roslin.
- 2.2 Escrow Agreement dated April 30, 1999, among the Company, a committee acting for and on behalf of the Warrantors, and U.S. Bank Trust National Association.
- 4.1 Registration Rights Agreement dated April 30, 1999, among the Company and each of the shareholders of Roslin.
- 10.42+ Research and License Agreement dated May 3, 1999, among the Company, Roslin and the Institute.
- 10.43+ License Agreement dated April 30, 1999, among the Company, Roslin and the Institute.

- -----
+ Confidential Treatment Requested

SIGNATURES

Pursuant to the requirements 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.

GERON CORPORATION
(Registrant)

Dated: May 18, 1999

By: /s/ David L Greenwood

David L Greenwood
Chief Financial Officer,
Treasurer and Secretary
(Principal Financial and
Accounting Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER - - - - -	DESCRIPTION - - - - -
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10.42+	Research and License Agreement dated May 3, 1999, among the Company, Roslin and the Institute.
10.43+	License Agreement dated April 30, 1999, among the Company, Roslin and the Institute.
- - - - -	
+ Confidential Treatment Requested	

EXHIBIT 2.1

DATED MAY 3, 1999

ROSLIN INSTITUTE AND OTHERS

- and -

GERON CORPORATION

SALE AND PURCHASE AGREEMENT

- relating to -
the issued share capital of
Roslin Bio-Med Limited

TAYLOR JOYNSON GARRETT
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

Tel No: 0171 353 1234
Fax No: 0171 936 2666
DX: 41 LONDON

Draft:4: 05/15/99
Ref: SXW/MXR

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SCHEDULES

1. The Vendors and the Consideration Shares
2. The Company
3. The Company IPR
4. Representations and warranties of the Warrantors
5. Conditions to Completion
6. Representations and warranties of the Purchaser

THIS AGREEMENT is made the 3rd day of May, 1999

BETWEEN

- (1) THE PERSONS whose names and addresses are set out in columns 1 and 2 of schedule 1 (collectively the "Vendors" and severally a "Vendor"); and
- (2) GERON CORPORATION whose place of business is at 230 Constitution Drive, Menlo Park, CA 94025 (the "Purchaser").

INTRODUCTION

- (A) Roslin Bio-Med Limited is a private company limited by shares incorporated in Scotland, further details of which are set out in schedule 2 (the "Company").
- (B) The Vendors are the registered shareholders of all of the issued share capital of the Company in the proportions set out against their names in column 3 of schedule 1.
- (C) Subject to the terms and conditions of this agreement the Vendors have agreed to sell and the Purchaser has agreed to purchase all of the issued share capital of the Company.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

1.1 In this agreement:

"ACCOUNTING REQUIREMENTS" means the accounting requirements of the Companies Act, SSAPs, FRSSs, abstracts of the Urgent Issues Task Force, any other requirement of a United Kingdom accounting body having mandatory effect, FREDs and other generally accepted accounting principles and practices in the United Kingdom to the extent applicable and in force in relation to the Company as at the Completion Date;

"ACCOUNTS" means the audited accounts of the Company for the financial year ended on the Accounts Date including the auditors' and directors' reports, the audited balance sheet as at the Accounts Date, the audited profit and loss account for such period and the notes to them;

"ACCOUNTS DATE" means 28 February 1999;

"AFFILIATE" means, in respect of any person:

- (a) any person connected with such person (and "connected with" bears the meaning set out in section 839 of ICTA); and/or
- (b) any company under the control of such person (and "control" bears the meaning set out in section 840 of ICTA); and/or
- (c) any associated company of such person (and "associated company" bears the meaning set out in section 416 of ICTA);

"BUSINESS DAY" means any day other than a Saturday, Sunday or any day which is a public holiday in any of the countries referred to in sub-clause 12.2;

"BUSINESS HOURS" means the hours of 09.00 to 17.30 on a Business Day in the place to which any notice or other written communication is sent pursuant to this agreement;

"CAA" means the Capital Allowances Act 1990;

"COMPANY'S ACCOUNTANTS" means Arthur Andersen of 191 West George Street, Glasgow, G2 5QD;

"COMPANIES ACT" means the Companies Act 1985;

"COMPANY IPR" means:

(a) the patents, applications and supplementary certificates for patents listed in the Warrantors' Disclosure Letter and any other patents, applications and supplementary certificates for patents registered or applied for in any part of the world in respect of the same inventions as those patents, applications and supplementary certificates set out in Part A of schedule 3 (whether or not claiming priority from any such patents and/or applications) (together "PATENTS"); and

(b) the trademarks listed in Part B of schedule 3 and all other business names, brand names, trade marks (whether in fancy script or otherwise), devices, logos, get up and signs (and whether or not registered or applied for) owned by the Company together with all goodwill associated with or symbolised by any of the foregoing (together "TRADEMARKS");

(c) all ideas, concepts, inventions, unpatented drawings, designs, models, specifications, data, formulae, processes and procedures, techniques and any other technical information or documentation

(including computer stored information and documentation) owned or co-owned by or under the control of the Company which is secret and substantial ("KNOW-HOW"); and

(d) all database rights;

"COMPLETION" means completion of the sale and purchase of the Sale Shares in accordance with the parties' respective obligations under clause 7;

"COMPLETION DATE" means the date of Completion as set out in sub-clause 7.1;

"COMPUTER SYSTEM" means the computer systems, including all its equipment, hardware, firmware, software and accessories used in the business of the Company;

"CONDITIONS" means the conditions precedent to Completion contained in schedule 5;

"CONFIDENTIAL INFORMATION" means all confidential technical, commercial and other confidential information, know-how, experience, knowledge and skill relating to the business of the Company as at the Completion Date including (without prejudice to the generality of the foregoing) all research and development drawings, formulae, processes, specifications, trade secrets, test reports, operating and testing procedures, practices, listings, instruction manuals, tables of operating conditions, lists and particulars of customers and suppliers, marketing methods, pricing, credit and payment policies, profit margins, discounts and rebates (if any);

"CONSIDERATION SHARES" means 2,100,000 ordinary shares in the capital of the Purchaser's common stock at \$0.001 par value to be issued credited as fully paid, being the 3i Consideration Shares and the Escrow Shares;

"DAMAGES" means losses, damages, liabilities fees and costs (including legal costs) and expenses reasonably and properly incurred;

"DISCLOSED" means disclosed with sufficient clarity and detail to enable the Purchaser to assess the financial and commercial impact on the Company of the matter disclosed;

"ENCUMBRANCE" means any mortgage, charge, lien, pledge, hypothecation, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), valid and enforceable conflicting claim of ownership or any other third party right or encumbrance of any nature whatsoever (whether or not perfected);

"ESCROW AGENT" means U.S. Bank Trust National Association or such other institution selected by unanimous agreement of the Warrantors' Representative and the Purchaser to act as an escrow agent;

"ESCROW AGREEMENT" means the escrow agreement in the agreed form;

"ESCROW FUND" means the escrow fund established pursuant to the Escrow Agreement in respect of the Escrow Shares;

"ESCROW SHARES" means the First Escrow Shares and the Second Escrow Shares;

"FINANCIAL YEAR" shall be construed in accordance with section 223 of the Companies Act;

"FIRST ESCROW SHARES" means 860,000 of the Consideration Shares to be issued to the Warrantors as shown in column 4.2(a) of schedule 1;

"FREDS" means the financial reporting exposure drafts issued by the Accounting Standards Board Limited;

"FRSS" means the financial reporting standards established by the Accounting Standards Board Limited;

"GOVERNMENT ENTITY" means any court, administrative agency, commission or other governmental authority;

"HAZARDOUS MATERIALS" means wastes, pollutants, contaminants, petroleum, petroleum products, dangerous, hazardous or toxic substances and materials (including liquids, solids, gases, ions and noise and substances prescribed in schedules 4, 5 and 6 of the Environmental Protection (Prescribed Processes and Substances) Regulations 1991) which may be harmful to human health or other life or the environment or a nuisance to any person;

"ICTA" means the Income and Corporation Taxes Act 1988;

"IHTA" means the Inheritance Tax Act 1984;

"INTELLECTUAL PROPERTY" means all patents and supplementary certificates, registered designs, know-how, rights in trade secrets and confidential information; registered or unregistered trademarks, service marks and applications therefor and all other business names, brand names, devices, logos, (and whether or not registered or applied for) with all the goodwill associated with or symbolised by any of the foregoing; all other inventions (whether or not capable of protection by patent or other form of registration); all copyright, rights in the nature of copyright, sui generis rights, design rights, moral rights and all other like rights in all parts of the world whether present or vested future or contingent; all other intellectual property rights throughout the world for the full term of the rights concerned and including: all registrations and pending registrations relating to any such rights and the benefit of any pending applications for any such registrations; all reversions, extensions and renewals of such rights; and all accrued rights of action in relation to such rights (including the right to sue for and recover damages for past infringements);

"LICENCES" means the licences, agreements, contracts, permissions listed in part C of schedule 3 being legal arrangements pursuant to which the Company is entitled to utilise any Intellectual Property owned by any third party;

"LICENSORS" means the licensors under the Licences;

"LICENCE AGREEMENT" means the licence agreement in the agreed form;

"MATERIAL" means with respect to any event, change, condition or effect any material event, change, condition or effect related to the condition (financial or otherwise), properties, assets (including intangible assets), liabilities, business, operations, results of operations or prospects of an entity or group of entities;

"MATERIAL ADVERSE EFFECT" means with respect to any entity or group of entities any event, change or effect that, when taken individually or together with all other adverse changes and effects, is or is reasonably likely to be materially adverse to the condition (financial or otherwise), properties, assets, liabilities, business, operations, results of or prospects of such entity and its subsidiaries, taken as a whole, or to prevent or materially delay consummation of the transactions contemplated under this agreement or otherwise to prevent such entity and its subsidiaries from performing their obligations under this agreement;

"NEW SHARES" means any of the Purchaser's shares or other equity issued or distributed by the Purchaser (including shares issued in a stock split) which may be issued on or after Completion to the Warrantors in addition to the Escrow Shares;

"OPTION EXCHANGE AGREEMENT" means the option exchange agreement in the agreed form;

"OPTION SHARES" means that those shares in the Company over which options have been granted as set out in column 5 of schedule 1;

"PATENTS ACT" means the Patents Act 1977;

"PURCHASER'S ACCOUNTANTS" means Ernst & Young of 1451 California Avenue, Palo Alto, CA 94304;

"PURCHASER'S DISCLOSURE LETTER" means the disclosure letter in the agreed terms of even date given by the Purchaser to the Vendors;

"PURCHASER'S SOLICITORS" means Taylor Joynson Garrett of Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX;

"PURCHASER'S TRANSFER AGENTS" means US Stock Transfer Corporation;

"PURCHASER'S WARRANTIES" means the representations and warranties set out in schedule 7;

"REGISTRATION RIGHTS AGREEMENT" means the registration rights agreement in the agreed form;

"RELEVANT DATE" means:

- (a) in the case of the Warrantors other than the Roslin Institute the Completion Date;
- (b) in the case of the Roslin Institute the sixth anniversary of the Completion Date or if earlier the date upon which the Research Agreement terminates;

"RESEARCH AGREEMENT" means the research funding agreement in the agreed form;

"RESTRICTED ACTIVITY" means:

- (a) in the case of the Warrantors other than the Roslin Institute, the business of the Company as at the Completion Date;
- (b) in the case of the Roslin Institute, the Restricted Field;

"RESTRICTED FIELD" means activities relating to cell based systems for the cloning of animal and human cells and non-human animals;

"ROSLIN INSTITUTE" means the Roslin Institute of Roslin Bio Technology Centre, Roslin, Midlothian, EH25 9PS;

"SALE SHARES" means all of the issued A, B, C and D ordinary shares in the Company, details of which are set out in column 3 of schedule 1;

"SECOND ESCROW SHARES" means 315,000 of the Consideration Shares issued or allocated to the Warrantors as shown in column 4.2(b) of schedule 1;

"SECURITIES ACT" means the US Securities Act 1933, as amended;

"SOFTWARE" means all computer programs and all related object code and source code and databases used by the Company in connection with its business;

"SSAPS" means the statements of standard accounting practice adopted by the Accounting Standards Board Limited;

"STOCK EXCHANGE" means London Stock Exchange Limited;

"SUBSIDIARY" means a subsidiary company as defined in section 736 of the Companies Act;

"3i" means 3i Group Plc (Reg No 1142830) of 91 Waterloo Road, London, SE1 8XP, being one of the Vendors;

"3i CONSIDERATION SHARES" means 1,240,000 of the Consideration Shares to be issued by the Purchaser in favour of 3i at Completion;

"TCGA" means the Taxation of Chargeable Gains Act 1992;

"TAXATION" means all forms of taxation, charges, duties, costs, imposts, levies and rates whenever imposed and whether of the United Kingdom or elsewhere and whether chargeable directly or primarily against or attributable directly or primarily to the Company or to any other person, including without limitation, income tax (including income tax or amounts equivalent to or in respect of income tax required to be deducted or withheld from or accounted for in respect of any payment), withholding taxes, corporation tax, advance corporation tax (including amounts corresponding to or representing advance corporation tax), capital gains tax, capital transfer tax, inheritance tax, value added tax, customs duties, excise duties, insurance premium tax, landfill tax, stamp duty, stamp duty reserve tax, national insurance, social security or other similar contributions, and generally any tax, duty, impost or levy or other amount and any interest, penalty or fine in connection therewith but expressly excluding, for the avoidance of doubt, community charges and rates;

"TAXATION AUTHORITY" means any local, governmental, state, federal or other fiscal, revenue or excise authority, body or official whether in the UK or elsewhere including without limitation, the Inland Revenue and HM Customs and Excise;

"UK PAYE" means any tax liability pursuant to regulations made by the Board of Inland Revenue under section 203 ICTA 1988;

"VAT" means value added tax;

"VATA" means the Value Added Tax Act 1994;

"VENDORS' AFFILIATE" means an Affiliate of any Vendor but excludes the Company;

"COMPANY'S SOLICITORS" means Dundas Wilson of Salture Court, 20 Castle Terrace, Edinburgh, EH1 2EH;

"WARRANTORS' DISCLOSURE LETTER" means the disclosure letter in the agreed form of even date given by the Warrantors to the Purchaser;

"WARRANTORS' REPRESENTATIVE" means a committee constituting the following individuals Ian Kent and Grahame Bulfield;

"WARRANTIES" means the representations and warranties set out in schedule 4;

"WARRANTORS" means the Vendors other than 3i; and

"YEAR 2000 COMPLIANT" means, in relation to the Software each part of the Computer System and any asset used in the business of the Company which relies upon computer hardware, firmware, software or other information technology, that neither its performance nor its functionality is or will be affected by dates prior to, during or after the year 2000, and in particular:

- (a) no value for current date causes or will cause any interruption in its operation;
- [(b) no value for any date element in any data used as input by the software cause or will cause any interruption in the operation of the software, which will either correctly interpret the date element (where it is a valid date) or else detect and report it as an invalid date and continue processing accordingly;]
- (c) date-based functionality behaves and will behave consistently for dates prior to, during and after year 2000 and produces [and will produce correct results in accordance with the software's specifications];
- (d) in all interfaces and data storage, the century in any date is and will be specified either explicitly or by unambiguous algorithms or inferencing rules; and
- (e) the year 2000 is and will be recognised as a leap year.

1.2 In this agreement references to:

- (a) an enactment includes a reference to:
 - (i) that enactment as amended, extended or applied by or under any other enactment before the date of this agreement;
 - (ii) any enactment which that enactment re-enacts (with or without modification); and
 - (iii) any subordinate legislation made before the date of this agreement under any enactment, including an enactment referred to in sub-clause 1.2(a) (i) or (ii) above;
- (b) the singular includes a reference to the plural and vice versa;
- (c) any clause, sub-clause or schedule is to a clause, sub-clause or schedule (as the case may be) of or to this agreement;
- (d) any gender includes a reference to all other genders;

(e) persons include any form and all forms of legal entity including individuals, companies, bodies corporate (wherever incorporated or established or carrying on business), unincorporated associations, governmental entities and partnerships and, in relation to any party who is an individual, his legal personal representative(s);

(f) the words "including", "include" and "in particular" shall be construed as being by way of illustration only and shall not be construed as limiting the generality of any foregoing words; and

(g) documents "in the agreed form" are to documents in the form of the draft agreed between the parties to this agreement prior to Completion and initialled by or on behalf of the parties for the purposes of identification.

1.3 In part D of schedule 4 reference to a section only is to a section of the ICTA, reference to a schedule with a number is to a schedule of ICTA and reference to an Act followed by a year is to the Finance Act of that year.

1.4 The introduction and schedules form part of this agreement and shall have the same force and effect as if expressly set out in the body of this agreement. Accordingly, any reference to this agreement shall include the introduction and schedules.

2. SALE AND PURCHASE

2.1 Subject to the satisfaction or waiver of the provisions of schedule 5 and implementation of Clause 7, each of the Vendors with full title guarantee shall sell the number of Sale Shares set out against such Vendor's name in column 3 of schedule 1 and the Purchaser shall purchase all right, title and interest in the Sale Shares with effect from Completion.

2.2 Each of the Vendors shall sell the Sale Shares free from all Encumbrances and together with all rights to dividends and other distributions of whatsoever nature declared after the date of this agreement in respect of such Sale Shares and all other rights and advantages belonging to or accruing on such Sale Shares as at and from that date.

2.3 Neither the Purchaser nor the Vendors shall be obliged to complete the sale and purchase of any of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously.

2.4 Each of the Vendors hereby irrevocably waives all or any pre-emption or other rights which that Vendor may have pursuant to the Company's articles of

association or to any other agreement relating to the Sale Shares or otherwise, so as to enable the sale of the Sale Shares to the Purchaser to proceed free of any such pre-emption or other rights.

3. CONSIDERATION

3.1 The total consideration for the sale of the Sale Shares and the Option Shares shall be the issue of the Consideration Shares to the Vendors as contemplated by this agreement and the Option Exchange Agreements.

3.2 The 3i Consideration Shares shall be issued to 3i on Completion.

3.3 The Escrow Shares shall be issued to the Warrantors on Completion in the amounts shown against the respective names of the Warrantors in column 4.2 of schedule 1 (other than those to be issued in respect of the Option Shares) and shall be subject to the provisions of the Escrow Agreement and this agreement. For the avoidance of doubt, 3i shall not and shall not be required to deposit any of the 3i Consideration Shares issued to it in the Escrow Fund or otherwise grant any Warranties in favour of the Purchaser other than as set out in Part A of schedule 4.

3.4 The Consideration Shares to be issued pursuant to this agreement shall not be registered as at Completion under the Securities Act in reliance upon the exemption contained in Regulation S and section 4(2) of the Securities Act and Regulation D promulgated thereunder and in reliance upon the Warranties.

3.5 The obligations of the Purchaser, the Company and the Vendors with respect to the registration of the Consideration Shares shall be governed by the Registration Rights Agreement.

4. VENDORS' WARRANTIES

4.1 Each of the Vendors on its own behalf severally represents and warrants to the Purchaser in the knowledge that the Purchaser is entering into this agreement in reliance upon each of the Warranties contained in Part A of schedule 4 being true and accurate.

4.2 The Warrantors severally represent and warrant to the Purchaser in the knowledge that the Purchaser is entering into this agreement in reliance upon each of the Warranties (subject to the limitations contained in clause 5) set out in Parts B, C and D of Schedule 4 being true and accurate.

4.3 Subject to the limitations contained in clause 5 if there is a breach of any of the Warranties then, in respect of each such breach and without prejudice to the right of the Purchaser to calculate Damages on any basis available to it but subject to the limitations contained in clause 5 and the other provisions of this agreement, the Warrantors agree that the Purchaser may retain such Escrow Shares and/or New

Shares or such other property as is retained in the Escrow Fund subject to and in accordance with the Escrow Agreement. The Purchaser agrees with the Warrantors that retention as aforesaid is the only remedy which the Purchaser has and may take against the Warrantors in respect of a breach of this agreement, including the Warranties.

4.4 Upon the sale of the Sale Shares by the Purchaser (or any subsequent owner thereof) the benefit of the Warranties may be assigned in whole or in part and without restriction by the person for the time being entitled to them. For the avoidance of doubt, any person to whom the benefit of the Warranties is assigned shall be subject to the limitations set out in clause 5 and the other applicable provisions of this agreement.

4.5 Each of the Warranties shall be construed as a separate and independent warranty and (subject to clause 5) shall not be governed, limited or restricted by reference to or inference from any other terms of this agreement or any other Warranty.

4.6 Any payments or deemed payment made by the Vendors to the Purchaser in respect of claims under the Warranties shall so far as possible be treated by the parties as a reduction in the consideration for the Sale Shares received by the Vendor or Vendors which made the payment or deemed payment.

4.7 In this agreement any reference to a Warrantors "knowledge", "awareness", "information" or "belief" means such knowledge, awareness, information or belief as that party would have after having made:-

(a) in the case of the Warrantors (other than Ian Kent and John Brown) all due and diligent enquiry of the Warrantors (other than Ian Kent and John Brown and no other third party or person);

(b) in the case of Ian Kent and John Brown reasonable enquiry of Ian Kent and John Brown (and no other third party or person);

and if there is a reference to the "knowledge", "awareness", "information" or "belief" of more than one Warrantor all of the relevant Warrantors shall be deemed to have knowledge, awareness, information or belief of each other.

4.8 Each of the Warrantors hereby agrees with the Purchaser (for itself and as trustee for the Company) to waive any right which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by the Company or any of its officers and employees or advisers in enabling the Warrantors to give the Warranties, to prepare the Warrantors' Disclosure Letter and to enter into this agreement and undertakes not to make any claim in respect of such reliance.

4.9 Subject to the provisions of paragraph (j) of schedule 6, the rights and remedies of the Purchaser in respect of any breach of this agreement shall not be affected by any investigation made by or on behalf of the Purchaser into the affairs of the Company or actual or constructive knowledge on the part of the Purchaser or its agents or advisers or by any other event or matter whatsoever, except a specific and written waiver or release given by the Purchaser and except as otherwise expressly provided in this agreement in relation to the Warrantors' Disclosure Letter.

4.10 All sums payable by the Vendors or the Purchaser under this agreement shall be paid free and clear of all deductions or withholdings unless the deduction or withholding is required by law, in which event the Vendors or the Purchaser (as the case may be) shall pay such additional amount as shall be required to ensure that the net amount received by the Vendors or the Purchaser (as the case may be) will equal the full sum which would have been received by them or it had no such deduction or withholding been required to be made.

4.11 Subject to clause 5 if any payment made by the Warrantors in relation to a claim for breach of Warranty which relates to Taxation will be or has been subject to Taxation in the hands of the Purchaser, the Purchaser may demand in writing from the Warrantors such sum (after taking into account any Taxation payable in respect of such sum) as will ensure that the Purchaser receives and retains a net sum equal to the sum which it would have received had the payment not been subject to Taxation. The Warrantors shall pay any such sum which is demanded pursuant to this sub-clause 4.11 within 10 Business Days of receipt of a notice from the Purchaser identifying that such Taxation is legally due for payment within 20 Business Days from the date of such notice.

5. LIMITATIONS TO THE WARRANTIES

5.1 Notwithstanding any other provision of this agreement (but save as acknowledged below), no limitations of any kind whatsoever shall apply to any claim under this agreement or any agreements contemplated hereby against a Vendor:

- (a) which is (or the delay in discovery of which is) the consequence of any fraud, dishonesty or deliberate concealment on the part of that Vendor, his or its agents or advisers; or

(b) which is the result of a breach of any Warranty in Part A of schedule 4;

it being acknowledged and agreed that the limitation provisions shall apply to any claim brought against any of the other Vendors who were not a party to such fraud, dishonesty or concealment or to whose Sale Shares the breach of Warranty in Part A of the schedule 4 did not apply.

5.2 The following provisions of this clause 5.2 shall operate to exclude and/or limit the liability of the Warrantors under or in connection with this agreement (where expressly stated) in sub-clauses 5.2 (m) and (s) and the Warranties:

(a) the Warrantors shall not be liable under or by virtue of the Warranties in respect of any matter Disclosed in the Warrantors' Disclosure Letter; provided, however, that any information Disclosed with respect to a particular Warranty in the Warrantors' Disclosure Letter shall be deemed to be Disclosed and incorporated in any other section of the Warrantors' Disclosure Letter where such disclosure would be appropriate;

* (b) the Warrantors shall have no liability under or by virtue of the Warranties unless and until the aggregate amount of all valid claims by the Purchaser under or by virtue of the Warranties shall exceed [*] (subject always to the other provisions of this clause 5.2) and in such case the Warrantors shall be liable for the whole of such amount of that claim and not just the excess;

* (c) no single claim may be made against the Warrantors under or by virtue of the Warranties unless the amount so claimed in respect of that claim shall exceed [*] and any claim of less than that amount shall be disregarded for all purposes but once such amount has been exceeded, the Warrantors shall be liable for the whole of such amount of that claim and not just the excess;

(d) if, but for this clause 5.2(d), the Warrantors would be liable in respect of the same matter under or by virtue of more than one of the Warranties and any sum in respect of that matter is paid under one particular Warranty the liability of the Warrantors (if any) under or in respect of another Warranty in respect of that matter shall be reduced by the amount of such sum;

(e) if the Warrantors pay an amount in respect of any liability under or by virtue of the Warranties and the Purchaser or the Company subsequently recovers from a third party (including, for the avoidance of doubt, any insurance company or any tax authority) a sum which is received as a result of that breach, the Purchaser shall promptly repay or

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

procure repayment to the Warrantors of so much of the amount paid by them as, when added to the sum recovered from such third party, exceeds the amount due to the Purchaser or the Company in respect of that breach;

(f) the amount of any claim under or by virtue of the Warranties shall take into account any cash relief from, or cash deductions realised by the Company and the Purchaser in respect of Taxation;

(g) the Warrantors shall not be liable for any claim which would not have arisen, or to the extent that any claim would have been for a lesser amount, except as a result of a voluntary act, default or transaction of the Purchaser or of the Company (save where pursuant to a legally binding obligation existing prior to Completion or in the ordinary course of business) or any permitted successor or assignee of the Purchaser occurring on or after Completion;

(h) the Warrantors shall be under no liability under or by virtue of the Warranties in respect of any matter arising from or connected with any change of the accounting reference date of the Company or any accounting policy or practice of the Company adopted by the Purchaser or the Company after Completion;

(i) the Warrantors shall not be liable in respect of a claim under or by virtue of the Warranties if such claim would not have arisen or would have been made for a lesser amount but for a change or changes in legislation made after Completion;

(j) the amount of any successful claim against the Warrantors under or by virtue of the Warranties shall be deemed to constitute a reduction in the price payable by the Purchaser for the Sale Shares;

(k) the Warrantors shall have no liability to the Purchaser or the Company under or by virtue of the Warranties:

(i) to the extent that allowance, provision or reserve in respect of the matter or thing which gave rise to any such liability has been provided for in the Accounts or to the extent that payment or discharge of the relevant matter has been taken into account therein; or

(ii) in respect of any allowance, provision or reserve made in the Accounts which is insufficient or inadequate only by reason of any increase in any rate of Taxation effective after the Accounts Date; or

(iii) to the extent that such liability would not have arisen or would have been made for a lesser amount but for any alteration, enactment or re-enactment of any legislation, subordinate legislation or quasi legislative act or any regulatory requirement or any SSAP or FRS which takes effect after Completion;

(l) nothing contained in this agreement shall or shall be taken to relieve the Purchaser or the Company of any duty and obligation to use reasonable endeavours to (which shall not include making a claim against the Purchaser's insurer but shall include making a claim against the Company's insurer(s) as at Completion where permitted under the relevant insurance policy) mitigate any Damages which the Purchaser or the Company may incur or suffer and the Purchaser shall and shall procure that the Company shall use reasonable endeavours (which shall not include making a claim against the Purchaser's insurer but shall include making a claim against the Company's insurer(s) as at Completion where permitted under the relevant insurance policy) to mitigate any such Damages which the Purchaser or the Company may incur or suffer in relation to any claim against the Warrantors under or pursuant to the Warranties subject to the Purchaser and/or the Company being indemnified by the Warrantors against all costs and expenses reasonably and properly incurred in connection therewith;

(m) if the benefit of the Warranties or indeed any other right of the Purchaser or the Company under this agreement is assigned, the obligations and liabilities of the Warrantors (if any) shall be no greater than it would have been if the Purchaser had remained the owner of the Sale Shares and had retained the benefit of the Warranties and its other rights under or pursuant to this agreement;

(n) the Purchaser irrevocably and unconditionally waives any and all rights it may have to rescind this agreement for any breach of the Warranties or untrue representation, or undertaking or statement of fact or opinion made to it in relation to the subject matter or this agreement or the Company which is not contained in this agreement or the Warrantors' Disclosure Letter (including the annexures thereto) and, save in the case of any fraudulent misrepresentation, the Purchaser agrees with the Warrantors that the Purchaser shall have no remedy against the Warrantors, and the Warrantors shall have no liability of whatever nature and howsoever arising to the Purchaser, in respect of any statement of fact or opinion whatsoever, including any untrue or misleading statement, warranty or representation (express or implied) made to the Purchaser or its agents, officers or employees upon which the Purchaser or its agents, officers or employees relied or may have relied in entering into this agreement which is not contained in this agreement;

(o) for the purpose of enabling the Warrantors to remedy a breach or to mitigate or otherwise determine the amount of any claim for breach of the Warranties or to decide what steps or proceedings should be taken in order to mitigate any claim for breach of the Warranties, the Purchaser shall:

(i) give notice to the Warrantors within 14 days of any breach or circumstances giving or likely to give rise to a breach coming to its notice or to the notice of any company;

(ii) pass to the Warrantors as soon as reasonably possible, any further particulars it receives relating to the breach or circumstances referred to in paragraph (i) above;

(iii) make or procure to be made available to the Warrantors or their duly authorised representatives all relevant books of accounts, records and correspondence of the Company and permit the Warrantors to ascertain or extract any relevant information therefrom;

(iv) at the request of the Warrantors, allow the Warrantors to participate in the sole conduct of any claim against the Purchaser or the Company which has given rise to a claim for breach of the Warranties against the Warrantors under this agreement; and

(v) make no admission of liability, agreement, settlement or compromise in respect of any claim with any third party (including, for the avoidance of doubt, any insurance company) without the prior written approval of the Warrantors, which approval shall not unreasonably be withheld;

(p) upon any claim being made, the Purchaser shall and shall co-operate to procure that the Company shall, make available to accountants and others appointed by the Warrantors such relevant records and information as the Warrantors reasonably request in connection with such claim and the Purchaser shall, and shall co-operate to procure that the Company shall, use best endeavours to procure that the auditors (both past and then current) of the Company makes available to the Warrantors and to accountants and others appointed by the Warrantors their audit working papers in respect of audit of the Company's accounts for any relevant accounting period in connection with the claim. Such access shall be required only at reasonable times and on reasonable notice;

(q) the liability of the Warrantors under or in connection with the Warranties shall be several and not, for the avoidance of doubt, joint and several;

(r) notwithstanding any other provision of this agreement (including, for the avoidance of doubt, the Warranties), the Purchaser acknowledges to and agrees with the Warrantors that no warranty, covenant, representation, indemnity or undertaking (whether express or implied) shall be deemed to be made nor shall the Warrantors have any liability in respect of any Warranty or any other provision of this agreement in so far as it relates to the Company's IPR or any person's or persons' Intellectual Property including, for the avoidance of doubt, in relation to either the Company's interest or interests in or title to titles in and to the Company's IPR save to the extent expressly set out in Warranties 12.1 to 12.19 set out in Part B of schedule 4 respectively ("the IPR Warranties");

(s) the maximum aggregate liability of the Warrantors under or by virtue of this agreement (including the Warranties) shall not exceed the aggregate value of the Escrow Fund at the date of payment of any such liability. Accordingly, the maximum aggregate liability of each of the Warrantors under this agreement (including the Warranties) shall not exceed the value of the Escrow Shares set against the name of the respective Warrantor in column 4.2 of schedule 1 as at the date of payment of any such liability. Any and all amounts to be paid by the Warrantors for their share of any liability under this agreement (including the Warranties) shall be payable only out of the Escrow Fund (to the extent then available).

(t) all liability of the Warrantors under or by virtue of the Warranties shall cease and any claim made thereunder or by virtue thereof against the Warrantors shall be wholly barred and unenforceable:-

- (i) in the case of liability under or by virtue of the Warranties (other than the IPR Warranties), with effect from 3 May 2000; and
- (ii) in the case of liability under or by virtue of the IPR Warranties, with effect from 3 November 1999.

unless notice of the relevant claims specifying the amount claimed and with (i) reasonable details of the facts and circumstances, in so far as then available, constituting or giving rise to the alleged breach or the alleged liability and (ii) the amount claimed in respect thereof (detailing (in so far as possible) the amount of Damages suffered by the Purchaser or the Company and the basis and method of calculation of such Damages) shall have been given to the Warrantors prior to the dates referred to in paragraphs (i) and (ii) above. Any such claim under or by virtue of the Warranties (other than the IPR Warranties) shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn after 3 November 2000 unless proceedings (whether by way of litigation, arbitration or otherwise) in respect of it have commenced by being served on the Warrantors prior to 3 November 2000. Any such claim under or by virtue of the IPR Warranties shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn on 3 May 2000 unless proceedings (whether by way of litigation, arbitration or otherwise) in respect of it have been commenced by being served on the Warrantors prior to 3 May 2000. Following the commencement of any claim under the Warranties the Purchaser undertakes to proceed with such claim or claims as quickly as reasonably possible (having regard to all relevant circumstances).

5.3 Subject to this clause 5, all claims shall be made in accordance with the provisions of the Escrow Agreement.

6. PURCHASER'S WARRANTIES

6.1 The Purchaser represents and warrants in the knowledge that the Vendors are entering into this agreement in reliance upon the accuracy of each of the Purchaser's Warranties that the Purchaser's Warranties are true and accurate.

6.2 Each of the Purchaser's Warranties shall be construed as a separate and independent warranty and shall not be governed, limited or restricted by reference to or inference from any other terms of this agreement or any other Purchaser's Warranty.

6.3 The rights and remedies of the Vendors in respect of any breach of this agreement shall not be affected by any investigation made by or on behalf of the Vendors into the affairs of the Purchaser or actual or constructive knowledge on the part of the Vendor or their agents or advisers or by any other event or matter whatsoever, except a specific and written waiver or release given by the Vendor and except as otherwise expressly provided in this agreement in relation to the Purchaser's Disclosure Letter.

6.4 If there is a breach of any of the Purchaser's Warranties then, in respect of each such breach, the Vendors shall be entitled to claim Damages from the Purchaser on any basis which may be available to them.

7. COMPLETION

7.1 Subject to the provisions of schedule 5, the sale and purchase of the Sale Shares shall be completed at the offices of the Purchaser's Solicitors at 9.00 a.m. on 3 May 1999 (or at such other time or place as the parties shall agree).

7.2 On Completion 3i shall deliver to the Purchaser a duly executed stock transfer forms in respect of its Sale Shares together with the related share certificates (such stock transfer forms to be in favour of the Purchaser or its nominees, as the Purchaser shall direct) to enable it or its nominees to be registered as the holders of the Sale Shares free from all encumbrances.

7.3 On Completion the Warrantors shall deliver or cause to be delivered to the Purchaser:

- (a) duly executed stock transfer forms in respect of the Sale Shares together with the related share certificates (such stock transfer forms to be in favour of the Purchaser or its nominees, as the Purchaser shall direct) to

enable it or its nominees to be registered as the holders of the Sale Shares free from all Encumbrances;

(b) an acknowledgement from each of the Warrantors to the Purchaser and the Company executed as a deed to the effect that save in relation to remuneration or reimbursement of expenses incurred in relation to his or her employment details of which are specified in such deed, there is no outstanding indebtedness owing at Completion from the Company to such Warrantor or to any such Warrantor's Affiliate or vice versa;

(c) letters of resignation in the agreed form from Ian Kent, John Brown, Ian Biggs, Grahame Bulfield and Ian Wilmut as directors of the Company;

(d) written confirmation to the Company and the Purchaser that each of the aforementioned departing directors of the Company (other than Ian Biggs and Ian Wilmut) has returned or delivered to the Company all property of the Company used, enjoyed or held by them in their capacity as employees or officers of the Company including without prejudice to the generality of the foregoing books, records, papers and information of the Company (on whatever medium stored), motor vehicles, credit cards, keys, security cards, personal computers, software, magnetic or other discs on which information is stored;

(e) the written resignation of the auditors of the Company together with a statement in accordance with section 394 of the Companies Act that there are no circumstances connected with such resignation which they consider should be brought to the attention of the members or creditors of the Company;

(f) the statutory books of the Company complete and accurate up to Completion (but not including any acts or transactions to take place at Completion) and any company seal(s), certificates of incorporation, certificates of incorporation on change of name and all unused share certificates of the Company and all cheque books of the Company;

(g) the Warrantors' Disclosure Letter;

(h) revised contracts in the agreed form between the Purchaser and each of Simon Best and Piers Lincoln duly executed by the parties.

(i) consultancy agreements in the agreed form between the Purchaser and each of John Clark and Ian Wilmut duly executed by the parties.

7.3 On Completion the Warrantors shall procure the holding of a meeting of the directors of the Company at which the directors of the Company shall:

- (a) (subject to stamping) approve the transfers to the Purchaser (or its nominees) of the Sale Shares;
- (b) appoint David Greenwood and Tom Okarma as additional directors of the Company;
- (c) accept the resignations referred to in sub-clauses 7.2(c) and (e) relating to the Company;
- (d) appoint Ernst & Young as the new auditors of the Company;
- (e) change the accounting reference date of the Company to 31 December; and
- (f) cancel the existing mandates to the Company's bankers and replace them with new mandates as requested by the Purchaser.

7.4 On Completion the Vendors shall pass a written resolution changing the name of the Company to Geron Bio-Med Limited.

7.5 On Completion the Purchaser shall deliver to the Vendors or to the Company's Solicitors for and on behalf of the Warrantors (whose receipt shall be a sufficient discharge):

- (a) a certified copy of the minutes of the board of directors of the Purchaser authorising the execution and performance by the Purchaser of its obligations under this agreement;
- (b) the Purchaser's Disclosure Letter;
- (c) a certified copy of instructions to the Purchaser's Transfer Agent to prepare Share Stock Certificates in favour of the Vendors in respect of the number of Consideration Shares set out against their respective names in column 4 of schedule 1.

7.6 On or prior to Completion each of the following shall be done:

- (a) the Purchaser and Roslin Institute shall enter into or have entered into the Research Agreement;

(b) the Purchaser, the Company and Roslin Institute shall enter into or have entered into the Licence Agreement;

(c) the Purchaser, and the Warrantors' Representative shall and shall ensure that the Escrow Agent shall have entered into the Escrow Agreement;

(d) the Purchaser and each of the Vendors' shall enter into or have entered into the Registration Rights Agreement.

7.7 On or as soon as practicable after Completion, the Consideration Shares which each Warrantor is entitled to receive pursuant to clause 3 of this agreement (namely, in aggregate 860,000 Consideration Shares) shall without any act of such Warrantor be registered in the name of the Warrantor and shall be deposited with the Escrow Agent and such deposit or deposits shall constitute the Escrow Fund.

8. COVENANTS OF THE PURCHASER AND THE VENDORS

8.1 Each party shall execute and do all such lawful documents acts and things as may be reasonably required subsequent to Completion by the other parties for, in the case of the Purchaser, securing to or vesting in the Purchaser the legal and beneficial ownership of such party's Sale Shares and in the case of the Vendors, the legal and beneficial ownership of the relevant Consideration Shares (subject always to the other provisions of this Agreement, the Escrow Agreement and the Registration Rights Agreement).

8.2 All parties to this agreement agree that the Purchaser and the Vendors will be jointly responsible for any press release or publication with respect to the existence of this agreement or the transactions contemplated hereby and further agree to co-operate in good faith with respect to any such press release or public statement and except as may be required by law or by any regulatory authority to which the parties are subject, further agree not to issue any such press release or public statement without the prior written consent of the Purchaser, 3i and the Warrantors' Representative (as appropriate) (in the case of a publication proposed by the Company and/or a Vendor). Each party agrees to provide any such press release or public statement to the Company, 3i and the Warrantors' Representative in advance of publication and provide the Company, 3i and the Warrantors' Representative a reasonable opportunity to review and comment on such publication.

8.3 Each party will fully co-operate (in so far as it is lawfully able so to do) with the other parties, their lawyers and accountants in connection with any steps required to be taken as part of its obligations under this agreement.

8.4 The Purchaser reserves the right to make an election under Section 338(g) of the US Internal Revenue Code and any comparable provisions of state, local or foreign law. The Vendors acknowledge that the Purchaser shall control the preparation and filing of such election and the Vendors agree that they will reasonably co-operate with the Purchaser and the Company with respect thereto.

8.5 All stamp duties or stamp duty reserve tax payable on the transfer of the Sale Shares to the Purchaser or otherwise arising from the transactions contemplated by this agreement shall be borne by the Purchaser.

8.6 The Warrantors shall procure that the Company's Accountants shall prepare the tax returns and computations of the Company for the accounting period ending on or prior to 28 February 1999, save that the preparation and submission of the same shall not be unreasonably delayed. Should the preparation or submission of the tax returns and computations of the Company for the accounting period ending on or prior to the 28 February 1999 in the reasonable opinion of the Purchaser be unreasonably delayed by the Warrantors, then the Purchaser shall prepare and submit the same.

8.7 The Purchaser shall procure that the returns and computations mentioned in clause 8.6 shall be authorised, signed and submitted to the appropriate Tax Authority without amendment or with such amendments required by the Purchaser and which the Warrantors shall reasonably agree and the Purchaser shall give the Warrantors or their agents all such assistance as may be reasonably required to prepare those returns and computations for submission to the appropriate Taxation Authorities provided that the Purchaser shall not be obliged to take any such action as is mentioned in this clause 8.7 in relation to any return that is not full, true and accurate in all material respects. Nor shall the Purchaser be obliged to take any such action which in the reasonable opinion of the Purchaser shall affect adversely either the future tax liability of either the Purchaser or the Company concerned or of any person connected with any of them, or in any way materially prejudice the relationship of the Purchaser or the Company with any Taxation Authority.

9. RESTRICTIONS

9.1 By way of further consideration of the Purchaser agreeing to purchase the Sale Shares from the Vendors, each of the Warrantors covenants with the Purchaser that he or it will not whether alone or jointly with or as agent of any person or persons directly or indirectly:

(a) for the period of two years after the Relevant Date:

(i) take up or hold any office in or with any business or undertaking; or

(ii) take up or hold any post or position which enables or permits that Warrantor to exercise a controlling influence over any business or undertaking; or

(iii) take up or hold any employment or consultancy with any person which is engaged in any business or undertaking

which results in that Warrantor being engaged in a Restricted Activity, provided that the Warrantor shall not be precluded from:-

(aa) in the case of the Warrantors (other than Roslin Institute), complying with their obligations under any contract of employment or consultancy agreement with the Company or the Purchaser or being employed or otherwise engaged in any such business or undertaking whose activities include any business which competes with the Company so long as that Warrantor will not be directly or indirectly employed or engaged in, or review materials produced by or relating to that business or undertaking;

(bb) in the case of Roslin Institute:-

(A) receiving commercial funding of research in the Restricted Field subject to the prior written consent of the Purchaser;

(B) receiving non-commercial funding of research in the Restricted Field provided that the Purchaser shall, prior to any intellectual property arising from such research being made available to any third party for commercial exploitation, have an exclusive option exercisable within 45 days following receipt of written notice from the Roslin Institute to take an exclusive worldwide licence to such intellectual property and if it elects not to do so (for whatever reason) or the terms of such licence cannot be agreed within such period then such intellectual property may be offered to third parties on terms no more favourable than the terms upon which it was offered to the Purchaser;

(cc) holding as an investment not more than 5% of the issued share capital of a company quoted on a recognised stock exchange (as that expression is defined in section 207 Financial Services Act 1986);

(b) for the period of two years after the Relevant Date deal with any person who at any time during the period of twelve months prior to the Relevant Date is or was a collaborator or customer of the Company in connection with any research, development, products or services in competition with the Restricted Activity provided that that each Warrantor shall not be precluded from dealing with a company whose

activities compete with the Company so long as that Warrantor does not either directly or indirectly deal in any such research, development, products or services which so compete;

(c) for the period of two years after the Relevant Date canvass, solicit, approach or seek out or cause to be canvassed, solicited, approached or sought out or by any other means endeavour to entice away from the Company any customer, orders, instructions or other material in respect of any products or services provided to or supplied by the Company provided the Warrantor has transacted with such person as a customer or as a supplier;

(d) for the period of two years after the Relevant Date canvass, solicit, approach, seek out, or cause to be canvassed, solicited, approached or sought out or by any other means endeavour to entice away from the Company, or employ or aid or assist any other person or persons in employing or otherwise retaining the services of anyone who is employed by the Company or who is a consultant to or who is a collaborator with the Company at the Relevant Date but shall not include any person employed in a junior administrative or secretarial capacity;

(e) after the Relevant Date either represent himself or itself or hold himself or itself out to be in any way connected with or interested in the business of the Company.

9.2 The Warrantors hereby acknowledge and declare that the restrictions in sub-clause 9.1 are reasonable in all the circumstances as at the Completion Date; that such restrictions are integral to the terms on which the Purchaser has agreed to purchase the Sale Shares and that each of such restrictions shall be construed and take effect independently of the others.

9.3 If any breach or violation of the provisions of sub-clause 9.1 occurs, the Warrantors and the Purchaser agree that damages alone are likely not to be sufficient compensation and that injunctive relief is reasonable and is likely to be essential to safeguard the interests of the Purchaser and of the Company and that injunctive relief (in addition to any other remedies afforded by a court of equity) may (subject to the discretion of the courts) be obtained. No waiver of any such breach or violation of the provisions of sub-clause 9.1 shall be implied from forbearance or failure by the Purchaser to take action

10. CONFIDENTIALITY

10.1 Each Vendor acknowledges to the Purchaser that he or it has been exposed to information about the Company which is either a trade secret, confidential or commercially sensitive and which may not be readily available to others engaged in a similar business to that of the Company or to the general public and which if disclosed may cause harm to the Company or the Purchaser.

10.2 Subject to sub-clauses 10.3 and 10.4, each Vendor undertakes to the Purchaser severally that he or it shall keep secret and shall not at any time, for whatever reason, use, communicate or reveal to any person for that Vendor's own or another's benefit, any Confidential Information which shall have come to his or its knowledge prior to Completion (except in this context "use" shall not be construed to apply to the use of such information in making and monitoring investments by a Vendor in the ordinary course of business). Each Vendor shall as soon as reasonably practicable inform the Purchaser of any disclosure or use of any such information of which he or it becomes actually aware knowing it to be Confidential Information.

10.3 The restrictions contained in sub-clause 10.2 shall not apply to:

(a) any disclosure authorised in writing by an officer of the Purchaser or required in the ordinary and proper course of the particular Vendor's service agreement or consultancy agreement with the Purchaser or the Company or in or as required by the order of a court of competent jurisdiction or an appropriate regulatory authority or Government Entity; or

(b) any information which was known to the particular Vendor concerned prior to the commencement of his employment or engagement by the Company or is in or comes into the public domain otherwise than as a result of a breach by such Vendor of this clause 10.

10.4 Except:

(a) as may be required by law or in the case of the Purchaser or 3i the regulations of any recognised investment exchange or recognised stock exchange (as defined in the Financial Services Act 1986 and the Companies Act respectively) or required by any regulatory authority to which the parties are subject; or

(b) as may be required in relation to any registration of this agreement or any arrangement of which it forms part under the Restrictive Trade Practices Act 1976; or

(c) as may be required to vest the full benefit of this agreement or any other agreements or documents entered into and as contemplated hereby (including, for the avoidance of doubt, enforcement thereof) in the Purchaser and the Vendors respectively;

the provisions of this agreement and all negotiations relating to this agreement are strictly confidential and no announcement or disclosure of or publicity relating to the sale and purchase hereunder and terms of this agreement shall be made by the parties to any third party (other than their professional advisers and bankers) without the written agreement of the other parties save where expressly provided otherwise in this agreement.

11. RESTRICTIVE TRADE PRACTICES ACT

Unless this agreement or any agreement or arrangement of which this agreement forms part is a non-notifiable agreement for the purposes of section 27A of the Restrictive Trade Practices Act 1976, if there is a provision of this agreement, or of any such agreement or arrangement, which causes or would cause this agreement or any such agreement or arrangement to be subject to registration under the Restrictive Trade Practices Act 1976, that provision shall not take effect until the day after the day upon which particulars of this agreement (or of that agreement or arrangement, as the case may be) have been furnished to the Director General of Fair Trading pursuant to section 24 of the Restrictive Trade Practices Act 1976 and if the agreement (or any other such agreement or arrangement) is subject to registration under the Restrictive Trade Practices Act 1976 the parties shall co-operate in good faith and at the sole cost and expense of the Purchaser in order to carry out such registration as soon as reasonably practicable following the date of this agreement and in any event within three months of the date of this agreement.

12. NOTICES

12.1 Any notice or other written communication given under or in connection with this agreement may be delivered personally or sent by prepaid recorded delivery or registered post or by facsimile to the address or number and for the attention of the relevant party set out in sub-clause 12.2 (or such other address or number as is otherwise notified from time to time).

12.2 The addresses of the parties for the purpose of sub-clause 12.1 are as follows:

The Purchaser:	David L Greenwood Geron Corporation 230 Constitution Drive Menlo Park, CA 1985 94025 USA
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Attention: Vice President of Corporate
Development and Chief Financial
Officer

Facsimile No: (650) 473 7701
Telephone No: (650) 473 7700

With copy to:

Joshua L Green
Venture Law Group
2800 Sand Hill Road
Menlo Park, CA 1985 94025

Facsimile No: (650) 233-8386
Telephone No: (650) 854-4488
and to:

Simon Walker
Taylor Joynson Garrett
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

Facsimile No: 44171 936-2666
Telephone No: 44171 353-1234

The Vendors:

Lawrence Ward
(on behalf of the Warrantors
Dundas & Wilson)
191 St Vincent Street
Glasgow
G2 2LB

Facsimile No: 0141 222 2201
Telephone No: 0141 222 2200

Ken McCracken (on behalf of Roslin
Institute)
Wright Johnson MacKenzie
302 Vincent Street
Glasgow G2 5RZ

Facsimile No: 0141 248 2326
Telephone No: 0141 248 3434

c/o Local Director
3i plc
227 West George Street
Glasgow G2 2ND

Facsimile No: 0141 248 3245
Telephone No: 0141 248 4456

12.3 Any such notice or other written communication shall be deemed to have been served:

- (a) if delivered personally, at the time of delivery;
- (b) if posted, at the expiry of two Business Days after it was posted or 10 Business Days where it was sent by airmail;
- (c) if sent by facsimile message, at the time of transmission (if sent during Business Hours) or (if not sent during Business Hours) at the beginning of Business Hours next following the time of transmission in the place to which the facsimile was sent.

12.4 In proving such service it shall be sufficient to prove that personal delivery was made, or that such notice or other written communication was properly addressed stamped and posted or in the case of a facsimile message that an activity or other report from the sender's facsimile machine can be produced in respect of the notice or other written communication showing the recipient's facsimile number and the number of pages transmitted.

12.5 Any notice to be served upon the Vendors must be given to each of them.

13. MISCELLANEOUS

13.1 The Purchaser shall be responsible for its own and the advisory, legal and accounting fees and expenses of the Company and its advisers related to the negotiation, preparation, finalisation and completion of this agreement and all other documentation contemplated thereby. Save as aforesaid each party shall indemnify and hold harmless the other party from any claims for broker's or finder's fees arising from this transaction by any person claiming to have been engaged by such party.

13.2 Subject to clause 5, this agreement shall so far as it remains to be performed after execution continue in full force and effect notwithstanding Completion.

13.3 No term or provision of this agreement shall be varied or modified by any prior or subsequent statement, conduct or act of any party, except that the parties may amend or vary this agreement but only by letter or written instrument signed by all of the parties.

13.4 Subject to the other provisions of this agreement, no waiver by any of the parties to this agreement of any requirements of this agreement or of any of such party's rights under this agreement shall be valid unless such waiver is in writing and signed by or on behalf of each of the parties to this agreement.

13.5 Subject to the other provisions of this agreement, no failure to exercise, and no delay in exercising, on the part of the Purchaser any right or remedy under this agreement shall operate as a waiver of such right or remedy nor shall any single or partial exercise of any right or remedy preclude the exercise of any other right or remedy.

13.6 Subject to the other provisions of this agreement, the rights and remedies conferred on the Purchaser in this agreement are cumulative.

13.7 The headings to the clauses in this agreement and in the schedules are for ease of reference only and shall not form any part of this agreement for the purposes of construction.

13.8 This agreement and the documents to be delivered on Completion as set out in clause 7:

(a) set out the entire agreement and understanding between the parties in respect of the sale and purchase of the Sale Shares; and

(b) (in relation to such subject matter) supersede all prior discussions, understandings, undertakings, promises, conditions, indemnities, warranties, representations, covenants, undertakings and agreements between the parties and their agents (or any of them) and all prior

representations, warranties and expressions of opinion by any party (or its agent) to any other party (or its agent).

13.9 It is acknowledged and agreed that:

(a) no party has entered into this agreement in reliance upon any representation, warranty, promise, condition, representation, covenant, indemnity or undertaking of any other party which is not expressly set out in this agreement;

(b) no party shall have any claim or remedy in respect of misrepresentation or breach of warranty (whether negligent or otherwise) or any untrue statement made by any other party save to the extent set out in or expressly incorporated in this agreement and each party irrevocably and unconditionally waives any right which it may have to claim damages for any misrepresentation (other than a misrepresentation contained in this agreement) or for breach of any express or implied warranties (other than a warranty set out in or expressly incorporated in this agreement).

13.10 This agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

13.11 If at any time any term or provision in this agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any rule of law or enactment, such term or provision or part shall to that extent be deemed not to form part of this agreement, but the enforceability of the remainder of this agreement shall not be affected.

13.12 Any notice, consent or agreement or other action to be required to be taken by any of the Vendors pursuant to or in connection with this agreement may only be given by each of the Vendor on its own behalf.

13.14 This agreement shall be binding on and shall enure for the benefit of the personal representatives and successors of the parties.

14. WARRANTORS' REPRESENTATIVE

The following provisions of this clause 14 (other than clause 14.6) shall apply amongst the Warrantors alone to the exclusion of the Purchaser (other than clause 14.6) and 3i:-

14.1 A committee comprising the Warrantors' Representative shall be formed and shall at all times be comprised of not more 2 members ("Committee"). Any member of the

Committee (each a "Member") may resign at any time by giving 30 days written notice thereof to the other Member. A Member must be a Warrantor or the duly authorized representative of a Warrantor. Any Member may be removed at any time by the affirmative vote or written consent of Warrantors being interested at least 75% of the Escrow Shares. If any Member shall resign, be removed or become incapable of acting, or if a vacancy in the membership of the Committee shall otherwise occur, the holders of 75% of the Escrow Shares may appoint another person to act as a member of the Committee. Such successor Member (if not a Warrantor) shall execute a deed agreeing to be bound by and adhere to the provisions of this clause 15 and thereupon, without any further act, deed or conveyance, shall become vested with all of the rights, power and duties of the retiring Member. If both Members are otherwise unable to act, or if the Warrantors elect to change the Warrantors' Representative, then the Warrantors may appoint a new Committee or another agent or body to act as Warrantors' Representative by the affirmative vote or written consent of Warrantors holding not less than 75% of the Escrow Shares. No bond shall be required of the Warrantors' Representative, and neither Member shall receive compensation for his, her or its services. Notices or communications to or from the Warrantors' Representative shall constitute notice to or from each of the Warrantors. The Warrantors' Representative shall be entitled to submit a claim and receive reimbursement from the Escrow Fund for all reasonable, documented out-of-pocket expenses incurred by the Warrantors' Representative as a result of acting as the Warrantors' Representative; subject to the terms of the Escrow Agreement. Any such reimbursement shall be paid in Escrow Shares out of the relevant Escrow Fund.

14.2 ACTION BY THE COMMITTEE AND THE SHAREHOLDERS' REPRESENTATIVE.

The Members may act only through the Committee. However, the Members may individually implement actions approved by the Committee. Meetings of the Committee shall be held at such times as may from time to time be fixed by resolution of the Committee or called by any Member of the Committee. Meetings of the Committee shall be held at such place as from time to time may be fixed by resolution of the Committee.

Notice of meetings of the Committee fixed by resolution of the Committee need not be given. Notice of each other meetings shall be mailed to each Member by the Member calling the meeting, addressed to each Member's residence or usual place of business, at least three days before the day on which the meetings is to be held, or shall be sent to the Member by telegraph, cable, wireless, or similar means so addressed or shall be delivered personally, by telephone or by facsimile with confirmation received, at least twenty-four (24) hours before the time the meeting is to be held. Each notice shall state the time and place of the meeting but need not state the purposes thereof. Notices of any such meeting need not be given to any Member who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

At each meeting of the Committee the presence of 2 Members shall constitute a quorum for the transaction of business, and the vote of 2 Members present at the time of the vote

shall be the act of the Committee. In the event of deadlock, the matter shall be referred as soon as reasonably practicable to the Warrantors for resolution. The decision of Warrantors holding at least 75% of the Escrow Shares shall be binding on all of the Warrantors. Notwithstanding the foregoing, if there is for any reason only one Member, such Member may act only for the purpose of filling vacancies on the Committee or making an objection to any claim made by the Purchaser against the Escrow Shares in terms of the Escrow Agreement.

Any action required or permitted to be taken by the Committee may be taken without a meeting if all Members consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the Members shall be filed with the minutes of the proceedings of the Committee.

Any one or more Members may participate in a meeting of the Committee by means of a conference telephone or similar communications equipment allowing all person participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

In performing its duties hereunder and as contemplated hereby by the Purchase Agreement and Escrow Agreement, the Committee may, but need not, confer and consult with any or all of the Warrantors. All decisions made and actions taken by the Warrantors' Representative in connection with this Agreement and the Purchase Agreement shall be final and binding on the Warrantors, whether or not the Committee consulted with the Warrantors in the course of making any such decision or taking any such action.

The Warrantors' Representatives shall be entitled to rely upon any order, judgment, award, certification, demand, notice, instrument or other writing delivered to it under this Agreement or the Purchase Agreement without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. The Warrantors' Representative may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any persons purporting to give notice or receipt of advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

The Warrantors' Representative may engage such third parties at such cost as the Warrantors' Representative shall in its sole discretion deem necessary or appropriate for the adequate performance of its duties hereunder and may rely on the advice of such third parties with respect to matters within their professional or expert competence.

14.3 ACTION BY THE WARRANTORS' REPRESENTATIVE

Meetings of the Warrantors may be called at any time by the holders of twenty-five percent (25%) of the Escrow Shares or by the Committee and shall be held on such day and at such hour as is fixed in the call of the meeting. If all Members of the Committee

have resigned or are otherwise unable to act, the holders of ten percent (10%) of the Escrow Shares may call a meeting.

Meetings of the Warrantors shall be held at the Edinburgh offices of the Company's Solicitors or at such other place, as may be fixed by the Committee.

Notice of each meeting of Warrantors shall be in writing and shall state the place, date, and hour of the meeting and shall state the purpose or purposes for which the meeting is called and who called the meeting. A copy of the notice of any meeting shall be given by the Committee or the Warrantors meeting, personally or by mail, not less than ten (10) nor more than twenty (20) days before the date of the meeting, to each Warrantor. If mailed, such notice is given when deposited in the mail, with postage thereon prepaid, directed to the Warrantor at such address as appears in schedule 1 to the Purchase Agreement, or, if such Warrantor shall have filed with the Committee a written request that notices be mailed to some other address, then directed to the Warrantor at such other address. Notice of meetings of Warrantors need not be given to any Warrantor who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Warrantor at a meeting, whether in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him.

Every Warrantor may authorize another person or persons to act for him by proxy. Every proxy shall be revocable at the instance of the Warrantor executing it, except as otherwise provided by law. The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the Warrantor who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the Committee. Proxies which contain a faxed signature shall be treated in the same manner as proxies with original signatures.

Whenever Warrantors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of the holders of 75% of the Escrow Shares in which they are interested to approve the action so taken.

14.4 Neither the Warrantors' Representative nor any Member shall be liable for any act done or omitted hereunder as the Warrantors' Representative or Member while acting in good faith and in the exercise of reasonable judgment. The Warrantors (other than any Warrantor who is a Member) shall severally indemnify the Warrantors' Representative and each Member and shall hold the Warrantors' Representative and each Member harmless against any loss, liability or expense incurred without gross negligence, bad faith or willful misconduct on the part of the Warrantors' Representative or such Member and arising out of or in connection with the acceptance or administration of the Warrantors' Representative's or such Member's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the Warrantors' Representative or such Member.

14.5 Neither the Warrantors' Representative nor any Member shall be liable for any mistake of fact or of law or any error of judgement. Each Member and the Warrantors' Representative is authorised to comply with and obey laws, orders, judgements, decrees, and regulations of any governmental authority, court, tribunal or arbitrator. If the Warrantors' Representative or any Member complies with any such law, order, judgement, decree or regulation, such Warrantors' Representative or Member shall not be liable to the Warrantors or to any other person even if such law, order, judgement, decree or regulation is subsequently reversed or modified, annulled, set aside, vacated, found to have been entered without jurisdiction or found to be in violation or beyond the scope of any constitution or law. If (i) a Member or the Warrantors' Representative is uncertain as to the Representative's duties or rights hereunder, (ii) has received any notice, advice, direction or other document from any other party with respect to this Agreement or the Purchase Agreement which, in the Member's or the Warrantors' Representative's opinion, is in conflict with any of the provisions of this Agreement or the Purchase Agreement, or (iii) is aware that dispute has arisen with respect to this Agreement or the Purchase Agreement, each Member and the Warrantors' Representative shall be entitled, without liability to the Warrantors to use their best efforts to perform their duties under this Agreement or the Purchase Agreement until the Warrantors' Representative is directed otherwise in writing by an order, decree or judgement of a court of competent jurisdiction which has been finally affirmed on appeal or which by lapse of time or otherwise is no longer subject to appeal or by an accountants' or arbitrators' determination as provided in the Purchase Agreement.

14.6 The aforesaid indemnities shall remain in full force and effect against any of the parties for a period equal to the applicable statute of limitation for such claim; provided, however, that if prior to the expiration of such period any claim for indemnification has been asserted but not fully determined, such period will be extended as to such claim, until it is finally concluded. All rights, protections and indemnities contemplated herein shall be available to each Member with respect to actions or omissions while a member of the Committee despite such Member's resignation or removal from the Committee.

14.7 If a Member or the Warrantors' Representative is entitled to indemnification, the Warrantors shall each be individually liable in an amount equal to the amount of indemnification multiplied by a fraction, the numerator of which is the number of Escrow Shares owned by a Warrantor and the denominator of which is the number of Escrow Shares owned by all of the Warrantors.

14.8 A decision, act, consent or instruction of the Warrantors' Representative shall constitute a decision of all Warrantors and shall be final, binding and conclusive upon each of such Warrantors, and the Escrow Agent and the Purchaser may rely upon any such decision, act, consent or instruction of the Warrantors' Representative as being the decision, act, consent or instruction of each and every such Warrantor.

14.9 Each Warrantor shall have voting rights with respect to that number of Escrow Shares and New Shares contributed to the Escrow Fund on behalf of such Warrantor (and on any voting securities added to the Escrow Fund in respect of such Escrow Shares) so long as

such Escrow Shares and New Shares or other voting securities are held in the Escrow Fund. As the record holder of such shares or securities accordingly the Purchaser shall ensure that the Escrow Agent shall vote such shares in accordance with the instructions of the Warrantors having the beneficial interest therein and shall promptly deliver copies of all proxy solicitation materials to such Warrantors. The Purchaser shall show the Escrow Shares and the New Shares contributed to the Escrow Fund (as such expressions are defined in this Agreement or the Escrow Agreement) as issued and outstanding on its balance sheet.

14.10 Each of the Warrantors acknowledges that the Warrantors' Representative shall act for each Warrantor for and on behalf of the Warrantors, to give and receive notices and communications on behalf of the Warrantors, to enter into and perform the Escrow Agreement, to authorise delivery to the Purchaser of Escrow Shares and New Shares or other property from the Escrow Fund in satisfaction of claims by the Purchaser, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgement of the Vendors' Representative for the accomplishment of the foregoing. The Vendors' Representative shall act by vote or written action or consent of a 75% of the members of the Committee.

15. LAW AND JURISDICTION

15.1 This agreement shall be governed by and construed in accordance with English law and each party to this agreement submits to the non-exclusive jurisdiction of the English courts.

15.2 The Vendors and the Purchaser agree that any legal action or proceeding arising out of or in connection with this agreement may be brought in the High Court of Justice in England, and the Vendors and the Purchaser hereby irrevocably submit to the exclusive jurisdiction of such court in connection with any such legal action or proceedings.

15.3 The Warrantors irrevocably appoint the Company's Solicitors as their agent to accept service of legal proceedings in connection with all matters arising out of this agreement and the transactions contemplated by this agreement and agree that any writ, judgment or other notice of legal process in connection with any such legal action or proceedings shall be sufficiently served if delivered to the Company's Solicitors.

15.4 The Purchaser irrevocably appoints the Purchaser's Solicitors as its agent to accept service of legal proceedings in connection with all matters arising out of this agreement and the transactions contemplated by this agreement and agrees that any writ, judgment or other notice of legal process in connection with any such legal action or proceedings shall be sufficiently served if delivered to the Purchaser's Solicitors.

The parties to this agreement have signed and entered into this agreement on the date and year first written above.

SCHEDULE 1
THE VENDORS AND THE CONSIDERATION SHARES

1 NAME	2 ADDRESS	3 NUMBER OF SALE SHARES	5 OPTION SHARES	4 CONSIDERATION SHARES		
				4.1 3I CONSIDERATION SHARES	4.2 ESCROW SHARES	
					4.2 (a) FIRST ESCROW SHARES	4.2 (b) SECOND ESCROW SHARES
Simon Best	6B Wester Coates Road Edinburgh EH12 5LN	10,000 B ordinary shares	10,000	Nil	94,931	54,869
Ian Kent	9 Latham Road Cambridge CB2 2EG	4,000 B ordinary shares	7,500	Nil	63,245	36,555
Ian Wilmut	5 Old Manse Road Eddleston Peebleshire	12,000 C ordinary shares	Nil	Nil	52,472	30,328
John Brown	7 Cluny Drive Edinburgh EH10 6DW	2,000 B ordinary shares	6,000	Nil	33,270	16,226
Ian Biggs	Warren Hill House Storrington Road Washington West Sussex RH20 4AQ	Nil	5,000	Nil	28,074	11,281
John Clark	29 Broomie Knowe, Lasswade Midlothian	8,000 C ordinary shares	Nil	Nil	19,519	19,230
Roslin Institute	Roslin Biotechnology Centre Roslin Midlothian EH25 9PS	172,000 B ordinary shares	Nil	Nil	253,488	146,512
3i Group plc	91 Waterloo Road London SE1 8XP	172,000 A ordinary shares 630,667 D ordinary shares	Nil	1,240,000	Nil	Nil
				545.000	315,000	

SCHEDULE 2
THE COMPANY

Name: Roslin Bio-Med

Former Names: None

Number: SC179263

Date of Incorporation: 1 October 1997

Registered Office: Roslin Biotechnology Centre
Roslin
Midlothian

Authorised Share Capital: L. 446,880 divided as follows:

A ordinary P. 1.00 shares x 172,000	=	L. 172,000
B ordinary P. 1.00 shares x 248,000	=	L. 248,000
C ordinary P. 1.00 shares x 20,000	=	L. 20,000
D ordinary one pence shares x 630,667	=	L. 6,306

Issued Share Capital: L. 386,306.67

Shareholders:

3i plc	172,000	A ordinary shares
	630,667	D ordinary shares
Roslin Institute	172,000	B ordinary shares
Simon Best	10,000	B ordinary shares
Ian Kent	4,000	B ordinary shares
John Brown	2,000	B ordinary shares
Ian Wilmut	12,000	C ordinary shares
John Clark	8,000	C ordinary shares

Directors:

Simon Best
Ian Biggs
John Brown
Graham Bulfield
Ian Kent
Ian Wilmut

Secretary: Piers Lincoln

Accounting Reference Date: 28 February

Last Accounts: None filed

Last Annual Return: 9 November 1998

Charges: None

SCHEDULE 3

COMPANY IPR

PART A

PATENTS

SCHEDULE OF NUCLEAR TRANSFER PATENT APPLICATIONS

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

* [* 2 pages omitted]

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

PART B

TRADE MARKS

2 unregistered - see artwork attached as Annex A

PART C

LICENCES

1. License Agreement dated 7 April 1998 between Roslin Institute and the Company.
2. Research Agreement dated 7 April 1998 between Roslin Institute and the Company.

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

SCHEDULE 4

REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

Save where expressly provided, defined terms shall have the same meaning as in clause 1 of this agreement.

PART A

TITLE AND INVESTMENT WARRANTIES

For the avoidance of doubt and notwithstanding any other provisions of this agreement each of the following Warranties in this Part A of Schedule 4 is given severally by each Vendor and accordingly it is agreed by the Purchaser that none of the other Vendors should be liable or responsible for any breach of the following Warranties by any of the other Vendors:-

1. The Vendor has all requisite legal and, to the extent applicable, corporate power, and authority to enter into and perform its obligations under this agreement and to consummate the transactions contemplated hereby in so far as applicable to the Vendor. The execution, delivery and performance of this agreement and the consummation of the transactions contemplated hereby in so far as applicable to the Vendor have been duly and validly approved and authorised by all necessary action, including, if applicable, corporate action, by or on behalf of such Vendor. This agreement has been duly executed and delivered by such Vendor and constitutes a valid and binding obligation of the Vendor, subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief and equitable remedies. No consent, approval, order or authorisation of, or registration, declaration or filing with, any Governmental Entity, which has not been obtained is required by or with respect to the Vendor in connection with the execution and delivery of this agreement by the Vendor or the consummation by the Vendor of the transactions contemplated hereby in so far as applicable to the Vendor.

2. The Vendor is the sole owner of the Sale Shares reflected next to such Vendor's name in column 3 of schedule 1 of this agreement and has or will have, as at Completion, good and valid title to such Sale Shares free and clear of all Encumbrances whatsoever. The Vendor represents that he or it has or will have, as of the Completion, full right, power and authority to sell, transfer and deliver such Sale Shares to the Purchaser, and, upon delivery of the certificate or certificates therefor duly endorsed for transfer to the Purchaser and the Purchaser's payment for and acceptance thereof (subject, however to any applicable stamp duty or other taxes, levies and duties being paid thereon and amendment thereafter of the Register of Members of the Company to reflect such transfer), will transfer to the Purchaser good and valid title thereto free and clear of any

Encumbrance. The Vendor is not party to any voting trust, agreement or arrangement affecting the exercise of the voting rights of the Sale Shares. There is no action, proceeding, claim or, to the Vendor's knowledge, investigation against the Vendor or the Vendor's assets, properties or, as applicable, any of the Vendor's respective officers or directors, pending or, to the Vendor's knowledge, threatened, at law or in equity, or before any court, arbitrator or other tribunal, or before any administrative law judge, hearing officer or administrative agency relating to or in any other manner impacting upon the Sale Shares held by such Vendor.

3. The execution, delivery and performance of this agreement do not, and the consummation of the purchase of Sale Shares and the other transactions contemplated by this agreement will not conflict with or result in a violation of the memorandum and articles of association, bylaws, partnership agreement or other applicable charter document of the Vendor, or conflict with, or (with or without notice or lapse of time, or both) result in a termination, breach, impairment or violation of, or constitute a default or result in the creation or imposition of any lien, charge or encumbrance upon any of the Vendor's Sale Shares under, (a) any instrument, indenture, lease, mortgage or other agreement or contract to which the Vendor is a party or to which such Vendor or any of such Vendor's assets or properties may be subject or (b) any applicable federal, state, local or foreign judgement, writ, decree, order, ordinance, statute, rule or regulation applicable to the Vendor or the Vendor's assets or properties. The consummation of the purchase of the Vendor's Sale Shares and the other transactions contemplated by this agreement in so far as applicable to the Vendor will not require the consent of any third person which has not been obtained with respect to the rights, licenses, franchises, leases or agreements of the Vendor.

4. The Vendor hereby acknowledges that the Vendor has read this agreement, the Escrow Agreement, the Registration Rights Agreement and the other documents to be delivered in connection with the consummation of the transactions contemplated hereby in so far as applicable to him or it and has made an independent examination of the transactions contemplated hereby (including the tax consequences thereof) in so far as applicable to him or it. The Vendor acknowledges that the Vendor has been afforded an opportunity to consult with and has relied upon the advice, if any, of the individual Vendor's relevant legal counsel, financial advisors, or accountants with respect to the transactions contemplated hereby to the extent that each Vendor has deemed necessary and the Purchaser's Warranties and the other undertakings of the Purchaser in this agreement and the other documentation contemplated hereby, and has not been advised or directed by Purchaser, the Company or their respective officers, employees, legal counsel or other advisors in respect of any such matters and has not relied on any such parties in connection with this agreement and the transactions contemplated hereby in so far as applicable to him or it.

5. The Vendor hereby confirms, that the Consideration Shares to be allocated or issued to him or it will be acquired for investment for his or its own account, not as a nominee or agent, and not with a present intention to resell or distribute any part thereof,

and that the Vendor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Vendor further represents that the Vendor does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Consideration Shares. The Vendor has not been formed for the specific purpose of acquiring the Consideration Shares.

6. The Vendor understands that the Consideration Shares have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Vendor's representations as expressed herein. The Vendor understands that the Consideration Shares are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Vendor must hold the Consideration Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Vendor acknowledges that the Purchaser has no obligation to register or qualify the Consideration Shares for resale except as set forth in this agreement and the Registration Rights Agreement. The Vendor further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Consideration Shares, and on requirements relating to the Purchaser which are outside of the Vendor's control

7. The Vendor understands that the Consideration Shares and any securities issued in respect of or exchange for the Consideration Shares, may bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

8. If the Vendor is not a United States person (as defined by Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended), such Vendor hereby represents that it has satisfied itself as to the full observance of the applicable laws of its jurisdiction in connection with any invitation to subscribe for the Consideration Shares including (i) the legal requirements within its jurisdiction for the purchase of the Consideration Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Consideration Shares.

PART B

COMMERCIAL WARRANTIES

The Company

1.1 The Company has since its inception carried on the business of a research and development company.

2. The share capital

2.1 The Sale Shares constitute the whole of the issued and allotted share capital of the Company. All of the Sale Shares are fully paid or credited as fully paid.

2.2 There is not outstanding any loan capital of the Company.

2.3 Other than as set forth in clause 2.1 of this schedule and in the Warrantors' Disclosure Letter, there are no other outstanding shares of capital stock or voting securities of the Company, and there are no other options, warrants, calls, rights, commitments or agreements of any character to which the Company is a party or by which it is legally bound obligating the Company to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of the capital stock of the Company or obligating the Company to grant, extend or enter into any such option, warrant, call, right, commitment or agreement.

3. Information Provided

3.1 The facts set out in the specific disclosures set out in the Warrantors' Disclosure Letter (but excluding any documents annexed to the Warrantors' Disclosure Letter which are dealt with in paragraphs 3.2 and 3.3 below) are true and accurate in all material respects.

3.2 With regard to documents annexed to the Warrantors' Disclosure Letter and which are the product of the Warrantors, the facts (but expressly excluding any expressions of opinions or matters relating to financial matters) are true and accurate in all material respects.

3.3 With regard to any documents annexed to the Warrantors' Disclosure Letter (other than those documents referred to in paragraph 3.2 above), the Warrantors have provided such documents to the Purchaser in good faith and, so far as the Warrantors are aware, the facts (but expressly excluding any expressions of opinion or matters relating to financial matters) set out in such documents are not misleading in any material respect.

3.4 So far as the Warrantors are aware every document annexed to the Warrantors' Disclosure Letter is a true and complete copy of the original

4. The Accounts

4.1 A true, complete and accurate copy of the Accounts is annexed to the Warrantors' Disclosure Letter.

4.2 The Accounts were prepared by the Company's Accountants under the historical cost convention and complied with and were prepared in accordance with all applicable Accounting Requirements.

4.3 The Accounts:

(a) give a true and fair view of the assets and liabilities of the Company as at the Accounts Date and of its losses for the Financial Year ended on the Accounts Date;

(b) make appropriate provision for, reserve for or disclose, as appropriate and to the extent required by relevant Accounting Requirements, all liabilities, whether actual, contingent, unquantified or disputed, all capital commitments, whether actual or contingent, and all bad or doubtful debts of the Company as at the Accounts Date in each case, in accordance with all applicable Accounting Requirements; and

(c) make appropriate provision for or reserve for deferred Taxation in accordance with all applicable Accounting Requirements.

4.4 In the Accounts fixed assets have been depreciated in accordance with SSAP 12 as amended by FRS 3.

4.5 No amount included in the Accounts in respect of any asset, whether fixed or current, exceeds its purchase price or its production cost (as defined in the Companies Act) or (in the case of current assets) its estimated net realisable value as at the Accounts Date.

4.6 The values attributed to the assets of the Company in the Accounts as at the Accounts Date are such that if sold or realised at that value:

(a) no claim for corporation tax in respect of any chargeable gain would be made; and

(b) no liability to Taxation would arise as a result of any claim in respect of a balancing charge,

and, so far as the Warrantors are aware, none of such assets has been acquired for any consideration in excess of its net realisable value as at the date of such acquisition or otherwise than by way of a bargain at arm's length.

5.

There is no paragraph 5

6. Position since the Accounts Date

6.1 Save as disclosed in the Warrantors' Disclosure Letter, since the Accounts Date:

(a) no dividend or other distribution (within the meaning of that expression as contained in section 209 or 210 or 418 of ICTA) has been declared, paid or made by the Company;

(b) the Company has carried on its business in the ordinary and usual course without any interruption in its nature, scope or manner and so as to maintain the same as a going concern;

(c) the Company has not written off any debt in excess of L 10,000 and no debt has been released by the Company on terms that the debtor pays less than the book value of its debt:

(d) the Company has not entered into any contract involving expenditure on capital account or the purchase of any capital equipment or other items of a capital nature of a value in excess of L 10,000;

(e) the Company has not made any disposal or deemed disposal which might give rise to a liability for corporation tax on chargeable gains otherwise than in the ordinary course of trade;

(f) the Company has not acquired or disposed of or agreed to acquire or dispose of any business or any material asset or assumed or acquired any material liability (including any contingent liability) otherwise than in the ordinary course of business;

(g) there has been no material adverse change in the assets, liabilities or financial position of the Company and no event, fact or matter has occurred which will or is likely to give rise to any such change;

(h) the Company has not disposed of or agreed to dispose of any asset for a consideration payable by instalments where any instalment remains unpaid;

(i) the Company has paid its creditors in accordance with normal payment procedures of the Company, details of such procedures being disclosed in the Warrantors' Disclosure Letter;

(j) none of the assets of the Company has been diminished by any negligent, unlawful or fraudulent act of the Warrantors; and

(k) no provision in the accounting records of the Company (within the meaning of Section 221 of the Companies Act) has been released; and

7. Accounting and Other Records

7.1 All the accounting records of the Company (as defined in Section 221 of the Companies Act) have been properly kept in accordance with sections 221 and 222 of the Companies Act, are within the Company's possession and control and all transactions relating to its business have been duly and correctly recorded in all material respects therein and such accounting records taken together disclose with reasonable accuracy, at the date of this agreement, the financial position of the Company at such time.

7.2 A copy of all written agreements, deeds and other instruments entered into by the Company are in its possession and control

8. Constitution

8.1 A true, complete and accurate copy of the memorandum and articles of association of the Company having embodied within it or annexed to it a copy of each resolution or agreement referred to in section 380 of the Companies Act is annexed to the Warrantors' Disclosure Letter. Such documents contain full details of the rights and restrictions attached to the share capital of the Company, and all such resolutions have been properly passed as resolutions of the Company and filed with the Registrar of Companies within the period for filing required under the Companies Act.

8.2 The register of members and statutory books of the Company contains a complete, true and accurate record of the members of the Company and all the other information which they are required to contain under the Companies Act and comply with all the requirements of the Companies Act and all returns particulars resolutions and other documents required to be delivered by the Company to the Registrar of Companies have been duly delivered within the time limits required under the Companies Acts and, so far as the Warrantors are aware, no fines or penalties are outstanding or known to be due.

8.3 The Company has not received any written notice of any application or intended application for the rectification of its register of members.

8.4 The only directors of the Company immediately prior to Completion are the persons whose names are listed in the Warrantors' Disclosure Letter and the Company has no alternate or shadow directors.

8.5 The Company has not provided any financial assistance within section 151 of the Companies Act or otherwise directly or indirectly for the purchase or the proposed purchase of its own shares.

8.6 The Company has not purchased any of its own shares.

8.7 The Company has no assets outside the United Kingdom nor does it have a branch, agency or place of business or any permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the Completion Date) outside the United Kingdom.

8.8 The Company has no shares or other securities in any other company and has not agreed to acquire any such shares or securities or held any such shares or securities at any time. The Company does not take part in the management of any other company, firm, association or business organisation.

8.9 No share in the capital of the Company has been issued or transferred otherwise than in accordance with the memorandum and articles of association of the Company from time to time in force.

9. Bank Accounts and Indebtedness

9.1 A statement of all the bank accounts and the building society accounts and other investment accounts and of the credit or debit balances thereon of the Company as at no later than the 5th business day prior to the Completion Date is annexed to the Warrantors' Disclosure Letter and since such statement there have been no payments out of any such accounts otherwise than in the ordinary course of trade; and there are no unrepresented cheques drawn by the Company for sums exceeding in the aggregate L 10,000.

9.2 The Company has not incurred any indebtedness in the nature of borrowings which it has not repaid in full or satisfied.

9.3 The amounts borrowed by the Company do not exceed any limitation on its borrowing contained in its articles or association or in any debenture or other deed or document legally binding upon the Company and the Company has not incurred any indebtedness except indebtedness arising in the ordinary course of business

9.4 The Company has never had and has no bank overdraft facilities or agreements, acceptance credits or other financial facilities outstanding or available

to it under any existing arrangements between the Company and any lender in place on the Completion Date.

9.5 Since the Accounts Date, the Company has not engaged in financing of a type which would not require by law or Accounting Requirements to be shown or reflected in the Accounts, had such arrangement or financing been entered into prior to the Accounts Date.

9.6 The Company has not entered into or agreed to enter into any performance or other bonds and no such bonds have been given by any other person on behalf of the Company or in relation to any of its obligations.

9.7 There is not, except for the registered charges material details of which are set out in the Warrantors' Disclosure Letter or retention of title provisions arising through the ordinary course of trade, any Encumbrance of any nature (including a conditional obligation) on or affecting the assets or property or any part of the assets or property of the Company nor any debenture whether secured or otherwise or floating charge.

9.8 All charges by or in favour of the Company have been registered in accordance with the provisions of the Companies Act or comply with all necessary formalities as to registration or otherwise in any other relevant jurisdiction; and the registered particulars of all charges over any assets of the Company are complete and accurate in all material respects.

10. Debts/Unpaid Liabilities

10.1 No part of the sum shown in the Accounts in respect of debtors is represented by debts which were then more than 90 days overdue for payment and not provided for therein.

10.2 Except to the extent to which provision or reserve is made in the Accounts the Warrantors are not aware of any reason why all debts owed to the Company and reflected in the Accounts will not realise their full value and be good and collectable within 90 days of their due date for payment in the normal course of business, and, so far as the Warrantors are aware, none of such debts is subject to any counterclaim or set-off.

10.3 The Company is not owed any sums other than debts incurred in the ordinary course of trading.

10.4 The Company does not have any unpaid liability where the relevant bill or account was received more than 90 days prior to the Completion Date.

10.5 The Company is not the guarantor of any debt or unpaid liability of any other party.

11. Assets

11.1 The Company has no plant and machinery.

11.2 All vehicles and office furniture and equipment used by the Company are its property both legally and beneficially and the Company has a good and valid title thereto and none is the subject of any Encumbrance.

11.3 All office furniture and equipment owned and/or used by the Company are in its possession and control and are in reasonable repair and condition fair wear and tear excepted having regard to their age; are regularly maintained in accordance with applicable technical standards, safety regulations and the provisions of any applicable agreement and are in satisfactory working order.

11.4 Copies of maintenance contracts for the assets of the Company (except for the Computer System) which have maintained by independent or specialist contractors are annexed to the Warrantors' Disclosure Letter.

11.5 The list of assets of the Company annexed to the Warrantors' Disclosure Letter comprises a record of all the vehicles, equipment, furniture and other assets owned or possessed by the Company and such list is true and complete in all material respects.

11.6 Save as disclosed in the Warrantors' Disclosure Letter, the Company has not entered into any leasing or hiring agreement, hire purchase agreement, conditional sale or credit sale agreement, agreement for payment on deferred terms or any similar agreement or arrangement and is not in material breach of such agreements.

12. Intellectual Property

(The warranties in this Section 12 do not apply to the Software which is dealt with in Section 14).

12.1 The Company is the sole legal and beneficial owner of all the Company IPR (save for the Intellectual Property which is the subject of the Licenses) and all Company IPR is subsisting.

12.2 The Company has not entered into any agreements, licenses or created any Encumbrances affecting to the Company IPR or restricting its use by the Company in any way and for the purposes of this Warranty, Encumbrance shall be defined as any mortgage, security, interest, lien, pledge, hypothecation, assignment by way of security, right of pre-exemption, option, charge, covenant or restriction.

12.3 In so far as any of the Patents are registrable within the territories specified in schedule 3 and save as disclosed in the Warrantors' Letter:

(a) all relevant registrations and applications therefor have been made or are in the name of the Company or (in the case of the Intellectual Property which is the subject of the License Agreement) the Roslin Institute (Edinburgh), Biotechnology and Biological Sciences Research Council and Ministry of Agriculture, Fisheries and Food ("the Patent Proprietors");

(b) all application and renewal fees due to date have been duly paid; and

(c) The Company (and in relation to the Intellectual Property which is the subject of the License Agreement, the Patent Proprietors) has done everything necessary to date in relation to such applications for registrations and all such applications are proceeding normally and there are no material facts of which the Warrantors are aware which could significantly undermine those applications or reduce to a significant extent the scope of protection of any patents arising from such applications.

12.4 There are no circumstances which could entitle a third party (including any of the Warrantors) to a license, permission, consent or assignment of or in respect of any of the Company IPR or to call for or exercise any right to use or work under any of the Company IPR or which could provide a third party with a defence to patent infringement proceedings under section 44 Patents Act or any provision having an equivalent effect in any jurisdiction.

12.5 Except for matters done in the course of applying for and prosecuting the Patents, nothing has been done or omitted to be done by the Company or the Patent Proprietors whereby any person is able to obtain cancellation or rectification or any other modifications of any registration of any of the Patents in any jurisdiction in which they are currently applied for.

12.6 As far as the Warrantors are aware the Company does not own or use either individually or with any person any Intellectual Property other than the Company IPR.

12.7 There is no impediment or restriction on the Company's use and exercise of any of the Company IPR and so far as the Warrantors are aware the use and exercise does not constitute an infringement of any intellectual property owned by any third party.

12.8 Neither the Company nor any of the directors or employees or consultants of the Company are party to or bound by an agreement for sharing, exchanging, passing or otherwise transferring Company IPR to any third party.

12.9 No notice of any actions, claims, counterclaims, applications or allegations impugning the validity or enforceability of any of the Patents Agreements or (save in relation to Intellectual Property which is the subject of the License) the Company's ownership thereof has been received by the Company and all material facts of which the Warrantors are aware that such a claim is going to be made by any third party has been Disclosed.

12.10 The Company has put in place procedures set out in the Warrantors' Disclosure Letter designed to ensure that no act is done or omitted to be done which has resulted or which may result or is capable of resulting in any breach or infringement of any third party's Intellectual Property.

12.11 The Warrantors Disclosure Letter comprises a complete list of all licenses (other than implied licences) and agreements pursuant to which the Company uses any Intellectual Property owned by any third party. No notice to terminate, or of any breach or material dispute of, any of the Licenses or agreements so disclosed has been served by or received by the Company and so far as the Warrantors are aware the Company has not done or omitted to do any act which could amount or result in any such breach.

12.12 As far as the Warrantors are aware, the Licensors have at all times performed and observed the terms of the Licenses in all material respects.

12.13 The Company has not made any claim or allegation against any third party alleging infringement of any of the Company IPR and so far as the Warrantors are aware, there are no facts, matters or circumstances which could give rise to any such action, claim or allegation.

12.14 The Company has not received notice of any claims against the Company under any contract or under the Patents Acts (or otherwise) for employee compensation in respect of any Company IPR or any other like claim by a self-employed contractor.

12.15 The Company IPR includes a list of all registered intellectual property rights held by the Company which is complete in all material respects.

12.16 The trade marks listed in Part 3 of the schedule comprise all the trademarks used by the Company in connection with its business.

12.17 The Company does not own or use any brand, trade or business name in connection with its business other than the trade marks listed in Part 3 of the Schedule.

12.18 The Confidential Information has at all times been maintained by the Company so as to endeavour to preserve its confidentiality. In so far as the Confidential Information or any part thereof has been disclosed to any third parties it has been disclosed under the terms of the confidentiality agreements listed in the Warrantors' Disclosure Letter.

12.19 The Company has not registered any trade marks or design rights.

13. Employees and Consultants

13.1 The particulars of the name, job title, date of commencement of employment and/or appointment to office, age, notice period, salary, benefits (pecuniary or otherwise), confidentiality obligations and all other written terms and conditions of employment or engagement of each director, consultant or employee of the Company set out in the Warrantors' Disclosure Letter are true and accurate in all material respects.

13.2 There are no outstanding offers of employment or engagement made to any person by the Company and there is no one who has accepted an offer of employment or engagement made by the Company but who has not yet taken up that employment or engagement.

13.3 All service and employment agreements entered into by the Company and in force may be terminated by not more than six months' notice and without payment of compensation or damages (other than any payments arising under statute or payment for wrongful dismissal). All consultancy agreements entered into by the Company may be terminated by not more than six months' notice without giving rise to any claim for damages or compensation.

13.4 No director, employee or, so far as the Warrantors are aware, consultant of the Company:

(a) has given or received notice terminating his employment or engagement or altering its terms, and no such person will be entitled as a result of the entering into of this agreement to give notice of termination or to claim for any payment or benefit or to treat himself as being released from any obligation; or

(b) is currently on sick leave which (as of the Completion Date) has been continuing for more than 14 consecutive days; or

(c) is currently on maternity leave.

13.5 There are no outstanding arrears of salary, wages, holiday pay or other remuneration due to any of the Company's directors, consultants or employees.

13.6 Save as disclosed in the Warrantors' Disclosure Letter, since the Accounts Date:

(a) no change has been made in the rate or basis of remuneration, fee or the pension or other benefits paid to or provided for any director, consultant or employee of the Company; and

(b) no change has been made in any other terms of employment or engagement of any such director, consultant or employee.

13.7 The Company has not entered into any agreement or given any assurance (whether legally binding or not) or created any expectation regarding any future variation in any contract of employment or so far as the Warrantors are aware in any consultancy agreement in respect of any of its directors, employees or consultants or any agreement imposing an obligation on the Company or any expectation on the part of any director, employee or, so far as the Warrantors are aware, consultant to increase the basis and/or rates of remuneration or payment and/or the provision of other benefits to or on behalf of any of its directors, employees or consultants at any future date.

13.8 The Company does not operate any share option scheme, employee trust, cash bonus scheme or other employee incentive arrangement.

13.9 The Company has not entered into any union membership, security of employment, redundancy, recognition or other collective agreement (whether legally binding or not) with a trade union, association of trade unions, works council, staff association or other organisation or body of employees, nor has the Company done any act which might be construed as recognition, nor has the Company in respect of any employee entered into any agreement with any trade union or other employee body representing employees concerning the introduction of new equipment or technology.

13.10 The Company is not involved in any industrial or trade dispute or any dispute or negotiation regarding a claim of material importance or the dismissal or varying of the terms and conditions of employment of any present or former employee and there are no facts known to the Warrantors which indicate that there may be any such dispute or negotiation.

13.11 No disciplinary action, whether formal or informal, has been taken against and no grievance or complaint of sex, race or disability discrimination, whether formal or informal, has been raised with the Company by any employee since the Company's inception.

13.12 The Warrantors are not aware of any facts or matters affecting any of the employees of the Company which might reasonably be considered grounds for

dismissing such employee or for warning such employee that the continuation of any conduct or behaviour might lead to dismissal and no warning (whether formal or informal) has been given to any employee and no notice of termination of employment has been given to or received from any such employee.

13.13 Insofar as the Warrantors are aware, no past or present director, employee or consultant has asserted any claim against the Company for loss of office or arising out of the termination of his office or employment or in respect of any accident or injury which does not fall within the Company's insurances and so far as the Warrantors are aware there is no event which would or might reasonably be expected to give rise to any such claim.

13.14 Insofar as the Warrantors are aware, no liability has been or may be incurred by the Company for breach of any contract of service or for services, for redundancy payments, protective awards or for compensation for wrongful dismissal or unfair dismissal or for failure to comply with any order for the reinstatement or re-engagement of any employee or for any other liability accruing from the actual or proposed termination or variation of any contract of employment or for services.

13.15 No gratuitous payment has been made or promised by the Company:

(a) in respect of or contingent upon the sale of the Sale Shares; or

(b) in connection with the actual or proposed termination or suspension of employment or engagement or variation of any contract of employment or engagement of any present or former director, consultant or employee.

13.16 So far as the Warrantors are aware, all monies paid or goods or services provided directly or indirectly or made available (whether by way of the provision of a credit card or otherwise howsoever) by the Company whether as principal or surety to any of its directors or employees whether in respect of emoluments of employment or reimbursement or otherwise howsoever have been expenditures properly incurred by the Company so as to be deductible in computing its taxable profits and have been declared to the Inland Revenue.

13.17 There is no person previously employed by the Company who now has right to return to his work or in respect of whom the Company has been ordered by an Employment Tribunal that he be reinstated by the Company under the provisions of the Employment Rights Act 1996.

13.18 The Company has not made any loans or quasi loans (as defined in the Companies Act) to or entered into any credit transaction (as so defined) with any of its directors or employees.

13.19 No person has been employed since the inception of the Company who requires a work permit without such a permit being in force.

13.20 Since its inception, the Company has not been a party to any relevant transfer as defined in the Transfer of Undertakings (Protection of Employment) Regulations 1981 nor has the Company failed to comply with any duty to inform and consult any independent trade union under such Regulations.

13.21 So far as the Warrantors are aware save as provided or contemplated by this agreement, no director, consultant or employee will leave the employment or engagement of the Company as a result of the signing of this agreement or the matters or transactions effected by it.

13.22 So far as the Warrantors are aware the Company has in relation to each of its directors and employees (and so far as relevant to each of its former directors and employees) complied with all obligations imposed on it by Article 119 of the Treaty of Rome, the Trade Union and Labour Relations (Consolidation) Act 1992, the Employment Rights Act 1996 and all other statutes, regulations, codes of conduct and practices relevant to relations between the Company and its directors and employees and the Company has maintained adequate and suitable records regarding their services.

13.23 The Company's only employees are Simon Best, Piers Lincoln and Ian Biggs.

13.24 The Company's only consultants are as set out in the Warrantors' Disclosure Letter.

13.25 I Biggs is not entitled to any payments under his contract of employment other than in respect of his notice period.

14. Transaction with Warrantor's Affiliates and Computer Systems

14.1 There are no:

(a) loans made by the Company to any of the Warrantors and/or to any director of the Company and/or to any Warrantor's Affiliate of any of the Warrantors or of any such director;

(b) debts owing to the Company by any of the Warrantors and/or any director of the Company and/or by any Warrantor's Affiliate of any of the Warrantors or of any such director.

14.2 there are no existing legally binding contracts, transactions or arrangements to which the Company is a party or under which it may be liable and in which any of the Warrantors and/or any director of the Company and/or any Warrantor's

Affiliate of any Warrantor's and/or any Warrantor's Affiliate of any director is interested whether directly or indirectly to any material extent, and, so far as the Warrantors are aware, the Company has not been a party to any such contracts, transactions or arrangements since its inception.

14.3 None of the Warrantors nor any director of the Company is engaged or concerned or interested in any way whatsoever (and whether by a holding of shares or otherwise other than any company quoted on a recognised stock exchange, as defined in the Companies Act) in any other business of a similar nature to or competitive with that carried on by the Company.

14.4 Save in relation to services provided to the Company pursuant to a Warrantor's employment contract with the Company the Company does not depend in any material respect upon the use of any property, right, asset owned by, or facilities or services provided by any Warrantor or any Warrantor's Affiliate.

14.5 The Company has experienced no material or significant mechanical or software failure in respect of the Computer System at any time and the Computer System is effective and operational in all material respects.

14.6 The Company has disaster recovery protection for its Computer System and all data has been backed up periodically.

14.7 The Company is the beneficial owner free from Encumbrances of all the items of equipment, hardware, firmware and accessories relating to the Computer System and no other person has any claims or rights in respect thereof.

14.8 The Company has all the necessary licences to use the Software in the conduct of its business.

14.9 Insofar as any Software has been licensed by the Company from any third parties the Company is not in dispute with any licensor and has not done, or omitted to do, any act which might entitle such licensor to terminate that license.

14.10 All information and data held by the Company on the Computer System is beneficially owned by the Company free from Encumbrances, and the Company is not subject to any restriction with regard to the use thereof and no third party enjoys any right or permission to copy or hold any such information or data.

14.11 There are in existence maintenance and support agreements in respect of all equipment, hardware, firmware, Software and accessories used in the Computer System, and the Company has not done, or omitted to do, any act which might entitle the provider of the maintenance and support services to terminate such agreements or to withhold or refuse to supply any services thereunder; and the

Company is not in dispute with such provider regarding its maintenance and support obligations.

14.12 The Computer System comprises all equipment, hardware, firmware, software, including object code, supporting materials and accessories which are reasonably necessary to enable the Company to carry on its business in the same manner and to the same extent as it has been carried on prior to the Completion Date and the rights to use the Computer System or any part thereof will not be adversely affected by the transactions effected by this agreement.

14.13 The Company has put in hand all necessary steps to ensure that prior to 31 December 1999 the Computer System and all Software will be Year 2000 Compliant and will comply with all updates of the BSI-DISC PD 2000-1 standard which have been published prior to the Completion Date and the Warrantors have no reason to believe that such steps will not be successful by that date.

15. Material Contracts

15.1 There is not outstanding any agreement or arrangement to which the Company is a party:

- (a) which was entered into otherwise than at arm's length;
- (b) which requires (or confers any right to require) the allotment or issue of any shares, debentures or other securities of the Company now or at any time in the future;
- (c) which establishes any guarantee, indemnity, suretyship or legally binding comfort arrangement given by the Company in respect of the obligations or solvency of any third party;
- (d) which establishes any joint venture, co-operation agreement or arrangement, consortium or profit (or loss) sharing agreement or arrangement;
- (e) which involves future capital expenditure by the Company in excess of L 10,000;
- (f) which, by virtue of the execution of this agreement or acquisition of the Sale Shares by the Purchaser or other performance of the terms of this agreement will or may result in: (i) any third party being relieved of any material obligation or becoming entitled to exercise any right (including a right of termination or any right of pre-emption or other option); or (ii) the Company being in material default under any such agreement or arrangement or losing any benefit, right or license which it

currently enjoys or (iii) a liability or obligation of the Company being created or increased to any material extent;

(g) which will result in the Company becoming liable for any finder's fee, brokerage or other commission in connection with the acquisition of the Sale Shares by the Purchaser;

(h) to which any of the provisions of section 317, 320 or 330 of the Companies Act apply;

(i) pursuant to which the Company has sold or otherwise disposed of any assets or undertaking in circumstances such that it remains subject to any liability (whether contingent or otherwise) which would not normally be retained by a vendor of any assets or undertaking and which is not adequately provided for in the Accounts;

(j) which is a power of attorney given by the Company or any other authority other than authority given to a director of the Company which would enable any person to enter into any legally binding contract or commitment on behalf of the Company;

(k) which establishes any agency, distributorship, OEM, marketing, purchasing, licensing, management or administration agreement or arrangement of a material nature;

(l) which involves payment by reference to fluctuations in the index of retail prices, or any other index, or in the rate of exchange of any currency or any interest rate;

(m) which save for service, consultancy and employment agreements has more than three months left to run and is not capable of being terminated by three months' notice or less without payment of compensation or damages;

(n) which is a sale or purchase option or similar agreement or arrangement affecting any assets owned or used by the Company; or

(o) save to the extent relating to Company IPR, restricting the freedom of the Company to provide and take goods and services by such means and from and to such persons as it may from time to time think fit.

15.2 Disclosure is made in the Warrantors' Disclosure Letter of any negotiations or offers or the like which are capable or likely to result in the Company entering into any agreement or arrangement of a kind described in paragraphs 15.1(a) to (o) above.

15.3 The Company has not assigned or sublet any of its rights under and so far as the Warrantors are aware is not in default under any agreement or arrangement of a kind described in clause 15.1(a) to (o) above to which it is a party and so far as the Warrantors are aware there are no circumstances likely to give rise to any such default, and no other party thereto is in default of any such agreement or arrangement and there are no circumstances expected to give rise to any such default.

15.4 So far as the Warrantors are aware, no agreement or transaction to which the Company is a party is invalid or ultra vires and, so far as the Warrantors are aware, there are no grounds for rescission, breach, avoidance or repudiation of any agreement or other transaction to which the Company is a party.

16. Investment Grants

16.1 The Company has not received any investment grant, building grant, grant under any Local Employment Act or under the Industry Acts or any other grant or allowance or loan subsidy or financial assistance

17. Insolvency

17.1 No resolution has been passed or meeting convened for the winding up of the Company or so far as the Warrantors are aware for an administration order in respect of the Company; so far as the Warrantors are aware, no administrative receiver has been appointed of the business or the whole or any part of the assets or undertaking of the Company; and so far as the Warrantors are aware, there are no circumstances likely to give rise to the appointment of any such administrative receiver or liquidator.

17.2 There are no unfulfilled or unsatisfied judgements or court orders outstanding against the Company.

17.3 No distress, distraint, charging order, garnishee order, execution or other process which a court or a similar body may use to enforce payment of a debt has been levied or, so far as the Warrantors are aware, applied for in respect of the whole or any part of the property, assets or undertaking of the Company.

17.4 In relation to any property or assets held by the Company under any hire, hire purchase, conditional or credit sale, leasing or retention of title agreement or otherwise belonging to a third party, so far as the Warrantors are aware no event has occurred which entitles, or which upon intervention or notice by the third party may entitle, the third party to repossess the property or assets concerned or to terminate the agreement or any license in respect thereof.

17.5 The Company has not stopped payment nor is it insolvent or unable to pay its debts for the purposes of section 123 of the Insolvency Act 1986.

17.6 So far as the Warrantors are aware, the Company has not been a party to any transaction with any third party which, in the event of such third party going into liquidation or an administration order or a bankruptcy order being made in relation to it or to him, would constitute (in whole or in part) a transaction at an undervalue, a preference, an invalid floating charge or an extortionate credit transaction or part of a general assignment of debts, under sections 238 to 245 and sections 339 to 344 of the Insolvency Act 1986.

17.7 No person who at present is, or who any time since the Company's inception was, a director or officer of the Company is, or at any material time was, subject to any disqualification order under the Companies Act 1985 or under any other legislation relating to the disqualification of directors and officers or so far as the Warrantors are aware was the subject of any investigation or proceedings capable of leading to a disqualification order being made.

18. Regulatory Matters

18.1 There are now in force and effect all approvals, permits, authorities, consents and licenses of a regulatory nature which the Warrantors believe are necessary for the proper carrying on of the Company's business in the places and in the manner in which such business is now carried on.

18.2 The approvals, permits, authorities, consents and licenses referred to in clause 18.1 above are not subject to any unusual or onerous conditions having regard to the conditions which are or may be imposed on approvals, permits, authorities, consents and licenses granted to the third parties carrying on a similar business and the nature of the Company's business and the Company has complied in all material respects with all conditions attached to such approvals, permits, authorities, consents and licenses in so far as applicable to the Company. So far as the Warrantors are aware, there are no investigations, proceedings, enquiries, communications or other circumstances which mean that any such approvals, permits, authorities, consents and licenses would be revoked, cancelled, suspended, modified or not renewed.

18.3 The Company has at all times carried on its business in all material respects in accordance with its memorandum and articles of association and, so far as the Warrantors are aware, all applicable laws and regulations (whether in the United Kingdom or any other jurisdiction).

18.4 The Company has registered as a data user under Data Protection Act 1984 for all purposes and activities of the Company for which registration is required and, so far as the Warrantors are aware, has complied in all material respects with all other applicable requirements of such Act.

18.5 No outstanding written notices in relation to any statutory obligation have been served on the Company by any competent regulatory or governmental authority in respect of any of its assets or in respect of any contravention or non-compliance with or alleged contravention or non-compliance with any applicable statutory or regulatory obligation.

18.6 The Company is not a party to any agreement, arrangement or concerted practice and is not carrying on any practice which in whole or in part:

(a) is or requires to be registered under the Restrictive Trade Practices Act 1976 (whether or not such agreement, arrangement or concerted practice is a non notifiable agreement for the purposes of section 27a of the Restrictive Practices Act 1976);

(b) contravenes Articles 85 or 86 of the Treaty of Rome or Articles 53 or 54 of the agreement constituting the European Economic Area or which has been notified to the European Commission or the EFTA Surveillance Authority for a negative clearance or exemption or which ought to have been so notified (other than falling under the Commission's Notice on agreements of minor importance);

(c) has been notified by the Company to the Office of Fair Trading for "early guidance" pursuant to schedule 13, paragraph 7 of the Competition Act 1998;

(d) so far as the Warrantors are aware, contravenes or is invalidated by any competition, anti-trust, regulatory, monopoly, fair trading, consumer protection or similar legislation in any jurisdiction where the Company has any assets or carries on business.

18.7 The Company has not received any process, notice or communication (formal or informal) by or on behalf of the Office of Fair Trading, the Monopolies and Mergers Commission, the Secretary of State for Trade and Industry, any regulator within the meaning of section 54 of the Competition Act 1998, the Commission of the European Communities or the EFTA Surveillance Authority or any authority having jurisdiction in competition, anti-trust, regulatory, monopoly, fair trading or consumer protection matters of an adverse nature in relation to any aspect of the business of the Company or any agreement or arrangement to which it is or is alleged to be a party, and so far as the Warrantors are aware no circumstances exist which might give rise to the Company receiving any such process, notice or communication.

18.8 Save in relation to Taxation which is dealt with in Part D of schedule 4, there have not been and so far as the Warrantors are aware are not pending, or in

existence, any investigations or enquiries by, or on behalf of, any governmental or administrative or other body in respect of any of the affairs of the Company

19. Litigation

19.1 The Company is not a party (whether as plaintiff or defendant or otherwise) to any claim, litigation, arbitration, prosecution or other legal or quasi legal proceedings or enquiry and has not been engaged in any such claim, proceedings or enquiry since the Company's inception and, so far as the Warrantors are aware, there are no claims or actions (whether criminal or civil) pending or threatened or anticipated by or against the Company or any of its directors, employees or consultants in relation to the Company or its business or in respect whereof the Company is liable to indemnify any party concerned or may be vicariously liable.

19.2 So far as the Warrantors are aware, there are no investigations, disciplinary proceedings or other material facts or circumstances likely to lead to any claim, action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration involving the Company.

20. Insurance

20.1 The Company and its assets are insured against such risks and in such sums as are disclosed in the Warrantors' Disclosure Letter and, so far as the Warrantors are aware, none of the transactions contemplated by this agreement will directly or indirectly alter, invalidate or otherwise affect such insurance. All premiums due in respect of such insurance have been fully paid; and the next renewal date for each of such insurance is a date at least 30 days after the Completion Date. So far as the Warrantors are aware, all such insurance is currently in full force and effect, and so far as the Warrantors are aware, nothing has been done or omitted to be done which could make any policy of insurance void or voidable.

20.2 So far as the Warrantors are aware, no claim is outstanding or is likely to be made under any of such insurance and so far as the Warrantors are aware no circumstances exist which are likely to give rise to any such claim.

20.3 So far as the Warrantors are aware, there are no claims capable of arising against the Company by an employee, a workman or any other third party, in respect of any accident or injury, which do not fall within the insurances effected by the Company.

PART C

PROPERTY AND ENVIRONMENTAL WARRANTIES

1. The Company has no legal or beneficial interest in any property or premises.
2. So far as the Warrantors are aware no Hazardous Materials have migrated from the premises occupied by the Company onto or beneath other properties or are likely to do so.
3. The Company has not illegally managed or illegally allowed to escape from its control or transferred to an unauthorised person in breach of the Environmental Protection Act 1990 any controlled waste as defined in the said Act.

PART D

TAX WARRANTIES

1. Reserve for Taxation in the Accounts

1.1 The Accounts make adequate reserve or provide for all Taxation to the extent required by the Accounting Requirements for which the Company was in respect of the period ending on the Accounts Date liable and the Accounts make proper reserve for or contain a note regarding any contingent liability or possible deferred liability to Taxation to the extent required by the Accounting Requirements.

2. Returns and Payment of Taxation

2.1 Other than in respect of VAT which is dealt with in clause 14 below all returns, computations and notices or information which should have been made by law by the Company for the purposes of Taxation in respect of any accounting period up to the Accounts Date (i) have been made punctually and are correct in all material respects, (ii) contain all information required by law for all the purposes of Taxation and (iii) are not the subject of any dispute with the Inland Revenue or H M Customs & Excise or the Department of Employment or other relevant or appropriate authority as of the Completion Date; and the Company is not involved in any material dispute with the Inland Revenue or other relevant or appropriate authority concerning any matter likely to affect in any way the liability (whether accrued, contingent or future) of the Company to Taxation and is under no liability to pay any penalty or interest in connection with any claim for Taxation.

2.2 No corporation taxation computations of the profits and losses of the Company and of its liability to such Taxation for the accounting periods ending since the Company's inception have not been agreed with the Inland Revenue or other appropriate authority.

2.3 Other than in respect of VAT which is dealt with in clause 14 below the Company has duly and punctually paid to the Inland Revenue or other appropriate authority all Taxation (if any) for which it is legally liable as a result of any act or omission of the Company prior to the Completion.

2.4 Other than in respect of VAT which is dealt with in clause 14 below the Company has duly and punctually deducted, withheld, or collected for payment (as appropriate) all Taxation (if any) which it has become legally liable to deduct, withhold or collect for payment and has paid all such Taxation to the Inland Revenue or other appropriate authority.

2.5 There are set out in the Warrantors' Disclosure Letter particulars of all notifications and notices received by the Company under section 166 of ICTA.

2.6 No material failures have occurred in operating the PAYE and National Insurance Contributions systems and the Company has kept and maintained records which are correct and up-to-date in all material respects for the purposes of the legislation relating thereto.

2.7 The Company has not, since its inception, paid or become liable to pay any fine, penalty or interest charged by virtue of the provisions of the Taxes Management Act of 1970 or similar provisions in other countries.

2.8 The Company has not, since its inception, been the subject of a PAYE audit and no formal notification has been received from the Inland Revenue that an investigation by the Inland Revenue is underway.

2.9 Other than in respect of VAT which is dealt with in clause 14 below, no transaction has been entered into by the Company since the Accounts Date in respect of which the Company is required to make a specific return or to provide information to a relevant Taxation Authority and in respect of which the time for making such return or providing such information will expire on or after the Completion.

3. Tax Clearances

3.1 Since the date of inception of the Company, no transaction has been entered into by the Company in respect of which any consent or clearance from the Inland Revenue or other appropriate Taxation or governmental authority was required.

4. Base Values and Acquisition Costs

4.1 Save as disclosed in the Warrantors' Disclosure Letter the aggregate book value (exclusive of any value attributable to an asset in excess of its cost) of each of the assets of the Company in or adopted for the purposes of the Accounts does not exceed the aggregate written-down value of such asset for the purposes of CAA.

4.2 Save as disclosed in the Warrantors' Disclosure Letter if each of the capital assets of the Company (excluding, for the avoidance of doubt, trading stock) were disposed of for a consideration equal to the book value of that asset in, or adopted for the purposes of, the Accounts, no liability to corporation tax on chargeable gains or balancing charge would arise.

4.3 The Company does not own and has not agreed to acquire or dispose of any asset, nor has it received or agreed to receive any services or facilities (including without limitation the benefit of any licenses or agreements), the consideration for the acquisition or provision of which was or will be in excess of its market value or otherwise than on an arm's length basis.

5. Distributions and Payments

5.1 No security issued by the Company and remaining in issue as of the Completion was issued in such circumstances that the interest payable thereon falls to be treated as a distribution under section 209 of ICTA or section 418 of ICTA.

5.2 The Company has not, since its inception, repaid, or agreed to repay, or redeemed, or agreed to redeem, or purchased or agreed to purchase any of its share capital, or capitalised or agreed to capitalise, in the form of debentures or redeemable shares, any profits or reserves of any class or description;

5.3 The Company has not issued any share capital to which the provisions of section 249 of ICTA could apply nor does it own any such share capital.

6. Taxation Claims, Liabilities and Reliefs

6.1 There are set out in the Warrantors' Disclosure Letter material details of all matters relating to Taxation in respect of which the Company (either alone or jointly with any other person) at the Completion will have, on the basis of current law and practice as at the Completion Date an outstanding entitlement:

(a) to make any claim for relief under ICTA or any other statute relating to Taxation;

(b) to make any election for one type of relief, on one basis, system or method of Taxation, as opposed to another;

(c) to make an appeal (including a further appeal) against an assessment to Taxation;

(d) to make an application for the postponement of, or the payment by instalments of, any Taxation; or

(e) to disclaim or require the postponement of any allowance or relief.

6.2 The Company is not, nor will it become, liable to pay, or make any reimbursement or give any indemnity in respect of, any Taxation (or any amounts corresponding thereto) in consequence of the failure of any person to discharge that Taxation within any specified period, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) prior to the Completion.

7. Tax Residence and Status

7.1 The Company has been resident for tax purposes in the United Kingdom at all times since its incorporation and the Company has never been resident in any other jurisdiction.

7.2 The Company has not at any time been a trustee of any settlement for the purposes of Section 260 of TCGA.

8. Disallowance of Deductions

No rents, interest, annual payments, emoluments, management or service fees or charges or other sums of an income nature (including benefits in kind) paid or provided by the Company since the Accounts Date or which the Company is under an obligation to pay or provide in the future are or may under the law currently in force be wholly or partially disallowable as deductions or charges in computing profits or against profits for the purposes of corporation tax by reason of any statutory provision relating to Taxation.

9. Corporation Tax on Chargeable Gains

9.1 Neither the signing of this agreement nor Completion will result in any profit or gain being deemed to accrue to the Company for the purposes of Taxation whether pursuant to section 179 of TCGA or otherwise.

9.2 The Company has not disposed of or acquired any asset in such circumstances that the provisions of section 17 of TCGA did or could apply thereto.

9.3 No Taxation is or may become payable by the Company pursuant to section 189 or 190 of TCGA in respect of any transaction or event occurring on or prior to the Completion.

9.4 The Company has not at any time made any claim under sections 152 to 156 or 175 or 247 of TCGA or under any other analogous provision under UK Taxation legislation which could affect the amount of any gain accruing or treated as accruing on a disposal of any asset by the Company; and no claim has been made by the Company or, so far as the Warrantors are aware, is capable of being made by any other company which affects or could affect the amount or value of the consideration for the acquisition of any asset by the Company which is to be taken into account in calculating any gain on subsequent disposal.

9.5 The Company has not made any claim under any of the following:

(a) section 279 of TCGA (assets situated outside the United Kingdom);

(b) sections 48 or 280 of TCGA (tax on chargeable gains payable by instalments);

(c) section 24 of TCGA (assets of negligible value).

9.6 The Company is not liable to be assessed to corporation tax on chargeable gains or to capital transfer tax or inheritance tax as donor or donee of any gift or transferor or transferee of value.

9.7 In the period from the last Accounts Date to Completion, there has not accrued any gain in respect of which the Company may be liable to corporation tax on chargeable gains by virtue of the provisions of section 13 of TCGA.

9.8 No consideration due to the Company after disposal has, so far as the Warrantors are aware, become irrecoverable within the meaning of section 48 of TCGA so as to entitle the Company to an adjustment.

10. Close Companies

10.1 No distribution within section 418 of ICTA, so far as the Warrantors are aware, has ever been made by the Company, and no such distribution will be made prior to the Completion.

10.2 No loan or advance within sections 419 to 422 (inclusive) of ICTA has ever been made by the Company.

11. Inheritance Tax

11.1 The Company has not made any transfers of value for the purposes of section 94 of IHTA.

11.2 The Company has not been a party to associated operations in relation to a transfer of value within the meaning of section 268 of IHTA.

11.3 No asset owned by, or shares or securities in, the Company is liable to be subject to any sale, mortgage or charge by virtue of section 212 of IHTA.

11.4 There is not outstanding any Inland Revenue charge (as defined in section 237 of IHTA) over any asset of the Company or in relation to any shares in the capital of the Company.

12. Tax Avoidance

12.1 The Company has not entered into or been party to any transaction, scheme or arrangement designed wholly or partly for the purpose of avoiding Taxation, which may result in a liability to Taxation on the Company pursuant to any of the following sections, namely sections 56, 56A, 116, 395 and 399; sections 703-746 (inclusive); section 767A; section 770; sections 774, 775 and 776, all ICTA;

section 106 of TCGA; sections 29 and 30 of TCGA; sections 61, 75 and 142 of CAA.

12.2 The Company has not received any formal notification from the Inland Revenue or its equivalent in other countries that it has commenced a formal investigation in respect of any transactions or arrangements involving the Company with a view to applying section 770 of ICTA, or equivalent legislation in other countries.

12.3 The Company has not entered as lessor into any leasing transactions in respect of which capital allowances may be restricted or disallowed under section 22 or 47 of CAA.

12.4 The Company has not without the prior consent of the Treasury entered into any of the transactions specified in sections 765 to 767 (inclusive) of ICTA.

13. Miscellaneous

13.1 The Company has not entered into any loan relationship which is for an unallowable purpose as described in paragraph 13 of schedule 9 to the Finance Act 1996.

13.2 The Company has not entered into any loan relationships or related transactions which are not at arm's length for the purposes of paragraph 11 of schedule 9 to the Finance Act 1996.

13.3 The Company has not entered into any loan relationship with a connected person such that section 87 of the Finance Act 1986 could apply to that relationship and the Company has complied with all relevant provisions contained in Chapter II of Part IV of the Finance Act 1996 in respect of any loan relationships to which the Company is a party.

13.4 No loan relationship to which the Company is a party is a convertible security for the purposes of section 92 of the Finance Act 1996 or linked to the value of chargeable assets for the purposes of section 93 of the Finance Act 1996.

13.5 The Company has made no claim in respect of bad debts for the purposes of paragraph 5 of schedule 9 to the Finance Act 1996.

13.6 The Company has not capitalised any debit in respect of a loan relationship in its accounts other than in relation to a fixed capital asset or project as referred to in paragraph 14 of schedule 9 to the Finance Act 1996.

14. Value Added Tax

14.1 The Company:

(a) is duly registered for the purposes of VAT and has been so registered at all times when it has been legally required to be registered by the relevant legislation;

(b) has complied in all material respects with all statutory requirements, orders, provisions, directions or conditions relating to VAT, including (for the avoidance of doubt) the terms of any agreement reached with HM Customs and Excise;

(c) maintains and has at all times maintained records which are correct and up-to-date in all material respects for the purposes of the legislation relating to VAT and has preserved such records materially in such form and for such periods as are required by such legislation;

(d) is not in arrears with any payment or returns required under any legislation relating to VAT, or legally liable to any abnormal or non-routine payment, or any forfeiture or penalty or fine or default surcharge, or to the operation of any penal provision relating to VAT or to pay any interest or fine as a result of making late VAT returns; and

(e) has not been required by Customs and Excise to give security.

14.2 The Company has not at any time been legally regarded as a member of a group of companies for VAT purposes and no application for it to be so treated has at any time been made.

14.3 So far as the Warrantors are aware, no act or transaction has been effected in consequence whereof the Company is or may be held legally liable for any VAT chargeable against any other company; and the Company is not, and has not agreed to become an agent, manager or factor for the purposes of section 47 of VATA of any person who is not resident in the United Kingdom.

14.4 All supplies made by the Company are taxable supplies and the Company is not and, so far as the Warrantors are aware, will not be denied credit for any input tax by reason of the operation of any provisions of VATA and the regulations made thereunder; and all input tax for which the Company has claimed credit has been or will be paid by the Company timeously in respect of supplies made to it relating to goods or services used or to be used for the purpose of the Company's business.

14.5 No supplies have been made to the Company to which the provisions of section 8 to VATA might apply.

14.6 No claims have been made by the Company since its inception in respect of which a refund of VAT has been received by the Company under section 36 of VATA.

14.7 The Company does not have an interest in any land in relation to which an election has been made either by the Company or by any other person to an exemption from VAT pursuant to the provisions of schedule 10 of VATA.

14.8 The Company does not use in the course or furtherance of its business any item to which Part XV of the VAT Regulations 1995 applies and in respect of which the period of adjustment will not have expired on or before the Completion.

14.9 With regard to VAT, no transaction has been entered into by the Company since the Accounts Date in respect of which the Company is required to make a specific return or to provide information to a relevant Taxation Authority and in respect of which the time for making such return or providing such information will expire on or after the Completion.

14.10 With regard to VAT, the returns submitted by the Company are not the subject of any dispute with HM Customs & Excise or other relevant or appropriate authority as of the Completion Date and the Company is not involved in any material dispute with HM Customs & Excise or other relevant or appropriate authority concerning any matter likely to affect in any way the liability (whether accrued, contingent or future) of the Company to account for VAT and is under no liability to pay any penalty or interest in connection with any claim for VAT.

15. Pension Schemes

The Company has not since the Accounts Date received any payment to which section 601 of ICTA applies.

16. Share Schemes

16.1 The Company is not a participating company in any scheme approved under section 185 or 186 of ICTA.

16.2 The Company has not established or contributed to a qualifying employees share ownership trust as defined in schedule 5 of the Finance Act 1989.

17. Capital Allowances

17.1 The Company has not since the Accounts Date done or omitted to do, or agreed to do or permitted to be done, any act (other than the sale of an asset at a price equal to its market value), nor has the Company suffered any occurrence, as a result of which any disposal value has been or may be required to be brought into

account under section 24 of CAA, nor has there been, nor may there be, any recovery from the Company of excess relief within section 42 or 47 of CAA.

17.2 Since the Accounts Date the Company has not done, nor has it omitted to do, nor agreed to do, nor permitted to be done, any act, nor, so far as the Warrantors are aware, has it suffered any occurrence, as a result of which any balancing charge has arisen or may arise under section 4 of CAA.

17.3 The Company has not made any election under section 37 of CAA or engaged in any short-term leasing within section 40 of CAA.

17.4 The Company has not taken or granted a lease of any assets in respect of which an election has been made under section 53 or 55 of CAA.

18. Stamp Duty and Stamp Duty Reserve Tax

18.1 The Company has duly paid all stamp duty and all stamp duty reserve tax for which it has at any time been legally liable, and all documents which require to be stamped and which form part of the Company's title to any asset or which the Company may need to produce in court in evidence have been duly stamped.

18.2 Since inception, the Company has not made any claim for relief or exemption under section 42 of the 1930 Act or sections 75 to 77 of the 1986 Act.

19. General

19.1 No act or transaction has been effected to which the Company is a party in consequence whereof the Company has is or may be held legally liable for any Taxation primarily chargeable against some other person.

19.2 The Company does not operate any scheme approved under section 202 of ICTA (payroll deduction scheme in respect of donations to charity) or under sections 169 to 184 of ICTA (profit related pay).

SCHEDULE 5

CONDITIONS TO COMPLETION

1. The respective obligations under this agreement of each party hereto shall be subject to the satisfaction on or prior to Completion of each of the following conditions, any of which may be waived, in writing, by agreement of all the parties:

(a) No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, seeking any of the foregoing be pending; nor shall there be any action taken, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to the transactions contemplated hereby, which makes the consummation of such transactions illegal.

(b) The Purchaser, the Company and the Vendors shall have timely obtained from each Governmental Entity all approvals, waivers, clearances and consents, if any, necessary for consummation of or in connection with the transactions contemplated hereby, including, without limitation, such approvals, waivers and consents as may be required from the Biotechnology and Biological Sciences Research Council and Ministry of Agricultural, Fisheries and Food, and under the Securities Act and under any state securities laws.

(c) The relevant Vendors shall have received a letter dated prior to Completion, from HM Inland Revenue, giving clearance for the transactions contemplated by this agreement pursuant to Section 138 of the TCGA and Section 707 of the ICTA.

(d) The boards of directors of the Purchaser and the Company shall have approved the transactions contemplated herein.

(e) That 3i's payment of L 2,000,000 for D ordinary shares in the Company is received by the Company's Solicitors and is in cleared funds.

(f) That the Purchaser receives confirmation from 3i and Roslin Institute that there are no outstanding sums owed to each or any of them by the Company.

(g) That the sum of L 26,000 has been paid by the Company to 3i.

2. The obligations of the Vendors under this agreement shall be subject to the satisfaction at or prior to Completion of each of the following conditions, any of which may be waived, in writing, by the Warrantors' Representative and 3i:

(a) The Vendors shall have been provided with a certificate executed by the secretary or assistant secretary of the Purchaser certifying:

(i) resolutions duly adopted by the board of directors of the Purchaser authorising the execution of this agreement and the execution, performance and delivery of all agreements, documents and transactions contemplated hereby; and

(ii) the incumbency of the officers of the Purchaser executing this agreement and all agreements and documents contemplated hereby.

(b) The Company shall have received a certificate or certificates of the Secretary of State of the State of Delaware and any applicable franchise tax authority of such state, certifying as of a date no greater than three business days prior Completion that Purchaser has filed all required reports, paid all required fees and taxes and is, as of such date, in good standing and authorised to transact business as a domestic corporation.

3.

(a) The Purchaser shall have been provided with a certificate executed by the Secretary of the Company certifying:

(i) resolutions duly adopted by the board of directors and where relevant the Vendors of the Company authorising the execution of this agreement and the execution, performance and delivery of all agreements, documents and transactions contemplated hereby;

(ii) the memorandum and articles of association of the Company, as in effect immediately prior to Completion, including all amendments thereto; and

(iii) the incumbency of the officers of the Company executing all agreements and documents contemplated hereby to be executed by the Company.

(b) The Company shall have taken or caused to be taken such action as may be required under each outstanding option to enable the Purchaser to acquire shares in the Company granted to employees or consultants of the Company under any share option of the Company (each a "Company Option") and to cause each holder of a Company Option to enter into an Option Exchange Agreement.

(c) The Purchaser shall have received an opinion from its financial advisor, J. P. Morgan, stating that in the opinion of such financial advisor, the terms of the transactions contemplated hereby are fair to the stockholders of the Purchaser from a financial point of view.

SCHEDULE 6

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Except as disclosed in the Purchaser's Disclosure Letter, the Purchaser hereby represents and warrants to the Vendors as follows:

(a) The Purchaser is a corporation duly organised, validly existing and in good standing under the laws of its jurisdiction of organisation. The Purchaser has the corporate power to own its properties and to carry on its business as now being conducted and as proposed to be conducted and is duly qualified to do business and is in good standing in each jurisdiction in which the failure to be so qualified and in good standing would have a Material Adverse Effect on the Purchaser. The Purchaser does not have any subsidiaries or ownership interest in any other person including, for the avoidance of doubt, any company or corporation.

(b) The authorised, issued and outstanding capital stock of Purchaser is as set forth in the Purchaser's Disclosure Letter. Other than as set forth in the Purchaser's Disclosure Letter and as contemplated under this Agreement, there are no other outstanding shares of capital stock or voting securities of Purchaser, and there are no other options, warrants, calls, rights, commitments or agreements of any character to which Purchaser is a party or by which it is bound obligating the Purchaser to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of the capital stock of the Purchaser or obligating the Purchaser to grant, extend or enter into any such option, warrant, call right, commitment or agreement. All of the issued and outstanding shares of capital stock of the Purchaser are duly authorised, validly issued, fully paid, non-assessable and free of pre-emptive rights or option. The Consideration Shares when issued pursuant to this agreement will be duly authorised, validly issued, fully paid, non-assessable and free of pre-emptive rights or options.

(c) The Purchaser has all requisite legal and corporate power and authority to enter into this agreement and to consummate the transactions contemplated hereby. The execution and delivery of this agreement and the consummation of the transactions contemplated hereby have been duly authorised by all necessary corporate action on the part of the Purchaser. This agreement has been duly executed and delivered by the Purchaser and constitutes the valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

(d)

(i) The execution and delivery of this agreement do not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a benefit under (i) any provision of the Certificate of Incorporation or Bylaws of the Purchaser, as amended, or (ii) any material mortgage, indenture, lease, contract or other agreement or instrument, permit, concession, franchise, license, judgement, order, decree, statute, law, ordinance, rule or regulation applicable to the Purchaser or its properties or assets.

(ii) No consent, approval, order or authorisation of, or registration, declaration or filing with, any Governmental Entity, is required by or with respect to the Purchaser in connection with the execution and delivery of this agreement by the Purchaser or the consummation by the Purchaser of the transactions contemplated hereby, except for (i) the filing of a Form 8-K with the Securities and Exchange Commission ("SEC") and National Association of Securities Dealers ("NASD") within 15 days after Completion, (ii) any filings as may be required under applicable state securities laws and the securities laws of any foreign country, (iii) the filing with the Nasdaq National Market of a Notification Form for Listing of Additional Shares with respect to the Consideration Shares issuable pursuant to this agreement and (iv) consents, authorisations, filings, approvals and registrations which, if not obtained or made, would not have a Material Adverse Effect on the Purchaser and would not prevent, materially alter or delay any of the transactions contemplated by this agreement.

(e)

(i) The Purchaser has filed all forms, reports and documents required to be filed by the Purchaser with the SEC since July 30, 1996, and heretofore has made available to counsel for the Vendors copies, in the form filed with the SEC, of (i) its Annual Report on Form 10-K for the fiscal years ended December 31, 1996, 1997 and 1998, its Quarterly Reports on Form 10-Q for the periods ended March 31, 1998, June 30, 1998 and September 30, 1998, (iii) all definitive proxy statements relating to Purchaser's meetings of stockholders (whether annual or special) held since July 30, 1996 and (iv) all other forms, reports and registration statements (other than Quarterly Reports on Form 10-Q not referred to in clause (ii) above and excluding exhibits to registration statements and materials relating to stock option and compensation plans)

filed with the SEC by the Purchaser since June 30, 1996 and prior to the date hereof (collectively, the "Purchaser SEC Documents"). As of their respective filing dates, the Purchaser SEC Documents complied in all material respects with the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Securities Act, and none of the Purchaser SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequent Purchaser SEC Document filed prior to the date of this agreement.

(ii) The financial statements of Purchaser, including the notes thereto, included in the Purchaser SEC Documents (the "Purchaser Financial Statements") were complete and correct in all material respects as of their respective filing dates, complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto as of their respective dates, and have been prepared in accordance with generally accepted accounting principles applied on a basis consistent throughout the periods indicated and consistent with each other (except as may be indicated in the notes thereto or, in the case of unaudited statements, included in Quarterly Reports on Forms 10-Q). The Purchaser Financial Statements fairly present the consolidated financial condition and operating results of Purchaser and its subsidiaries at the dates and during the periods indicated therein (subject, in the case of unaudited statements, to normal, recurring year-end adjustments). There has been no change in Purchaser accounting policies except as described in the notes to the Purchaser Financial Statements.

(f) Since December 31, 1998 (the "Purchaser Balance Sheet Date"), the Purchaser has conducted its business in the ordinary course in a manner consistent with past practice and there has not occurred: (i) any change, event or condition (whether or not covered by insurance) that has resulted in, or might reasonably be expected to result in, a Material Adverse Effect to the Purchaser; (ii) any declaration, setting aside, or payment of a dividend or other distribution with respect to the shares of the Purchaser, or any direct or indirect redemption, purchase or other acquisition by Purchaser of any of its shares of capital stock; (iii) any material amendment or change to the Purchaser's Certificate of Incorporation or Bylaws; or (iv) any negotiation or agreement by the Purchaser to do any of the things described in the preceding clauses (i) through (iii) (other than negotiations with the Company, the Vendors and

their representatives regarding the transactions contemplated by this agreement).

(g) There is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any agency, court or tribunal, foreign or domestic, or, to the knowledge of the Purchaser, threatened against the Purchaser or any of its properties or any of its officers or directors (in their capacities as such) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser. There is no judgement, decree or order against the Purchaser or, to the knowledge of the Purchaser, any of its directors or officers (in their capacities as such) that could prevent, enjoin, or materially alter or delay any of the transactions contemplated by this agreement, or that could reasonably be expected to have a Material Adverse Effect on the Purchaser.

(h) The Purchaser has obtained each federal, state, county, local or foreign governmental consent, license, permit, grant, or other authorisation of a Governmental Entity that is required for the operation of the Purchaser's business ("Purchaser Authorisations"), and all of such Purchaser Authorisations are in full force and effect, except where the failure to obtain or have any of such Purchaser Authorisations could not reasonably be expected to have a Material Adverse Effect on the Purchaser.

(i) The Purchaser is purchasing the Sale Shares as principal and not as a nominee or agent on behalf of any other person.

(j) The Purchaser acknowledges, without making any warranty or representation to the Warrantors that, as at the date of this agreement and except as set forth in the Warrantors' Disclosure Letter, there are no facts, matters or circumstances known to the Purchaser which would constitute a breach of the Warranties and accordingly is not entering into this agreement with a view to making any claim under the Warranties on the basis of the facts, matters and circumstances known to it.

(k) The facts set out in the specific disclosures set out in the Purchaser's Disclosure Letter are true and accurate in all material respects.

SIGNED by SIMON BEST in the)
presence of:)

SIGNED by JOHN CLARK in the)
presence of:)

SIGNED by IAN KENT in the)
presence of:)

SIGNED by IAN BIGGS in the)
presence of:)

SIGNED by IAN WILMUT in the)
presence of:)

SIGNED by)
for and on behalf of GERON)
CORPORATION in the presence of:)

SIGNED by)
for and on behalf of ROSLIN)
INSTITUTE in the presence of:)
[Roslin to confirm method of signing]

SIGNED by)
for and on behalf of 3I GROUP PLC)
in the presence of:)

ANNEX A

Unregistered Trademarks

EXHIBIT 2.2

ESCROW AGREEMENT

This Escrow Agreement (the "Agreement") is entered into as of April 30, 1999, by and among Geron Corporation, a Delaware corporation (the "Purchaser"), a committee (the "Committee") acting for and on behalf of the Warrantors initially comprising Ian Kent and Grahame Bulfield (collectively, the "Warrantors' Representative") and U.S. Bank Trust National Association (the "Escrow Agent").

RECITALS

Purchaser and the Vendors of all of the issued shares of Roslin Bio-Med Limited, a company registered in Scotland (the "Company"), have entered into a Sale and Purchase Agreement of today's date (the "Purchase Agreement"), pursuant to which Purchaser will acquire all of the issued shares of the Company from the Vendors (the "Purchase"). The Purchase Agreement provides that the Escrow Fund (as defined below) will secure the obligations of the Warrantors in relation to the Warranties to Purchaser under the Purchase Agreement, on the terms and conditions set forth herein and in the Purchase Agreement. Pursuant to the Purchase Agreement, the Warrantors will receive in aggregate 860,000 shares of common stock of Purchaser ("Purchaser Stock") and all of the Warrantors' Purchaser Stock shall be deposited in the Escrow Fund (as defined below) in accordance with the terms of this Agreement and in the Purchase Agreement. The parties desire to establish the terms and conditions pursuant to which the Escrow Fund will be established and maintained.

AGREEMENT

The parties agree as follows:

1. DEFINED TERMS.

- (a) Capitalized terms used in this Agreement and not otherwise defined shall have the meanings given them in the Purchase Agreement.
- (b) "First Escrow Termination Date" means 3 November 1999.
- (c) "Second Termination Date" means 3 May 2000.

2. CONSENT OF VENDORS. The Vendors have consented to: (a) the establishment of the Escrow Fund (as defined below) to secure in full the obligations of the Warrantors under the Purchase Agreement (subject to the terms of the Purchase Agreement), (b) the appointment of the Warrantors' Representative as their representative for purposes of this Agreement and as attorney-in-fact and agent for and on behalf of each Warrantor solely with respect to the subject matter of this Agreement and clause 14 of the Purchase Agreement, and the taking by the Warrantors' Representative of any and all actions and the making of any decisions required or

permitted to be taken or made by them under this Agreement and clause 14 of the Purchase Agreement and (c) all of the other terms, conditions and limitations set forth in this Agreement.

3. ESCROW AND INDEMNIFICATION.

(a) ESCROW FUND. On or as soon as practicable after the Completion Date the Purchaser shall deposit with the Escrow Agent 860,000 shares of Purchaser Stock (the "Escrow Shares") registered in the names of the Warrantors which shall represent the aggregate of all of the shares of the Purchaser's Stock due to each of the Warrantors pursuant to clause 3 of the Purchase Agreement or pursuant to the Option Exchange Agreements. The Escrow Shares were issued to the Warrantors in the numbers set opposite the respective names of the Warrantors in column 4.2 Part 1 of schedule 1 to the Purchase Agreement. The Escrow Shares shall be divided into two separate and distinct portions and held in two escrow accounts, one escrow account containing 545,000 Escrow Shares (the "First Escrow Shares"), the second escrow account containing the remaining balance of the Escrow Shares, namely 315,000 Escrow Shares (the "Second Escrow Shares"). The First Escrow Shares together with any New Shares or any cash dividends or property allotted or deposited therein prior to the First Escrow Termination Date shall be called the First Escrow Fund. The Second Escrow Shares together with any New Shares or any cash dividends property allotted or deposited therein prior to the Second Escrow Termination Date shall be called the Second Escrow Fund. The First Escrow Fund and the Second Escrow Fund shall together be called the Escrow Fund. Schedule 1 of the Purchase Agreement sets forth the name of each Warrantor and the number of Escrow Shares contributed to the First Escrow Fund and the Second Escrow Fund respectively on behalf of each such Warrantor pursuant to clause 3.3 of the Purchase Agreement. The Escrow Fund shall be held as a trust fund and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any party hereto. The Escrow Agent agrees to accept delivery of the Escrow Fund and to hold such Escrow Fund in escrow subject to the terms and conditions of this Agreement and the Purchase Agreement.

3. DAMAGES. The Escrow Fund shall be available to compensate the Purchaser for Damages that the Purchaser incurs by reason of or in connection with any claim, demand, action or cause of action alleging misrepresentation, breach of, or default in connection with any of the representations, the Warranties, covenants or agreements of the Warrantors contained in the Purchase Agreement, which becomes known to the Purchaser during the First Escrow Period or Second Escrow Period as the case may be. Damages in each case shall be net of the amount of any insurance proceeds and indemnity and contribution actually recovered by the Purchaser. The Purchaser and the Escrow Agent undertakes to operate the Escrow Fund so that retentions against and deliveries of the First Escrow Shares and the Second Escrow Shares (as the case may be) (to the extent then available) shall be made to the Warrantors in proportion to their original contributions to the First Escrow Fund and the Second Escrow Fund subject to any adjustment necessary to take account of any Escrow Shares, New Shares, cash dividends or other property previously released with the consent of the Purchaser or as permitted in terms of the Registration Rights Agreement.

4. ADMINISTRATION OF ESCROW FUND. The Escrow Agent shall administer the Escrow Fund as follows:

(a) The Escrow Agent shall hold and safeguard the First Escrow Shares in the First Escrow Fund up to the First Escrow Termination Date and the Second Escrow Shares in the Second Escrow Fund until the Second Escrow Termination Date. The Escrow Agent shall treat each of the First Escrow Fund and the Second Escrow Fund as separate trust funds in accordance with the terms of this Agreement and the Purchase Agreement and not as the property of Purchaser and shall hold and dispose of the First Escrow Fund and the Second Escrow Fund only in accordance with the terms hereof.

(b) Upon receipt by the Escrow Agent at any time on or before the last day of the First Escrow Period and the Second Escrow Period (as the case may be) of a certificate signed by the Chief Financial Officer of Purchaser (an "Officer's Certificate"):

(i) stating that Purchaser has paid or reasonably anticipates that it will have to pay or incur Damages, and

(ii) specifying in reasonable detail the individual items of Damages included in the amount so stated, the date each such item was paid or incurred, and the nature of the misrepresentation, breach of warranty or claim to which such item is related, the Escrow Agent shall, subject to the provisions of Section 4(c) below and the other provisions of this Agreement and the Purchase Agreement, deliver to Purchaser out of the First Escrow Fund or the Second Escrow Fund (as appropriate) (to the extent then available), as promptly as practicable, First Escrow Shares or the Second Escrow Shares or other assets held in the Escrow Fund (as the case may be) (to the extent then available) in an amount equal to such Damages. The number of Escrow Shares or New Shares of each Warrantor to be so delivered to Purchaser shall be determined pro rata according to the percentages that their respective values bear to the total value of the Escrow Shares in the relevant Escrow Fund.

(iii) For the purposes of determining the number of shares to be delivered to Purchaser out of either the First Escrow Fund or Second Escrow Fund pursuant to Section 4(b), the shares of Purchaser Stock shall be valued at the average of the closing prices of Purchaser's Common Stock on the Nasdaq National Market over the thirty-day period ending three (3) days prior to the delivery date.

The Escrow Agent shall effect such payment of the First Escrow Shares or the Second Escrow Shares (as the case may be) to Purchaser by surrendering such First Escrow Shares or Second Escrow Shares (as the case may be) to Purchaser's transfer agent (US Stock Transfer Corporation) for cancellation upon receipt by the Escrow Agent of a copy of a letter from Purchaser to its transfer agent irrevocably instructing such transfer agent to issue new certificates to the Escrow Agent for the remaining Escrow Shares, after giving effect to such payment.

(c) OBJECTIONS TO CLAIMS. At the time of delivery of any Officer's Certificate to Escrow Agent, a duplicate copy of such certificate shall be delivered to the Warrantors'

Representative. Save as provided below, the Escrow Agent shall make no delivery to Purchaser from the Escrow Fund pursuant to Section 4(b) hereof until the earlier of (i) the Escrow Agent shall have received written authorization from the Warrantors' Representative to make such delivery or (ii) 30 days provided that no such payment or delivery may be made if the Warrantors' Representative shall object in a written statement to the claim made in the Officer's Certificate, and such statement shall have been delivered to the Escrow Agent and Purchaser prior to the expiration of such 30 day period (such written statement shall identify the Officer's Certificate to which the objection relates but need not specify the basis for the objection or any other details of the disputed matters).

(d) RESOLUTION OF CONFLICTS; ARBITRATION.

Without prejudice to clause 5 of the Purchase Agreement:-

(i) in case the Warrantors' Representative shall so object in writing to any claim or claims made in any Officer's Certificate, the Warrantors' Representative and Purchaser shall attempt in good faith to agree upon the rights of the Purchaser and the Warrantors with respect to each of such claims within 30 days after the Escrow Agent's receipt of the Warrantors' Representative's written objection to the claim pursuant to Section 4(c) (the "Negotiation Period"). If the Warrantors' Representative and Purchaser should so agree during the Negotiation Period, a memorandum setting forth such agreement shall be prepared and signed by both parties and shall be furnished to the Escrow Agent. The Escrow Agent shall be entitled to rely on any such memorandum and distribute the relevant Escrow Shares and/or other property from either the First Escrow Fund or Second Escrow Fund as the case may be (to the extent then available) in accordance with the terms thereof; and

(ii) if no such agreement has been reached by the end of the Negotiation Period, either Purchaser or the Warrantors' Representative may demand arbitration of the matter unless the amount of the Damages is at issue in pending litigation with a third party, in which event arbitration shall not be commenced until such amount is ascertained by settlement or a non-appealable decision of a court of competent jurisdiction or both parties agree to arbitration; and in either such event the matter shall be settled by arbitration conducted by a single arbitrator, selected by mutual agreement of the parties or otherwise in accordance with the then prevailing rules of the American Arbitration Association as adopted by the State of New York. The arbitration shall be conducted in New York, New York. The written decision of the arbitrator as to the validity and amount of any claim in such Officer's Certificate shall be binding and conclusive upon the parties to this Agreement, and notwithstanding anything in Section 4(c) hereof, the Escrow Agent shall be entitled to act in accordance with such decision and make or withhold payments out of either the First Escrow Fund or Second Escrow Fund as the case may be (to the extent then available) in accordance therewith. The arbitrator shall award reimbursement to the prevailing party in the arbitration of its reasonable expenses of the arbitration (including costs and reasonable attorneys' fees). The award of the arbitrator shall be the sole and exclusive monetary remedy of the parties and the parties shall be entitled to attempt to enforce such award in any court of competent jurisdiction. Notwithstanding the foregoing,

any party shall be entitled to seek injunctive relief or other equitable remedies to enforce the provisions of this Agreement in any court of competent jurisdiction.

5. RELEASE OF ESCROW FUND. Subject to the following requirements, the Escrow Fund shall remain in existence from the Completion Date until in the case of the First Escrow Shares the First Escrow Termination Date and in the case of the Second Escrow Shares, the Second Escrow Termination Date.

(i) FIRST ESCROW PERIOD. Upon the expiration of the First Escrow Period, the First Escrow Fund shall terminate automatically and without further notice or action on the part of any party and all First Escrow Shares, New Shares, cash dividends or other property attributable thereto and which have not been released from the First Escrow Fund pursuant to this Agreement shall be delivered to the Warrantors in accordance with this Agreement; provided, however, that a number of First Escrow Shares, which, in the reasonable judgment of Purchaser is necessary to satisfy any unsatisfied claims specified in any Officer's Certificate delivered to the Escrow Agent prior to the expiration of the First Escrow Period with respect to facts and circumstances existing on or prior to the First Escrow Termination Date shall remain in the First Escrow Fund (and the First Escrow Fund shall remain in existence) until such claims have been resolved; provided further, that Purchaser agrees to notify the Escrow Agent in writing of the expiration of the First Escrow Period.

(ii) SECOND ESCROW PERIOD. Upon the expiration of the Second Escrow Period the Second Escrow Fund shall terminate automatically and without further notice or action on the part of any party and all Second Escrow Shares, New Shares, cash dividends or other property attributable thereto and which have not been released from the Second Escrow Fund pursuant to this Agreement shall be delivered to the Warrantors in accordance with this Agreement; provided, however, that a number of Second Escrow Shares, which, in the reasonable judgment of Purchaser is necessary to satisfy any unsatisfied claims specified in any Officer's Certificate delivered to the Escrow Agent after the First Escrow Termination Date but prior to the expiration of the Second Escrow Period with respect to facts and circumstances existing on or prior to the Second Escrow Termination Date shall remain in the Second Escrow Fund (and the Second Escrow Fund shall remain in existence) until such claims have been resolved; provided further, that Purchaser agrees to notify the Escrow Agent in writing of the expiration of the Second Escrow Period.

7. WARRANTORS' REPRESENTATIVE.

(a) The Warrantors' Representative may be changed by the Warrantors from time to time in accordance with the terms of the Purchase Agreement. No bond shall be required of the Warrantors' Representative, and the Warrantors' Representative shall not receive compensation for his or her services. Notices or communications to or from the Warrantors' Representative shall constitute notice to or from each of the Warrantors. The Warrantors' Representative shall be entitled to submit a claim and receive reimbursement from the Escrow Fund for all reasonable, documented out-of-pocket expenses incurred by the Warrantors' Representative as a result of acting as the Warrantors' Representative in a claim proceeding;

provided, however, that such right to reimbursement shall be subordinate to Purchaser's claims on the Escrow Fund, if any, and shall be paid only after all such claims have been satisfied. For the avoidance of doubt, expenses incurred prior to the First Escrow Termination Date shall be paid out of the amounts distributable to the Warrantors from the First Escrow Fund. For the avoidance of doubt, expenses incurred prior to the Second Escrow Termination Date shall be paid out of the amounts distributable to the Warrantors from the Second Escrow Fund. In the event of the Purchaser's claim being successful, any such reimbursement shall be paid in Escrow Shares out of the Escrow Fund otherwise shall be payable by the Purchaser. For purposes of such reimbursement of the Warrantors' Representative, Escrow Shares shall be valued at the average of the closing prices of Purchaser's Common Stock on the Nasdaq National Market over the thirty-day period ending three (3) days prior to the payment date.

(b) The Warrantors' Representative shall not be liable for any act done or omitted hereunder as the Warrantors' Representative while acting in good faith and in the exercise of reasonable judgment.

(c) A decision, act, consent or instruction of the Warrantors' Representative shall constitute a decision of all Warrantors and shall be final, binding and conclusive upon each of such Warrantors, and the Escrow Agent and the Purchaser may rely upon any such decision, act, consent or instruction of the Warrantors' Representative as being the decision, act, consent or instruction of each and every such Warrantor. The Escrow Agent and Purchaser are hereby relieved from any liability to any person for any acts done by them in accordance with such decision, act, consent or instruction of the Warrantors' Representative.

8. ESCROW AGENT'S DUTIES.

(a) Purchaser and the Warrantors' Representative acknowledge and agree that the Escrow Agent (i) shall not be responsible for any of the agreements referred to herein but shall be obligated only for the performance of such duties as are specifically set forth in this Agreement and as set forth in any additional written escrow instructions which the Escrow Agent may receive after the date of this Agreement that are signed by an officer of Purchaser and the Warrantors' Representative; (ii) shall not be obligated to take any legal or other action hereunder which might in its reasonable judgment involve expense or liability unless it shall have been furnished with indemnity reasonably acceptable to it; and (iii) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction, instrument, statement, request or document furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the proper person, and shall have no responsibility for determining the accuracy thereof.

(b) The Escrow Agent is hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person, excepting only orders or process of courts of law or written decision of the arbitrator pursuant to Section 4(d), and is hereby expressly authorized to comply with and obey orders, judgments or decrees of any court or written decision of the arbitrator. In case the Escrow Agent obeys or complies with any such order, judgment or decree of any court or written decision of the arbitrator, the Escrow Agent

shall not be liable to any of the parties hereto or to any other person by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

(c) The Escrow Agent shall not be liable in any respect on account of the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver this Agreement or any documents or papers deposited or called for hereunder.

(d) The Escrow Agent shall not be liable for the expiration of any rights under any statute of limitations with respect to this Agreement or any documents deposited with the Escrow Agent.

(e) Neither the Escrow Agent nor any of its directors, officers or employees shall be liable to anyone for any action taken or omitted to be taken by it or any of its directors, officers or employees hereunder except in the case of gross negligence, bad faith or willful misconduct. Subject to Section 8(g) below, Purchaser and the Warrantors (collectively, the "Indemnifying Parties") covenant and agree to jointly and severally indemnify the Escrow Agent and hold it harmless from and against any fee, loss, liability or expense (including reasonable attorney's fees and expenses) (a "Loss") incurred by the Escrow Agent arising out of or in connection with the performance of its obligations in accordance with the provisions of this Agreement or with the administration of its duties hereunder, unless such Loss shall arise out of or be caused by the Escrow Agent's gross negligence, bad faith or willful misconduct; provided, however, that indemnification for the Escrow Agent's standard fees and expenses set forth on the fee schedule attached hereto as Exhibit A shall be borne exclusively by Purchaser, and provided further that the indemnity agreement contained in this Section 8(e) shall not apply to amounts paid in settlement of any Loss if such settlement is effected without the consent of Purchaser and the Warrantors' Representative.

(f) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from payments made hereunder, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Fund. Subject to Section 8(g) below, the Indemnifying Parties agree to jointly and severally indemnify and hold the Escrow Agent harmless from and against any taxes, additions for late payment, interest, penalties and other expenses, that may be assessed against the Escrow Agent on any payment or other activities under this Agreement unless any such tax, addition for late payment, interest, penalty or other expense shall arise out of or be caused by the actions of, or a failure to act by, the Escrow Agent. No distributions will be made to the Warrantors unless the Escrow Agent is supplied with an original, signed Form W-9 or its equivalent prior to distribution.

(g) Notwithstanding the joint and several nature of the obligations of the Indemnifying Parties under Section 8(e) and 8(f), the Warrantors' total collective share of the liability for indemnification of the Escrow Agent under Sections 8(e) and 8(f) hereof (the "Indemnification Liability") shall in no event exceed the value of the Escrow Fund then available to pay such liability. Accordingly the total liability of each Warrantor shall in no event exceed the value of the Escrow Fund (to the extent remaining and available) attributable to each

Warrantor. Any and all amounts to be paid by the Warrantors for their share of the Indemnification Liability shall be payable only out of the Escrow Fund. Subject to the foregoing, each of the Indemnifying Parties shall contribute to the Indemnification Liability in such proportion as is appropriate to reflect the relative fault of each individual Indemnifying Party, including up to all such Indemnification Liability in the case of any tax liability arising from failure to provide correct information with respect to any taxes pursuant to Section 8(f) above. In all cases where there is no such basis for allocating contribution for such Indemnification Liability or except as otherwise provided in Section 8(e), one half of the total Indemnification Liability shall be paid out of the Escrow Fund and allocated pro rata among each of the Warrantors according to their respective percentage ownership of the Escrow Fund, and one half of the total Indemnification Liability shall be paid by Purchaser.

(h) The Escrow Agent may resign at any time upon giving at least 30 days' written notice to Purchaser and the Warrantors' Representative; provided, however, that no such resignation shall become effective until the appointment of a successor escrow agent, which shall be accomplished as follows: Purchaser and the Warrantors' Representative shall use their best efforts to mutually agree upon a successor agent within 30 days after receiving such notice. If the parties fail to agree upon a successor escrow agent within such time, the Warrantors' Representative with the consent of Purchaser, which shall not be unreasonably withheld, shall have the right to appoint a successor escrow agent. The successor escrow agent selected in the preceding manner shall execute and deliver an instrument accepting such appointment and it shall thereupon be deemed the Escrow Agent hereunder and it shall without further acts be vested with all the estates, properties, rights, powers, and duties of the predecessor Escrow Agent as if originally named as Escrow Agent. If no successor escrow agent is named, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor escrow agent. Thereafter, the predecessor Escrow Agent shall be discharged from any further duties and liabilities under this Agreement. The provisions of paragraphs 8(e) and 8(f) shall survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

9. FEES, EXPENSES AND TAXES. Purchaser agrees to pay or reimburse the Escrow Agent for its normal services hereunder in accordance with the fee schedule attached hereto as Exhibit A. The Escrow Agent shall be entitled to reimbursement upon 30 days' written notice for all expenses incurred in connection with Sections 8(e) and 8(f) above, and payment of any legal fees and expenses incurred by the Escrow Agent in connection with the resolution of any claim by any party hereunder. Taxes incurred with respect to payments made hereunder shall be borne by the party to whom such payment is made.

10. MISCELLANEOUS.

(a) AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended or waived with the written consent of the parties or their respective successors and assigns. Any amendment or waiver effected in accordance with this Section 10(a) shall be binding upon the parties and their respective successors and assigns.

(b) SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(c) GOVERNING LAW; JURISDICTION. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

(d) COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(e) TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(f) NOTICES. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below, or as subsequently modified by written notice.

If to the Purchaser:

David L. Greenwood
Geron Corporation
230 Constitution Drive
Menlo Park, CA 94025
Facsimile No.: (650) 473-7701

with a copy to:

Joshua L. Green
Venture Law Group,
A Professional Corporation
2800 Sand Hill Road
Menlo Park, CA 94025
Facsimile No.: (650) 233-8386

If to Company:
Roslin Biotechnology Centre
Roslin
Midlothian

with a copy to:
Kenneth McCracher
Wright Johnston MacKenzie

If to Warrantors' Representative:

- (i) Ian Kent
9 Latham Road
Cambridge; and
- (ii) Grahame Bulfield
9 Dewarton
Gorebridge
Midlothian EH23 4NX

If to Escrow Agent:

U.S. Bank Trust National Association
1 California Street
San Francisco, CA 94111
Attention: Ann Gadsby

(g) SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

(h) ENTIRE AGREEMENT. Except as set forth in the Purchase Agreement, this Agreement is the product of all of the parties hereto, and constitutes the entire agreement between such parties pertaining to the subject matter hereof, and merges all prior negotiations and drafts of the parties with regard to the transactions contemplated herein. Any and all other written or oral agreements existing between the parties hereto regarding such transactions are expressly canceled.

(i) ADVICE OF LEGAL COUNSEL. Each party acknowledges and represents that, in executing this Agreement, it has had the opportunity to seek advice as to its legal rights from legal counsel and that the person signing on its behalf has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any party by reason of the drafting or preparation thereof.

(j) LIMITATIONS. Notwithstanding any provisions of this Agreement, the provisions of the Purchase Agreement and, in particular, the provision of clause 5 of the Purchase Agreement shall apply mutatis mutandis as if its terms were set out in this Agreement so as to qualify, limit or restrict any claim which the Purchaser may have against the Warrantor under or pursuant to the terms of the Purchase Agreement.

The parties have executed this Agreement as of the date first above written.

PURCHASER:

GERON CORPORATION

By: _____

Name: _____

(print)

Title: _____

ESCROW AGENT:

U.S. BANK TRUST NATIONAL ASSOCIATION

By: _____

Name: _____

(print)

Title: _____

WARRANTORS' REPRESENTATIVE

IAN KENT

GRAHAME BULFIELD

EXHIBIT A

FEE SCHEDULE

EXHIBIT 4.1

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is entered into as of April 30, 1999, by and among Geron Corporation, a Delaware corporation (the "Purchaser"), and the shareholders of Roslin Bio-Med Ltd. (the "Company"), a company registered in Scotland (each individually, a "Shareholder" and collectively, the "Shareholders").

RECITALS

The Purchaser and the Shareholders have entered into a Share Purchase Agreement of even date with this Agreement (the "Purchase Agreement") pursuant to which Purchaser will acquire all of the issued shares of the Company from the Shareholders (the "Purchase"), and the Shareholders will receive shares of common stock of Purchaser ("Purchaser Stock"). As a condition to the closing of the Purchase, the Shareholders desire to obtain and the Purchaser has agreed to grant certain registration rights to the Shareholders with respect to the Purchaser Stock.

In consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

1. DEFINITIONS

Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" has the meaning set forth in Section 3(1) hereof.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

"Business Day" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York generally are authorized or required by law or other government actions to close.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means Purchaser's Common Stock, par value \$.001 per share.

"Effectiveness Period" has the meaning set forth in Section 2(a) hereof, subject to extension in accordance with Section 4(1) hereof.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Filing Date" means on or before the 120th day following the Closing Date.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" has the meaning set forth in Section 5(c) hereof.

"Indemnifying Party" has the meaning set forth in Section 5(c) hereof.

"Losses" has the meaning set forth in Section 5(a) hereof.

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference in such Prospectus.

"Registrable Securities" means (i) the shares of Purchaser Stock issued or issuable to the Shareholders pursuant to the Purchase Agreement (including all shares issued and deposited into the Escrow Fund) and (ii) any shares of Purchaser's capital stock issued with respect to the shares of Purchaser Stock described in clause (i) as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise.

"Registration Statement" means the registration statement and any additional registration statements contemplated by Section 2(a), including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and

post-effective amendments, all exhibits thereto, and all material incorporated by reference in such registration statement.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Special Counsel" means one special counsel to the Holders, for which the Holders will be reimbursed by Purchaser pursuant to Section 4.

2. SHELF REGISTRATION

(a) Purchaser shall prepare and file with the Commission, on or prior to the Filing Date, the Registration Statement covering all Registrable Securities for an offering to be made on a continuous basis pursuant to a "shelf" registration statement under Rule 415. The Registration Statement shall be on Form S-3 or any successor form (except if Purchaser is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith, subject to the reasonable consent of the original Holders of the Registrable Securities). Purchaser shall (i) not permit any securities other than the Registrable Securities to be included in the Registration Statement and (ii) use its best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof (provided, however, that Purchaser shall have no obligation to cause the Registration Statement to be declared effective prior to the 180th day following the Closing Date) and to keep such Registration Statement continuously effective under the Securities Act until the date which is two years after the date that such Registration Statement is declared effective by the Commission or such earlier date when all Registrable Securities covered by such Registration Statement have been sold or may be sold without volume restrictions pursuant to Rule 144 as determined by counsel to Purchaser pursuant to a written opinion letter, addressed to Purchaser's transfer agent to such effect (the "Effectiveness Period").

(b) Purchaser represents and warrants that it meets the registrant eligibility and transaction requirements for the use of Form S-3 (for secondary offerings) for the registration of the sale of Registrable Securities by the Shareholders and any other Holders, and Purchaser shall file all reports required to be filed by Purchaser with the Commission in a timely manner so as to maintain such eligibility for the use of Form S-3.

3. REGISTRATION PROCEDURES

In connection with Purchaser's registration obligations hereunder, Purchaser shall:

(a) Prepare and file with the Commission on or prior to the Filing Date a Registration Statement on Form S-3 or its successor form (or if Purchaser is not then eligible to register for resale the Registrable Securities on Form S-3 such registration shall be on another appropriate form in accordance herewith or in accordance with the method or methods of distribution thereof as specified by the Holders (except if otherwise directed by the Holders)), and use its best efforts to cause the Registration Statement to become effective and remain effective as provided herein.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement as may be necessary to keep the Registration Statement continuously effective for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; (iii) respond as promptly as possible to any comments received from the Commission with respect to the Registration Statement or any amendment thereto; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by the Registration Statement during the applicable period in accordance with the intended methods of disposition by the Holders thereof set forth in the Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Registrable Securities to be sold and their Special Counsel as promptly as possible (i) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iii) if at any time any of the representations and warranties of Purchaser contained in any agreement (including any underwriting agreement) contemplated hereby ceases to be true and correct in all material respects; (iv) of the receipt by Purchaser of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (v) of the occurrence of any event that makes any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) Upon request, furnish to each Holder, their Special Counsel and any managing underwriters, without charge, at least one conformed copy of each Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(f) Promptly deliver to each Holder, their Special Counsel, and any underwriters, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request; and Purchaser hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders and any underwriters in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(g) Prior to any public offering of Registrable Securities, use its best efforts to register or qualify or cooperate with the selling Holders, and their Special Counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder requests in writing, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by a Registration Statement; provided, however, that Purchaser shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or subject Purchaser to any material tax in any such jurisdiction where it is not then so subject.

(h) Cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such managing underwriters or Holders may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as possible, prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact

required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Use its best efforts to cause all Registrable Securities relating to such Registration Statement to be listed on the Nasdaq National Market prior to the date the Registration Statement becomes effective and any other securities exchange, quotation system, market or over-the-counter bulletin board, if any, on which similar securities issued by Purchaser are then listed.

(k) Make available for inspection by the selling Holders, any representative of such Holders, any underwriter participating in any disposition of Registrable Securities, and any attorney or accountant retained by such selling Holders or underwriters, at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of Purchaser and its subsidiaries, and cause the officers, directors, agents and employees of Purchaser and its subsidiaries to supply all information in each case reasonably requested by any such Holder, representative, underwriter, attorney or accountant in connection with the Registration Statement; provided, however, that if any information is determined in good faith by Purchaser in writing to be of a confidential nature at the time of delivery of such information, then prior to delivery of such information, Purchaser and the Holders shall enter into a confidentiality agreement reasonably acceptable to Purchaser and the Holders providing that such information shall be kept confidential, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities (provided, however, that Purchaser shall be given notice of any such pending disclosure so that Purchaser may seek a protective order); (ii) disclosure of such information, in the opinion of counsel to such Person, is required by law; (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by such Person; or (iv) such information becomes available to such Person from a source other than Purchaser and such source is not known by such Person to be bound by a confidentiality agreement with Purchaser.

(l) Purchaser may require each selling Holder to furnish to Purchaser information regarding such Holder and the distribution of such Registrable Securities as is required by law to be disclosed in the Registration Statement, and Purchaser may exclude from such registration the Registrable Securities of any such Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request.

Each Holder covenants and agrees that, subject to Section 7 of this Agreement, (i) it will not sell any Registrable Securities under the Registration Statement until it has received copies of the Prospectus as then amended or supplemented as contemplated in Section 3(f) and notice from Purchaser that such Registration Statement and any post-effective amendments thereto have become effective as contemplated by Section 3(c) and (ii) it and its officers, directors or Affiliates, if any, will comply with the prospectus delivery requirements of the Securities Act as applicable to them in connection with sales of Registrable Securities pursuant to the Registration Statement.

Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from Purchaser of the occurrence of any event of the kind described in Section 3(c) (ii), 3(c) (iii), 3(c) (iv) or 3(c) (v), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until the earlier of (i) the expiration of 90 days from the date of receipt of such notice, (ii) such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement contemplated by Section 3(f), or (iii) it is advised in writing (the "Advice") by Purchaser that the use of the applicable Prospectus may be resumed, and, in the case of either (ii) or (iii) above, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement; provided, however, that the Purchaser may not utilize this right more than once in any twelve-month period; and provided further, however, that the Effectiveness Period shall be extended automatically by a number of days equal to the period of time that the Holders discontinue the disposition of Registrable Securities pursuant to this Section 4(1).

4. REGISTRATION EXPENSES

All fees and expenses incident to the performance of or compliance with this Agreement by Purchaser shall be borne by Purchaser whether or not pursuant to an underwritten offering and whether or not the Registration Statement is filed or becomes effective and whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the Nasdaq National Market and each other securities exchange or market on which Registrable Securities are required hereunder to be listed and (B) in compliance with state securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel for the Holders in connection with Blue Sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as the managing underwriters, if any, or the Holders of a majority of Registrable Securities may designate)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is requested by the managing underwriters, if any, or by the holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for Purchaser and Special Counsel for the Holders, (v) Securities Act liability insurance, if Purchaser so desires such insurance, and (vi) fees and expenses of all other Persons retained by Purchaser in connection with the consummation of the transactions contemplated by this Agreement (including the fees of accountants retained to conduct any audit of the Company's financial statements). In addition, Purchaser shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder.

5. INDEMNIFICATION

(a) INDEMNIFICATION BY PURCHASER. Purchaser shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents (including any underwriters retained by such Holder in connection with the offer and sale of Registrable Securities), brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to Purchaser by such Holder expressly for use therein, which information was reasonably relied on by Purchaser for use therein or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (provided that Purchaser amended any disclosure with respect to the method of distribution upon written notice from the Holders that such section of the Prospectus should be revised in any way). In addition, Purchaser shall not be liable for any Losses to any Holder with respect to any untrue or alleged untrue statement or omission or alleged omission if such statement or omission was made in a preliminary Prospectus that is corrected in a final Prospectus (or any amendment or supplement thereto) if the person asserting such Losses purchased Common Stock from a Holder in reliance upon such preliminary Prospectus (or a Prospectus which was subsequently amended or supplemented) or the Prospectus, as subsequently amended or supplemented, that was delivered by Purchaser to such Holder prior to written confirmation of the sale of the Common Stock to such person in any case where such delivery of such Prospectus to the purchaser of the Common Stock (as amended or supplemented) is required, unless such failure to deliver such final Prospectus to the purchaser of the Common Stock (as amended or supplemented) was a result of noncompliance by Purchaser with Section 3(f) of this Agreement. Purchaser shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which Purchaser is aware in connection with the transactions contemplated by this Agreement.

(b) INDEMNIFICATION BY HOLDERS. Each Holder shall, severally and not jointly, indemnify and hold harmless Purchaser, the directors, officers, agents and employees, each Person who controls Purchaser (within the meaning of Section 15 of the Securities Act and

Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon any untrue statement of a material fact contained in the Registration Statement, any Prospectus, or any form of prospectus, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to Purchaser specifically for inclusion in the Registration Statement or such Prospectus and that such information was reasonably relied upon by Purchaser for use in the Registration Statement, such Prospectus or such form of prospectus or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of prospectus. In no event shall the aggregate liability of any selling Holder hereunder together with any liability of such selling Holder under Section 5(d) hereof be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) CONDUCT OF INDEMNIFICATION PROCEEDINGS. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party promptly shall notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, however, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior

written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within 10 Business Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) CONTRIBUTION. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party because of a failure or refusal of a governmental authority to enforce such indemnification in accordance with its terms (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms. In no event shall the aggregate liability of any selling Holder hereunder together with any liability of such selling Holder under Section 5(b) hereof be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6. RULE 144

As long as any Holder owns Registrable Securities, Purchaser covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by Purchaser after the date hereof pursuant to Section 13(a) or 15(d) of the Exchange Act and to promptly furnish the Holders with true and complete copies of all such filings. As long as any Holder owns Registrable Securities, if Purchaser is not required to file reports pursuant to Section 13(a) or 15(d) of the Exchange Act, it will prepare and furnish to the Holders and make publicly available in accordance with Rule 144(c) promulgated under the Securities Act annual and quarterly financial statements, together with a discussion and analysis of such financial statements in form and substance substantially similar to those that would otherwise be required to be included in reports required by Section 13(a) or 15(d) of the Exchange Act, as well as any other information required thereby, in the time period that such filings would have been required to have been made under the Exchange Act. Purchaser further covenants that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Person to sell Purchaser Stock without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act. Upon the request of any Holder, Purchaser shall deliver to such Holder a written certification of a duly authorized officer as to whether it has complied with such requirements.

7. RESTRICTIONS ON SALES

(a) The Ruby Institute (the "Institute") agrees not to directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to Affiliates who agree to be similarly bound) (collectively, "Institute Transfer Restrictions") the Purchaser Stock issued to the Institute pursuant to the Purchase Agreement prior to the expiration of one year following the Closing Date.

(b) The Institute and Purchaser agree and acknowledge that it is in their mutual interest that disposition of Purchaser Stock be accomplished in a manner that does not disrupt or undermine the trading market for Purchaser's Common Stock on the Nasdaq National Market. Therefore, the Institute shall not sell or otherwise transfer more than 35,000 shares of Common Stock during any three-month period following the expiration of the Institute Transfer Restrictions set forth in Section 7(a) above without the prior written approval of Purchaser. Subject to the foregoing, all sales of Common Stock by the Institute shall be subject to all applicable policies of Purchaser relating to insider trading.

(c) 3i Group plc ("3i") agrees not to directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to Affiliates who agree to be similarly bound) (collectively, "3i Transfer Restrictions") the Purchaser Stock issued to 3i pursuant to the Purchase Agreement prior to the expiration of 180 days following the Closing Date.

(d) Each of John Brown and Ian Kent (the "Directors") agrees not to directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to Affiliates who agree to be similarly bound) (collectively, "Director Transfer Restrictions") the Purchaser Stock issued to the Directors pursuant to the Purchase Agreement prior to the expiration of 180 days following the Closing Date; provided, however, that notwithstanding the foregoing, each Director may sell at any time permitted under U.S. securities laws a number of shares of Purchaser Stock that would yield proceeds sufficient to cover any tax obligations or exercise and transaction costs incurred by such Director as a result of exercise of his Company stock options prior to the Closing.

(e) The Directors and Purchaser agree and acknowledge that it is in their mutual interest that disposition of Purchaser Stock be accomplished in a manner that does not disrupt or undermine the trading market for Purchaser's Common Stock on the Nasdaq National Market. Therefore, neither Director shall sell or otherwise transfer more than 25% of the number of shares of Purchaser Common Stock allocated to such Person pursuant to the Purchase Agreement (as adjusted for stock splits, stock dividends and similar transactions) during any three-month period following the expiration of the Director Transfer Restrictions set forth in Section 7(d) above without the prior written approval of Purchaser; provided, however, that notwithstanding the foregoing, each Director may sell at any time permitted under U.S. securities laws a number of shares of Purchaser Stock that would yield proceeds sufficient to cover any tax obligations or exercise and transaction costs incurred by such Director as a result of exercise of his Company stock options prior to the Closing. Subject to the foregoing, all sales of Common Stock by the Directors shall be subject to all applicable policies of Purchaser relating to insider trading for so long as the Director remains an employee of or consultant to the Purchaser, the Company or the Institute and for a period of 180 days following termination of any such employment or consulting relationship.

(f) Each of the Shareholders other than the Institute, 3i and the Directors (each, a "Remaining Shareholder") agrees not to directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to Affiliates who agree to be similarly bound) (collectively, "Remaining Shareholder Transfer Restrictions") the Purchaser Stock issued to such Remaining Shareholder pursuant to the Purchase Agreement prior to the expiration of one year following the Closing Date; provided, however, that notwithstanding the foregoing, each Remaining Shareholder may sell at any time permitted under U.S. securities laws a number of shares of Purchaser Stock that would yield proceeds sufficient to cover any tax obligations or exercise and transaction costs incurred by such Remaining Shareholder as a result of exercise of his Company stock options prior to the Closing.

(g) Each Remaining Shareholder and Purchaser agree and acknowledge that it is in their mutual interest that disposition of Purchaser Stock be accomplished in a manner that does not disrupt or undermine the trading market for Purchaser's Common Stock on the Nasdaq National Market. Therefore, no Remaining Shareholder shall sell or otherwise transfer more than 25% of the number of shares of Purchaser Common Stock allocated to such Person pursuant to

the Purchase Agreement (as adjusted for stock splits, stock dividends and similar transactions) during any three-month period following the expiration of the Remaining Shareholder Transfer Restrictions set forth in Section 7(f) above without the prior written approval of Purchaser; provided, however, that notwithstanding the foregoing, each Remaining Shareholder may sell at any time permitted under U.S. securities laws a number of shares of Purchaser Stock that would yield proceeds sufficient to cover any tax obligations or exercise and transaction costs incurred by such Remaining Shareholder as a result of exercise of his Company stock options prior to the Closing. Subject to the foregoing, all sales of Common Stock by the Remaining Shareholders shall be subject to all applicable policies of Purchaser relating to insider trading for so long as the Remaining Shareholder remains an employee of or consultant to the Purchaser, the Company or the Institute and for a period of 180 days following termination of any such employment or consulting relationship.

8. MISCELLANEOUS

(a) REMEDIES. In the event of a breach by Purchaser or by a Holder of any of their obligations under this Agreement, each Holder, or Purchaser, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. Purchaser and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) ENTIRE AGREEMENT. This Agreement, together with the Purchase Agreement, contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

(c) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by Purchaser and the Holders of at least a majority of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(d) NOTICES. The notice provisions set forth in Section 9.1 of the Purchase Agreement shall apply to all notices given or required to be given under this Agreement.

(e) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder.

(f) ASSIGNMENT OF REGISTRATION RIGHTS. The rights of each Holder hereunder, including the right to have Purchaser register for resale Registrable Securities in accordance with the terms of this Agreement, shall be automatically assignable by each Holder if: (i) the Holder agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to Purchaser within a reasonable time after such assignment, (ii) Purchaser is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned, (iii) following such transfer or assignment the further disposition of such securities by the transferee or assignees is restricted under the Securities Act and applicable state securities laws, and (iv) at or before the time Purchaser receives the written notice contemplated by clause (ii) of this Section, the transferee or assignee agrees in writing with Purchaser to be bound by all of the provisions of this Agreement. The rights to assignment shall apply to the Holders (and to subsequent) successors and assigns.

(g) COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(h) GOVERNING LAW. The corporate laws of the State of Delaware shall govern all issues concerning the relative rights of Purchaser and the Shareholders as its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflicts of law. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

(i) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that

they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first above written.

PURCHASER:

GERON CORPORATION

By: _____

Name: _____
(print)

Title: _____

Address: 230 Constitution Drive
Menlo Park, CA 94025

Facsimile Number: (650) 473-7701

SHAREHOLDERS:

By: _____

Name: _____
(print)

Title: _____

Address: _____

Facsimile Number: _____

DATED MAY 3, 1999

ROSLIN INSTITUTE (EDINBURGH)

GERON CORPORATION

- AND -

ROSLIN BIO-MED LIMITED

RESEARCH AND LICENCE AGREEMENT

Dundas & Wilson
191 West George Street
GLASGOW G2 2LB

RESEARCH AND LICENCE AGREEMENT made the 3rd day of May, 1999

BETWEEN

GERON CORPORATION, a Delaware corporation having a principal place of business at 230 Constitution Drive, Menlo Park, California 94025 ("Geron");

ROSLIN INSTITUTE (EDINBURGH), a company incorporated in Scotland under the Companies Acts with registered number 157100 and having its registered office at Roslin Biotechnology Centre, Roslin, Edinburgh, Midlothian, EH25 9PS ("the Institute"); and

ROSLIN BIO-MED LIMITED, a company incorporated in Scotland under the Companies Acts with registered number 179263 and having its registered office at Roslin Biotechnology Centre, Roslin, Midlothian EH25 9PS ("RBM").

WHEREAS:

- (A) The Institute, the Minister of Agriculture, Fisheries and Food acting through the Ministry of Agriculture, Fisheries and Food ("MAFF") and the Biotechnology and Biological Sciences Research Council ("BBSRC") are joint owners of patent applications and the Institute and BBSRC are the joint-owners of certain valuable know-how relating to both nuclear transfer technology and the cloning and genetic modification of animals and human cells;
- (B) By an agreement dated 26th March and 7th April 1998 MAFF and BBSRC have irrevocably consented for all purposes (except in relation to the Cloning of Humans (as defined in Clause 1.1)) to the Institute negotiating and granting licences under the said patent applications on such terms and conditions as the Institute shall, in its entire discretion, decide in respect of all applications of the inventions which fall within the claims of the said patent applications relating to end products for human health care, and by a letter dated 3 April 1998, BBSRC consented to the Institute granting rights in the said know-how to RBM ;
- (C) The Institute and RBM entered into a Research Agreement on 7th April 1998 ("Existing Research Agreement") in order to fund development of technology relating to the said patent applications and know-how
- (D) On or prior to the execution of this Agreement Geron has acquired the whole of the issued share capital of RBM;
- (E) The Institute, Geron and RBM have entered into an agreement of even date herewith ("the Licence Agreement") whereby a Licence dated 7th April 1998 between the Institute and RBM was terminated and the Institute granted to Geron a licence of the said patent applications, know-how and certain other intellectual property rights in respect of the fields of use defined in the Licence Agreement;

- (F) Geron wishes to fund further development of the technology relating to the said patent applications, know-how and other intellectual property rights for bio-medical purposes as otherwise specified in this Agreement and the Institute and to further the objectives of the Institute in a manner consistent with its status as a research and educational institute and its recognition as a Scottish Charity (number SC023592), has agreed to carry out such research;
- (G) It is also envisaged that Geron may actively participate and engage in the research and to that end will make available to the Institute Geron's existing know-how and other intellectual property to assist the Institute in carrying out the research; and
- (H) It has therefore been agreed that, as from the Commencement Date, the Existing Research Agreement will be terminated and a research agreement shall be entered into on the terms and conditions set out herein.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

- 1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall have the respective meanings set out opposite them:

"Associate"	shall mean, in relation to any company, any subsidiary or holding company of that company or any subsidiary of any such holding company and for this purpose "subsidiary" and "holding company" shall have the meanings specified in Section 736 of the Companies Act 1985;
"Background Intellectual Property"	shall mean all and any Intellectual Property belonging to or used by any party other than Foreground Intellectual Property;
"Cloning of Humans"	shall mean the uterine implantation and development of a reconstructed embryo with identical nuclear genetic information to another living or deceased human being;
"Commencement Date"	the last date of execution of this Agreement;
"Directed Research"	shall mean the programmes of scientific research funded by the Directed Research Funding and which are to be carried out by the Institute at the Premises in accordance with the Directed Research Workplan;

* "Directed Research Funding"	shall mean the sum of [*]
"Directed Research Results"	shall mean the results of the Directed Research including all reports, data, formulae, processes, technical information, laboratory books and all documents, materials, drawings and models produced by the Institute in the conduct of the Directed Research in whatever form and on whatever media they are held and all Intellectual Property in those results;
"Directed Research Workplan"	shall mean the workplan for the Directed Research to be agreed and as may be amended from time to time by the Project Board in accordance with Clause 3.2;
"EEA"	The European Economic Area as constituted from time to time;
"Fields of Use"	shall mean, subject to Clause 4 of the Licence Agreement, all applications of the Foreground Intellectual Property;
"First Sale Date"	shall mean the date on which Geron or any of its Associates or any sublicensees first puts a Product on the market;
"Foreground Intellectual Property"	shall mean all and any Intellectual Property arising from the Directed Research and/or the Undirected Research;
"Institute Intellectual Property"	shall mean Intellectual Property owned by the Institute pursuant to Clause 7.6.1;
"Intellectual Property"	means all inventions, discoveries, know-how, processes, copyright, design right, rights to apply for Patents, Patents, applications for Patents and all other intellectual property rights of a similar nature arising anywhere in the world;
"Jointly Owned Intellectual Property"	shall mean the Intellectual Property jointly owned by the Institute and Geron pursuant to

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

Clause 7.3;

"Net Sales Price"

shall mean, in relation to Sales:

- (a) where the Products are Sold or supplied on arms length terms, the price charged in the relevant invoice less any value added tax or other sales taxes and other government imposed duties, trade or cash discounts, insurance and packing and freight costs (to the extent identified in the relevant invoice), rebates and allowances for promotions and returns; and
- (b) where the Products are Sold or supplied otherwise than on arm's length terms but are subsequently sold or supplied on arm's length terms, the price charged under the first such arm's length sale calculated in accordance with paragraph (a) above less any value added tax or other sales taxes, trade or cash discounts, insurance and packing and freight costs (if separately charged) and allowances for returns;

"Option"

shall mean the option referred to in Clause 9.1;

"Patent"

shall mean any and all patent rights throughout the world including any re-issues, extensions, substitutions, continuation in part applications and supplementary protection certificates and all other rights of a like nature;

"Patent Methods"

means any process or method the use or practice of which would constitute an infringement of a Valid Claim in a particular territory but for any licence granted under this Agreement;

"Premises"

shall mean the Institute's facilities at the Roslin Biotechnology Centre or any other facilities under the Institute's control and such other premises as Geron and the Institute may from time to time agree;

"Products"

shall mean any product, process, kit, composition of matter, material, or service to be used in a manner requiring the performance of or

production by the Patent Methods to the extent that the manufacture, use, sale, offer for sale, or importation of any such product, process, kit, composition of matter, material, or service would constitute an infringement of a Valid Claim in a particular territory but for the licence of the Jointly Owned Intellectual Property granted by the Institute to Geron under Clause 8.1 or any licence of Institute Intellectual Property which may be granted by the Institute to Geron under Clause 9;

"Project Board"

shall mean the board appointed pursuant to Clause 3.7;

"Quarter"

shall mean the period from the Commencement Date until 30 June 1999 (inclusive), the period of three (3) months beginning on 1 July 1999 and each successive period of three (3) months during the continuation of this Agreement, and "Quarterly" shall be construed accordingly;

* "Relevant Royalty Rate"

shall mean the rate of [*] per cent for Products intended for [*] and the rate of [*] per cent for Products intended for any other use including although not limited to [*]

"Research"

shall mean collectively the Directed Research and the Undirected Research;

"Research Period"

shall mean the period from the Commencement Date until 30 June 2005 as that period may be extended pursuant to Clause 3.6.7 or such further period or periods as the Institute and Geron shall agree;

"Research Teams"

shall mean the teams of people defined in the Directed Research Workplan engaged in carrying out the Directed Research on behalf of the Institute from time to time under this Agreement and any other persons engaged in carrying out the Directed Research on behalf of the Institute as may be agreed between the Institute and Geron;

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"Sale"	shall mean any sale, hire, lease or other disposal on a commercial basis of any Product by Geron any of its Associates or any sub-licensees and "Sold" shall be construed accordingly;
"Schedule"	shall mean the schedule (in two parts) annexed to and which shall be deemed to form part of this Agreement;
"Supervisors"	shall mean Professor Anthony John Clark and Professor Ian Wilmot or any other persons appointed pursuant to Clause 3.6.2;
* "Undirected Research"	shall mean a programme of research in the field of [*] to be carried out by the Institute and which is funded in whole or in part by the Undirected Research Funding;
* "Undirected Research Funding"	shall mean the sum of [*]
"Undirected Research Results"	shall mean the results of the Undirected Research including all reports, data, formulae, processes, technical information, laboratory books and all documents, materials, drawings and models produced by the Institute in the conduct of the Undirected Research in whatever form and on whatever media they are held and all Intellectual Property in those results;
"Undirected Research Workplan"	shall mean the workplan for the Undirected Research to be prepared by the Institute pursuant to Clause 4.2;
"Valid Claim"	shall mean <ul style="list-style-type: none"> (a) any claim of any issued and unexpired Patent comprised in any Intellectual Property; and (b) any claim made in any application for a Patent which, if granted, would constitute a Valid Claim;

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and which claim has not been finally rejected or declared invalid by a patent office or by a court of competent jurisdiction;

"Xeno Pigs Project"

shall mean the continuing Xeno Pigs Project which will comprise part of the Directed Research Workplan; and

"Year"

shall mean the period from the Commencement Date until 30 June 1999 (inclusive) and each period of twelve (12) months commencing on 1 July 1999 and on each anniversary of 1 July 1999.

1.2 In this Agreement unless the context otherwise requires: -

1.2.1 reference to a Clause is to a clause of this Agreement;

1.2.2 words importing the singular shall include the plural and vice versa;

1.2.3 headings to Clauses are inserted for convenience only and shall not affect the construction or interpretation of this Agreement; and

1.2.4 references to any statute or statutory provision include a reference to that statute or statutory provision as amended, extended or re-enacted from time to time.

2. DURATION

2.1 This Agreement shall commence on the Commencement Date and shall, subject to Clauses 17 (Force Majeure) and 18 (Termination), continue in force during the Research Period and thereafter, on a country by country or territory by territory basis, as appropriate, until the later of:

* 2.1.1 [*]; or

* 2.1.2 in relation to countries or territories within the EEA, [*] from the First Sale Date in any part of the EEA and in relation to countries or territories outside the EEA, [*] from the First Sale Date in that country or territory.

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3. DIRECTED RESEARCH

3.1 Payment for Directed Research

3.1.1 To enable the Institute to undertake the Directed Research and to provide the necessary facilities in connection therewith, Geron shall pay to the Institute or shall procure the payment to the Institute of the Directed Research Funding in the manner set out in Clause 5.

3.1.2 The Institute shall use the payments received from Geron pursuant to Clause 3.1.1 to meet the costs of the Directed Research specified in the budgets set forth in the Directed Research Workplan.

* 3.1.3 The parties hereby agree that not less than [*] of the Directed Research Funding will be allocated to research programmes [*]

3.1.4 The Directed Research (including the costs of providing laboratory, animal and research facilities at the Institute) shall be charged at reasonable commercial rates as shall be agreed between the Institute and Geron in advance prior to the commencement of each Year of this Agreement in accordance with the principles set out in Part 1(a) of the Schedule. The rates agreed for each Year of this Agreement may be varied only by the prior written agreement of Geron and the Institute.

3.1.5 It is acknowledged by Geron that payment of the Directed Research Funding is not and shall not be in any way conditional upon [*]

3.2 Directed Research Workplan

3.2.1 As soon as reasonably practicable and in any event within two (2) months of the Commencement Date, the Project Board shall prepare and agree the Directed Research Workplan having reasonable regard to the resources available to the Institute at that time and from time to time. The Directed Research Workplan shall identify each separately identifiable research programme and in respect of each such separately identifiable research programme:

- (i) the objectives;
- (ii) without prejudice to Clause 3.1.5, the milestones;
- (iii) the resources to be allocated to it;
- (iv) the timescale for its completion; and
- (v) any Background Intellectual Property (including that owned by third parties) necessary or desirable to carry it out.

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- 3.2.2 The Project Board shall throughout the Research Period keep the Directed Research Workplan under review. The Directed Research Workplan may be amended from time to time by the Project Board.
- 3.2.3 Notwithstanding that the Institute shall use all reasonable endeavours to carry out the Directed Research in accordance with the Directed Research Workplan, if for any reason the Institute is unable to comply with the Directed Research Workplan it shall as soon as reasonably practicable notify the Project Board specifying the reasons for its inability. The Project Board shall thereafter determine whether any variation to the Directed Research Workplan is necessary in the light of the Institute's inability to comply with the Directed Research Workplan and, if it considers any variation is necessary, the nature of that variation.
- 3.2.4 It is the intention of the parties that the full amount of the Directed Research Funding will be expended over the duration of the Research Period in carrying out the Directed Research. Subject to the Institute having available the necessary personnel and facilities to carry out that level of research and to clause 3.2.1, Geron and the Institute shall each procure that their representatives on the Project Board instruct Directed Research in accordance with the foregoing.

3.3 Conduct of the Directed Research

- 3.3.1 Subject to clause 6 the Directed Research shall be exclusively undertaken by the Research Teams within the Premises, under the supervision of the Supervisors and in accordance with the Directed Research Workplan.
- 3.3.2 If at any time the Institute wishes to collaborate with any third party in carrying out the Directed Research, it may do so (subject to Clauses 7.5 and 7.9) only after having notified Geron of the identity of the third party and having obtained Geron's prior written consent to the collaboration.
- 3.3.3 The Institute shall at all times during the Research Period ensure that access to the main building of the Roslin Biotechnology Centre is controlled by means of a secure entry system;
- 3.3.4 The Institute shall use its reasonable endeavours to ensure that all documents, software and other materials (including but not limited to animals and cell lines) embodying the Directed Research Results are kept in a secure environment and can only be accessed by members of the Research Teams, and that all laboratory books are locked away when not being used by members of the Research Teams.
- 3.3.5 During the Research Period the Institute shall permit duly authorised employees or representatives of Geron to confer from time to time with the Supervisors and to visit the Premises at the reasonable convenience of the Institute and the Supervisors solely for the purpose of facilitating disclosure to Geron of the Directed Research Results and witnessing performance of the Directed Research, provided that Geron and their duly authorised employees or representatives shall, while on the Premises, be bound by all

the Institute's regulations and requirements (so far as made known to them) which are from time to time applicable to the Premises.

- 3.3.6 The Institute shall use its reasonable endeavours to ensure that all members of the Research Teams shall at all times comply with all necessary procedures as specified by the Project Board from time to time in relation to the evidencing of any inventions and protection of any associated Intellectual Property.

3.4 Reports

- 3.4.1 The Institute shall procure that the Research Teams deliver to the Project Board within thirty (30) days following the end of each Quarter a written report detailing the progress of the Directed Research in that Quarter and containing information regarding the Directed Research Results. In each report the Institute will use all reasonable endeavours to identify any Intellectual Property which may have arisen or which the Institute considers is likely to arise in the course of the Directed Research.
- 3.4.2 Within three (3) months of completion of each separately identifiable research programme comprised within the Directed Research, the Institute shall deliver a final report to the Project Board summarising and collating the whole history of that research programme and containing the results thereof (including but not limited to any Intellectual Property which has arisen in the course of that research programme).
- 3.4.3 The Institute acknowledges that all reports relating to the Directed Research prepared pursuant to Clauses 3.4.1 and 3.4.2 shall at all times be kept confidential.

3.5 The Research Teams

- 3.5.1 The Institute shall procure that each Research Team shall be composed of a sufficient number of appropriately skilled and experienced members to carry out the Directed Research in terms of this Agreement. All members of Research Teams shall be subject to the approval of the Project Board.
- 3.5.2 The Institute shall use all reasonable endeavours to ensure the continuity of the members of the Research Teams, both in relation to the particular Research Team to which each member is allocated and the particular research programme allocated to each Research Team, so as to minimise any disruption or delay to the Directed Research.
- 3.5.3 If for any reason a member of one of the Research Teams (but excluding the Supervisors) is unable to continue with the Directed Research, the Institute shall with the prior consent of the Project Board promptly appoint a replacement for that member. The Project Board shall not unreasonably withhold or delay its consent to any replacement suggested by the Institute.
- 3.5.4 If at any time the Institute wishes to transfer a member of one of the Research Teams (but excluding the Supervisors) to another project being conducted by the Institute, the

Institute shall first obtain the consent of the Project Board. The Project Board shall not unreasonably withhold or delay its consent to any transfer suggested by the Institute.

- 3.5.5 The Institute shall ensure that each member of the Research Team enters into an undertaking in favour of Geron in the form set out in Part 2 of the Schedule.

3.6 The Supervisors

- 3.6.1 The Research Teams shall be led by the Supervisors. Notwithstanding any separate arrangements between Geron and each or both of the Supervisors, the Institute shall procure that the Supervisors devote a sufficient amount of their available time to the Directed Research so as to enable the Directed Research to be progressed and carried out in accordance with the terms of this Agreement and the Directed Research Workplan.

- 3.6.2 If at any time during the Research Period either or both of the Supervisors are unable or unwilling for whatever reason to continue leading the Directed Research, the Institute shall give notice of this immediately to the Project Board. The Institute shall thereafter use its reasonable endeavours to find as soon as reasonably practicable a replacement or replacements for the Supervisor(s) who is/are acceptable to Geron. Subject to Clause 3.6.3, Geron shall have sole discretion as to the acceptability of any person(s) proposed by the Institute as a replacement or replacements for the Supervisor(s) provided that in reaching its decision Geron shall take reasonable account of any comments made by the Institute in relation to the suitability of the person or persons suggested by the Institute.

- 3.6.3 Geron shall give all assistance reasonably required by the Institute to find an acceptable replacement or replacements for the Supervisor(s) pursuant to Clause 3.6.2.

- 3.6.4 Subject to Clause 3.6.6 if within six (6) months of the Institute giving notice to Geron in accordance with Clause 3.6.2 an acceptable replacement or replacements has or have not been found and no offer has been made to any identified replacement or replacements which Geron has reasonable grounds to believe will be accepted, Geron shall, provided that it is not in material breach of its obligations under Clause 3.6.3 be entitled to suspend further payment of the Directed Research Funding pending the finding of a suitable replacement or replacements for the Supervisor(s).

- 3.6.5 If [*], Geron shall, provided that it is not in material breach of its obligations under Clause 3.6.3, be entitled to terminate this Agreement pursuant to Clause 18.2 and thereafter and subject to clause 18.5.1 each party's rights and obligations in relation to the Directed Research shall cease.

- 3.6.6 Notwithstanding the foregoing Geron shall not be entitled to suspend payment of the Directed Research Funding or to terminate this Agreement under Clause 3.6.5 if [*].

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3.6.7 If at any stage Geron suspends payment of the Directed Research Funding pursuant to clause 3.6.4 and/or the Project Board is required to suspend or delay the Directed Research because of a lack of facilities or resources at the Institute, there shall be added to the Research Period a period equivalent to the length of such suspension or delay.

3.7 The Project Board

3.7.1 The Project Board shall comprise five members, two of whom shall be appointed by the Institute and the balance of whom shall be appointed by Geron. For so long as they remain employees of BBSRC working at the Institute the Supervisors shall be the Institute's appointees. If at any time during the Research Period there are not two Supervisors the Institute shall be entitled to appoint to the Project Board an alternative suitably qualified scientific representative or representatives pending a replacement or replacements for the Supervisor(s) being appointed in accordance with Clause 3.6.2. The chairperson of the Project Board shall be one of Geron's appointees.

3.7.2 All members of the Project Board shall be given reasonable notice of meetings of the Project Board unless such requirement is unanimously waived by such members. The quorum for meetings of the Project Board shall be three members, one of which must be an appointee of the Institute provided however that if both of the Institute appointees are given proper notice of a meeting of the Project Board and neither of them attends without reasonable excuse or if, for any reason, neither of the Institute appointees attends two properly convened consecutive Project Board meetings or in the case of emergency, a meeting of the Project Board will be deemed to be quorate without the presence of either of the Institute appointees.

3.7.3 All decisions of the Project Board regarding the Directed Research shall be by simple majority. In the case of an equality of votes the Chairman shall have a casting vote.

3.7.4 Except as otherwise provided in this Clause 3.7, the procedures of the Project Board, the way in which it is conducted and the frequency of its meetings shall be determined by the Project Board itself. Unless otherwise determined by the Project Board, all proceedings of the Project Board shall be confidential.

3.7.5 All formal communications between the parties relating to the conduct of the Directed Research pursuant to this Agreement shall be made through the Project Board.

4. UNDIRECTED RESEARCH

4.1 Payment for Undirected Research

4.1.1 To enable the Institute to undertake the Undirected Research and to provide the necessary facilities in connection therewith, Geron shall pay to the Institute or shall

procure the payment to the Institute of the Undirected Research Funding in the manner set out in Clause 5.

- 4.1.2 The Institute shall use the payments received from Geron pursuant to Clause 4.1.1 to meet the costs of the Undirected Research specified in any budgets set forth in the Undirected Research Workplan.
- 4.1.3 The Undirected Research (including the costs of providing laboratory, animal and research facilities at the Institute) shall be charged at reasonable commercial rates as shall be agreed between the Institute and Geron in advance prior to the commencement of each Year of this Agreement in accordance with the principles set out in Part 1(a) of the Schedule. The rates agreed for each Year of this Agreement may be varied only by the prior written agreement of Geron and the Institute.
- 4.1.4 It is acknowledged by Geron that payment of the Undirected Research Funding is not and shall not be in any way conditional upon [*]

4.2 Undirected Research Workplan

- 4.2.1 Within six (6) months of the Commencement Date the Institute shall submit a written proposal to the Project Board for the Undirected Research. This proposal shall identify each separately identifiable research programme and in respect of each separately identifiable research programme:
- (i) the objectives;
 - (ii) without prejudice to Clause 4.1.4, the milestones;
 - (iii) the resources to be allocated to it;
 - (iv) the timescale for its completion; and
 - (v) any Background Intellectual Property (including that owned by third parties) necessary or desirable to carry it out.
- 4.2.2 The Institute shall have sole discretion as to the terms of the Undirected Research Workplan and any amendments thereto provided that the Institute shall consult with Geron in relation to the proposal submitted to the Project Board pursuant to Clause 4.2.1 and any amendments thereto and shall take reasonable account of any comments received from Geron in relation thereto.

4.3 Conduct of the Undirected Research

- 4.3.1 The Institute shall conduct the Undirected Research in accordance with the Undirected Research Workplan. Provided that it complies with the Undirected Research Workplan as the same may be amended from time to time in accordance with the provisions of this Agreement nothing contained in this Agreement shall prevent the Institute carrying out

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such research and experimental work as it desires in relation to or as part of the Undirected Research.

- 4.3.2 If at any time the Institute wishes to collaborate with any third parties in relation to the Undirected Research, it shall consult with Geron regarding the proposed collaboration and shall take reasonable account of any comments made by Geron in relation thereto.
- 4.3.3 The Institute shall use its reasonable endeavours to ensure that at all times during which Geron has rights in relation to the Undirected Research Results under this Agreement all documents, software and other materials (including but not limited to animals and cell lines) embodying the Undirected Research Results are kept in a secure environment and can only be accessed by the persons engaged in performing the Undirected Research on the Institute's behalf and that all laboratory books are locked away when not being used by such persons.
- 4.3.4 The Institute shall use its reasonable endeavours to ensure that all persons conducting the Undirected Research shall at all times comply with all necessary procedures as specified by the Project Board from time to time in relation to the evidencing of any inventions and protection of any associated Intellectual Property.

4.4. Reports

- 4.4.1 The Institute shall deliver to the Project Board from time to time as the circumstances and conduct of the Undirected Research require but not less than once every six (6) months during the continuation of the Undirected Research, a written report detailing the progress of the Undirected Research during the period to which the report applies and containing information regarding the Undirected Research Results.
- 4.4.2 The Institute will use all reasonable endeavours to identify and shall notify to the Project Board as soon as reasonably practicable full details of any Intellectual Property which arises or which the Institute considers is likely to arise in the course of the Undirected Research . With a view to ensuring that all potential Intellectual Property is properly protected the Project Board may from time to time request sight of any raw data generated as part of the Undirected Research.
- 4.4.3 Within three (3) months of completion of each separately identifiable research programme comprised within the Undirected Research, the Institute shall deliver a final report to the Project Board summarising and collating the whole history of that research programme and containing the results thereof (including but not limited to any Intellectual Property which have arisen in the course of that research programme).
- 4.4.4 The Institute acknowledges that for so long as Geron has rights in relation to the Undirected Research Results under this Agreement all reports and information relating to the Undirected Research provided pursuant to Clauses 4.4.1, 4.4.2 and 4.4.3 shall at all times be kept confidential in accordance with Clause 14.

4.4.5 Geron acknowledges that all reports and information relating to the Undirected Research provided to it pursuant to Clauses 4.4.1, 4.4.2 and 4.4.3 shall at all times be kept confidential in accordance with Clause 14.

4.5 Geron's Rights in relation to the Undirected Research Results

4.5.1 Except as provided in this Clause 4.5 and Clauses 7.6.2 and 9, Geron shall have no rights in the relation to the Undirected Research Results other than as may be set forth in other agreements between the Institute and Geron and (where appropriate) other third parties specifically relating to the Undirected Research Results.

4.5.2 Subject to its obligations under Clause 4.4.5 Geron may carry out such investigations, developmental and experimental work as it thinks desirable with a view to assessing the commercial possibilities of the Undirected Research Results.

5. PARTICIPATION BY GERON IN THE RESEARCH

5.1 It is envisaged that Geron shall participate in the conduct of the Directed Research and the Undirected Research and at all times provide leadership for and input into the Research via Project Board. Such participation by Geron may also include:

- (a) the provision to the Institute of background know-how and information in the areas in which Geron is specialised and which are relevant to and useful for the carrying out of the research;
- (b) the licensing to the Institute of Geron's Background Intellectual Property for the purposes of the Research in accordance with Clause 8.2;
- (c) participation of Geron personnel on one or more of the Research Teams to assist with the carrying out of the Research;
- (d) carrying out of discrete parts of any of the research programs which form part of the Directed Research Workplan and the Undirected Research Program by Geron personnel at the premises of Geron;
- (e) arranging for regular visits by Geron and members of the Research Teams to the parties' respective premises so that Geron personnel can advise the Research Teams on any issues or problems which they may have encountered in carrying out the Research.

5.2 In order to facilitate Geron's participation Geron will set up direct methods of electronic and telephonic systems between its personnel and the members of the Research Teams.

5.3 The costs of Geron's participation in the conduct of the Research under clauses 5.1 and 5.2 shall be borne by Geron and shall not be deducted from the Directed Research Funding or Undirected Research Funding.

6. PAYMENT PROCEDURES

6.1 The Institute shall invoice Geron in advance for each instalment of the Directed Research Funding and the Undirected Research Funding. The first instalment of the Directed Research Funding in the amount of [*] shall be paid by Geron to the Institute on the Commencement Date. The second

* instalment of the Directed Research Funding in the amount of [*] shall be paid by Geron to the Institute on 1 July 1999. Thereafter instalments of Directed Research Funding and Undirected Research Funding shall be paid to the Institute Quarterly in accordance with the budgets set out in the Directed Research Workplan and the Undirected Research Workplan.

6.2 At the end of each Quarter the Project Board shall reconcile the payments made by Geron under Clause 5.1 with the actual sums spent by the Institute in conducting the Directed Research and the Undirected Research during that Quarter. The Institute will provide to the Project Board all information reasonably necessary to enable the Project Board to make such reconciliations, including information relating to the application of the Directed Research Funding and the Undirected Research Funding to meet the costs of carrying out the Directed Research and the Undirected Research Funding respectively. Any sums paid by Geron but not used by the Institute to meet the costs of the Directed Research or the Undirected Research (as the case may be) shall be carried forward and set off against the instalment due by Geron in respect of the following Quarter in respect of the Directed Research and the Undirected Research (as the case may be) provided that the Directed Research Funding shall not be set off against the Undirected Research Funding or vice versa.

6.3 All sums payable to the Institute under this Agreement:

6.3.1 are stated exclusive of value added tax or any other tax which may at any time during the period of this Agreement replace value added tax, which (if payable) shall be paid in addition by Geron at the appropriate rate subject to receipt of a suitable invoice; and

* 6.3.2 shall be paid in Pounds Sterling by bank transfer to the Institute's bank account [No: [*]] at Bank of Scotland, The Mound, Edinburgh (Sort Code No [*]) or such other bank account as may be designated in writing by the Institute.

6.4 Without prejudice to any other rights accruing to the Institute, if any sums payable by Geron to the Institute pursuant to this Agreement remain unpaid on the due date for payment, interest at the rate of [] above the base rate from time to time of the Bank of Scotland shall be payable on such sums from the due date for payment until the date of actual payment in full, PROVIDED THAT no interest shall be payable by Geron where the failure to make payment by the due date is due to any default or failure on the part of the Institute.

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- 6.5 All sums payable under this Agreement shall be made in full without deduction of taxes, charges and other duties (including any withholding or other income taxes) that may be imposed except where Geron is required by law to make such deduction or withholding, in which event Geron shall:
- 6.5.1 ensure that the deduction or withholding does not exceed the minimum amount legally required;
 - 6.5.2 pay to the applicable taxation or other authorities within the period for payment permitted by law the full amount of the deduction or withholding;
 - 6.5.3 furnish to the Institute, within the period for payment permitted by law, either (a) an official receipt of the applicable taxation or other authorities for all amounts deducted or withheld as aforesaid or (b) if such receipts are not issued by the taxation or other authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and
 - 6.5.4 co-operate in all respects necessary to permit the Institute to take advantage of such double taxation agreements as may be available.

7. CLONING OF HUMANS

- 7.1 Geron and RBM hereby acknowledge that at the Commencement Date the Institute is expressly prohibited from carrying out any experiments or otherwise engaging in any research directed towards or relating to the Cloning of Humans.

8. INTELLECTUAL PROPERTY RIGHTS

- 8.1 Subject to Clauses 7.2 and 8.2 it is acknowledged that nothing in this Agreement shall operate to transfer or grant any right in any Background Intellectual Property which may be used by any party in connection with the Directed Research and/or the Undirected Research unless expressly provided in this Agreement.
- 8.2 Geron hereby grants to the Institute a royalty-free, non-exclusive licence for the duration of the Research Period to use any of its Background Intellectual Property to the extent necessary for carrying out the Directed Research and the Undirected Research.

- 8.3 Except as provided in Clauses 7.4 and 7.5.2 any and all Intellectual Property arising from the Directed Research shall be and remain the joint property of the Institute and Geron both of whom shall have a one half pro indiviso share.
- 8.4 Any and all Intellectual Property arising from the Xeno Pigs Project, whether embodied in the Directed Research Results or otherwise, shall be and remain the property of Geron.
- 8.5 The Institute shall ensure that the terms of any collaboration agreements entered into pursuant to Clause 3.3.2 provide that ownership of all or any Intellectual Property arising from any collaboration relating to:
- 8.5.1 the Directed Research (other than the Xeno Pigs Project) are jointly owned by Geron and the Institute each of whom shall have one half pro indiviso share; and
- 8.5.2 the Xeno Pig Project, are owned solely by Geron.
- 8.6 Unless otherwise agreed in writing between the Institute and Geron, any and all Intellectual Property arising from the Undirected Research, whether embodied in the Undirected Research Results or otherwise:
- 8.6.1 which is developed solely by the Institute shall be and remain the sole and exclusive property of the Institute; and
- 8.6.2 which is jointly developed by Geron and the Institute shall be the joint property of the Institute and Geron both of whom shall have one half pro indiviso share.
- 8.7 Geron and the Institute hereby agree that any Intellectual Property arising from the Undirected Research shall not be deemed to have been jointly developed for the purposes of Clause 8.6.2 merely because it has been developed by the Institute using the Undirected Research Funding.
- 8.8 Neither Geron nor the Institute shall assign their share in any Jointly Owned Intellectual Property to any third party save as part of an assignation of their whole rights and obligations under this Agreement in accordance with Clause 20.
- 8.9 The Institute shall, and shall procure that any person working on behalf of the Institute, employed at the Institute or working in collaboration with the Institute pursuant to Clause 3.3.2 shall, at the expense of Geron (as to out of pocket expenses only) execute such documents and do such acts as may reasonably be required by Geron to confirm Geron's ownership of any Jointly Owned Intellectual Property and/or the Intellectual Property owned solely by Geron under Clause 8.4.
- 8.10 Geron shall, and shall procure that any of its employees or representatives shall, at the expense of the Institute (as to out of pocket expenses only) execute such documents and do such acts as may reasonably be required by the Institute to confirm the Institute's ownership of any Jointly Owned Intellectual Property.

8.11 Geron and the Institute shall each, and shall procure that any person employed by them or working on their behalf in conducting the Undirected Research shall, at the expense of the other (as to out of pocket expenses only), execute such documents and do such acts as may reasonably be required by the other to confirm the other's ownership of any Intellectual Property pursuant to Clause 8.6.2.

9. EXPLOITATION RIGHTS

9.1 The Institute hereby grants to Geron an exclusive worldwide licence to use the Institute's share of any Jointly Owned Intellectual Property for the purpose of exploiting the Jointly Owned Intellectual Property in the Fields of Use. The Institute shall not grant or purport to grant any rights to exploit the Jointly Owned Intellectual Property to any third party, or use the Jointly Owned Intellectual Property for any commercial purpose whatsoever.

9.2 If Geron requires any Background Intellectual Property of the Institute (with the express exception of the Intellectual Property which is subject of the Licence Agreement) used by the Institute in conducting the Directed Research for the purpose of exploiting the Jointly Owned Intellectual Property in the Fields of Use, the Institute will:

9.2.1. if such Background Intellectual Property is owned or freely licensable by the Institute, grant a royalty-free non-exclusive licence to Geron of any such Background Intellectual Property for this specific purpose; and

9.2.2 if such Background Intellectual Property is owned by a third party and is not freely licensable by the Institute, use its reasonable endeavours to assist Geron to obtain a licence to use such Background Intellectual Property for this specific purpose on reasonable commercial terms.

9.3 Notwithstanding the licence referred to in Clause 8.1, the Institute shall be entitled to use any Jointly Owned Intellectual Property and any Intellectual Property arising from the Xeno Pigs Project for its academic research and teaching purposes only and Geron hereby grants to the Institute a non-exclusive, royalty-free licence (but without any right to sub-licence) to use Geron's share of any Jointly Owned Intellectual Property and to use any Intellectual Property arising from the Xeno Pigs Project for that purpose only.

9.4 Geron shall be entitled to grant sub-licences to third parties of any Jointly Owned Intellectual Property for the purpose of exploiting the Jointly Owned Intellectual Property in the Fields of Use provided that the sub-licence agreement contains undertakings by the sub-licensee to observe and perform provisions substantially the

same as those contained in this Agreement with regard to Fields of Use, confidentiality and termination and prohibits any assignation and further sub-licensing.

- 9.5 Geron hereby represents, warrants and undertakes to the Institute that it will not take any steps or purport to exploit the Institute Intellectual Property unless and until it has entered into a licence agreement with the Institute pursuant to its exercise of the Option.
- 9.6 Neither the Institute nor Geron shall sub-licence or otherwise commercially exploit the Directed Research Results or the Jointly Owned Intellectual Property for the purposes of the Cloning of Humans.
- 9.7 Geron shall at all times indemnify the Institute and keep the Institute indemnified against all costs, claims, damages or expenses incurred by the Institute or for which the Institute may become liable with respect to any product liability claim relating to any products or processes (including Products) produced or supplied or put into use by Geron or any of its Associates or sub-licensees, provided that the Institute shall, at Geron's expense (as to out of pocket expenses only), give such assistance as Geron may reasonably require in order to defend any such claim, shall not without the prior written consent of Geron take any steps to defend, settle or compromise any such claim, and shall not without Geron's prior written consent make any admission with respect to such claim. The foregoing indemnity will not apply where the costs, claims, damages or expenses arise as a result of negligence, breach of any term of this Agreement or willful deceit on the part of the Institute, its agents or employees.
- 9.8 At all times during which any Products are being produced, supplied or put to use by Geron or any of its Associates or any sub-licensee, Geron shall, in order to meet its obligations to the Institute under Clause 8.7, either self insure or obtain and maintain reasonable insurance, in each case commensurate with good industry practice. In the event that Geron obtains insurance it shall on request by the Institute, (subject to Clause 14) supply the Institute with a copy of the insurance policy.
- 9.9 If any third parties approach the Institute regarding the Directed Research Results and wish to utilise the same, the Institute shall inform Geron as soon as reasonably practicable. The Institute shall not disclose any information in respect of the Directed Research and/or the Directed Research Results to any third party without the prior written consent of Geron which consent Geron may grant or withhold in its absolute discretion.
- 9.10 Geron undertakes at all times when this Agreement is in force to use its reasonable endeavours to exploit the Jointly Owned Intellectual Property. If at any time Geron decides that it no longer wishes to exploit the Intellectual Property it shall so advise the Institute and thereafter the parties shall enter into discussions in good faith with a view to entering alternative arrangements to maximise the value to both parties of the Jointly Owned Intellectual Property.

10. OPTION RIGHTS

- 10.1 The Institute hereby grants to Geron an option to acquire from the Institute an exclusive worldwide licence to use any and all Institute Intellectual Property for the purpose of exploiting the Undirected Research Results in the Fields of Use. If Geron requires to use any Background Intellectual Property of the Institute (with the express exception of the Intellectual Property which is the subject of the Licence Agreement) used by the Institute in conducting the Undirected Research for the purpose of exploiting the Institute Intellectual Property the Institute will:
- 10.1.1 if such Background Intellectual Property is owned or freely licensable by the Institute, grant to Geron a non-exclusive right to use such Background Intellectual Property to the extent necessary for such exploitation; and
- 10.1.2 if such Background Intellectual Property is owned by a third party and is not freely licensable by the Institute, use its reasonable endeavours to assist Geron to obtain a licence to use such Background Intellectual Property for this specific purpose on reasonable commercial terms.
- 10.2 Under any licence granted pursuant to Geron exercising the Option Geron shall pay to the Institute royalties in respect of all Sales during each Quarter at the Relevant Royalty Rate of the aggregate Net Sales Price of the Products.
- 10.3 The Option may be exercised by Geron by serving upon the Institute an appropriate written notice at any time prior to the expiry of three (3) months from the date on which the Institute's final report of each separately identifiable research programme comprised within the Undirected Research being delivered to the Project Board pursuant to Clause 4.4.3 or such other period as Geron and the Institute may mutually agree between them.
- 10.4 Upon the Institute's receipt of a written notice from Geron pursuant to Clause 9.3, the Institute and Geron shall negotiate in good faith the terms of the exclusive licence to be granted to Geron. Such negotiations will include the amount of any licence fees (which may be paid in one or more instalment) and the proportion of any patent costs which shall be payable by Geron, but shall not include royalty rates or any other form of payment for use of the relevant Institute Intellectual Property which shall be governed by Clause 10.2.
- 10.5 If the Institute and Geron are unable to agree the terms of an exclusive licence within ninety (90) days of the Institute's receipt of a written notice pursuant to Clause 10.3, Geron shall be entitled within fourteen (14) days of the expiry of the ninety (90) day period to elect by giving notice in writing to be granted a non-exclusive licence pursuant to Clause 10.6 and/or to refer any matter in dispute for determination by an independent expert pursuant to Clause 10.7.
- 10.6 If pursuant to Clause 10.5 Geron elects to be granted a non-exclusive licence, the parties will within forty five (45) days of the date of Geron's election negotiate the terms of the

non-exclusive licence and subject to Clause 10.1, any licence to use any Background Intellectual Property, PROVIDED THAT for the purposes of the non-exclusive licence:

- (a) royalties shall be calculated and payable at the Relevant Royalty Rate on the aggregate Net Sales Prices of Products; and
- (b) there shall be no licence fees or any other form of payment.

If the other terms of the non-exclusive licence are not agreed within the forty five (45) day period specified in this Clause 10.6, any matter in dispute may be referred by either the Institute or Geron for determination by an independent expert as set forth in Clause 10.7.

10.7 Geron may pursuant to Clauses 10.5 or 10.6 and the Institute may pursuant to Clause 10.6 refer any matters in dispute (which shall in the case of a referral by Geron under Clause 10.5 include the terms upon which a non-exclusive licence should be granted to Geron) for determination by an independent expert ("the Expert") nominated by agreement between the Institute and Geron or, failing agreement within twenty one (21) days of referral by Geron, by the President of the Chartered Institute of Patent Agents from time to time. The Institute and Geron shall each be entitled to submit to the Expert within twenty eight (28) days of the date upon which the Expert is appointed written submissions, documentation and other evidence relating to or supporting its position in relation to the matters in dispute. A copy of all such written submission, documentation and other evidence shall, at the same time as submission to the Expert, be delivered to the other party. The Expert shall, unless the Institute and Geron otherwise agree, convene a meeting to be held within five (5) weeks of the expiry of such twenty eight (28) day period at such time (having due regard to the availability of relevant persons) and at such place as the Expert may decide at which both the Institute and Geron shall (unless either shall otherwise determine in respect of itself only) be heard and cross-examined by the Expert. The Institute and Geron shall use their reasonable endeavours to procure that the Expert makes his determination within ninety (90) days following the date of his appointment. The fees and costs of the Expert shall be borne as the Expert shall determine. The Expert's decision shall be final and binding on all parties to this Agreement.

10.8 Following a referral to an independent expert by Geron pursuant to Clause 9.5, Geron shall be entitled within thirty (30) days of the date of the Expert's decision to elect by giving notice in writing to the Institute to either:

- 10.8.1 take an exclusive licence on the terms determined by the Expert; or
- 10.8.2 take a non exclusive licence on the terms determined by the Expert; or
- 10.8.3 forego its rights to be granted any licence of the Institute Intellectual Property.

In the absence of any election by Geron in accordance with Clauses 10.8.1 or 10.8.2, Clause 10.8.3 shall be deemed to apply.

10.9 If:

- 10.9.1 Geron does not exercise the Option; or
- 10.9.2 the Option having been exercised, the Institute and Geron are unable to agree the terms of the licence pursuant to Clauses 10.4 or 10.6 and the matters in dispute are not referred to an expert for determination within the periods specified in Clauses 10.5 or 10.6; or
- 10.9.3 Geron does not make a valid election in accordance with Clause 10.8; or
- 10.9.4 this Agreement is lawfully terminated by the Institute pursuant to Clause 18, the Option shall lapse with respect to the particular Institute Intellectual Property and cease to have any further effect and neither Geron nor the Institute shall be under any obligation to the other in relation to those Undirected Research Results and/or that Institute Intellectual Property save as follows:
- (a) Geron shall forthwith return to the Institute all documents relating to the relevant Undirected Research Results and the Institute Intellectual Property and any relevant Background Intellectual Property of the Institute as referred to in Clause 10.1 supplied to Geron by the Institute together with any copies of or extracts from such documents which Geron has made;
 - (b) Geron shall not, and shall procure that its officers and employees shall not, at any time thereafter use or disclose to any person, firm or company any information given to it regarding the relevant Undirected Research (including but not limited to the relevant Undirected Research Results) or any use or application of the Institute Intellectual Property and any relevant Background Intellectual Property of the Institute as referred to in Clause 10.1;
 - (c) the Institute shall not, and shall procure that its employees shall not, at any time thereafter use or disclose to any person, firm or company any trade or industrial secrets or other confidential information of Geron (including but not limited to any of Geron's Background Intellectual Property) made available to the Institute by Geron for the purposes of or relating to the Undirected Research (including but not limited to the Undirected Research Results) or any use or application of the Institute Intellectual Property; and
 - (d) subject to Clause 10.10, the Institute shall be entitled to grant to any third party a licence to use the Institute Intellectual Property for the purpose of exploiting the Undirected Research Results.

10.10 The Institute hereby represents, warrants and undertakes to Geron that it shall not at any time before the [] from the date of delivery of its final report for each separately

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

identifiable research programme comprised within the Undirected Research being delivered to the Project Board pursuant to Clause 4.4.3 or during any period of negotiation or determination pursuant to Clauses 10.4, 10.5, 10.6 or 10.7 and the period specified in Clause 10.8, grant to any third party an option to acquire a licence or otherwise grant to any third party any right to use the Institute Intellectual Property for the purpose of exploiting the Undirected Research Results developed in the course of such research programme.

11. ROYALTIES

11.1 In consideration of the licence rights granted to Geron pursuant to Clause 8.1, Geron shall pay to the Institute royalties in respect of all Sales during each Quarter at the Relevant Royalty Rate of the aggregate Net Sales Prices of the Products Sold during that Quarter.

11.2 If any Product incorporates or bundles core technologies for the purposes of calculating royalties payable under Clause 10.1 the royalty shall be [] irrespective of the number of technologies.

11.3 If any Product is combined with any other products (a "Combination Product") for the purposes of calculating Royalties the Net Sales Price shall be the greater of:

* 11.3.1 [*]

* 11.3.2 [*]

11.4 In the event that Geron is required to pay to any third party royalties in respect of licenses which are necessary in order to effect Sales of Products, the royalty payable to the Institute in respect of such Sales shall be reduced by an amount equal to [] of third party royalties so paid or payable, provided that such reduction shall not cumulatively exceed [*] of royalties payable to the Institute.

11.5 Any royalties payable by Geron in respect of Products Sold during any Quarter shall be paid within sixty (60) days following the end of that Quarter in accordance with the procedures set out in Clause 6 and shall be accompanied by a written statement showing:

11.5.1 the total number of Products Sold during the relevant Quarter;

11.5.2 the Net Sales Price in respect of each Product Sold during the relevant Quarter; and

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11.5.3 the total amount of the royalties payable with all necessary particulars of how the royalties have been calculated.

11.6 If any judgment that one or more patent claims which form part of the Jointly Owned Intellectual Property or the Institute Intellectual Property are not Valid Claims is subsequently reversed on appeal then the patent claims in question shall be deemed to have been Valid Claims for the whole of the period ("the relevant period") from the date of first judgment until the date of the Appeal (the "Appeal Judgment"). Within sixty (60) days of the date of the Appeal Judgment Geron shall provide to the Institute a statement containing a recalculation of the Royalties arising during the relevant period taking into account that the aforesaid patent claims were Valid Claims and shall at the same time pay to the Institute any shortfall between the Royalties previously paid in respect of the relevant period and the Royalties which are shown by such recalculation to have been due.

12. PROPER ACCOUNTS

12.1 Geron shall maintain (and retain for not less than six (6) years) true and accurate accounts and records of all Sales which shall show in sufficient detail all facts necessary for the accurate calculation of the royalty payments payable by Geron pursuant to this Agreement.

12.2 Geron shall permit the Institute and its accountants not more than once in any Year on reasonable prior notice to inspect the accounts and records referred to in Clause 12.1 for the purpose of verifying that all royalties due to the Institute pursuant to this Agreement have been properly calculated. The Institute shall, and shall procure that its accountants shall, treat information arising from such inspection as strictly confidential.

12.3 If it is established that the amount of royalties paid in respect of any Quarter is 5% or more less than the amount of the royalties which were properly payable under Clause 11 in respect of that Quarter Geron, shall, within seven (7) days of the date on which it is so established, pay the shortfall to the Institute together with any interest due thereon and the reasonable costs and expenses incurred by the Institute in making the inspection and audit pursuant to which the underpayment is discovered. Any overpayment of royalties Quarters shall be credited against royalties owed to the Institute for the following Quarter or shall be repaid by the Institute to Geron within fourteen (14) days of the Institute's receipt of a notice from Geron requiring repayment.

12.4 The provisions of this Clause 12 shall remain in full force and effect following the expiry or termination of this Agreement for any reason whatsoever until the settlement of all subsisting claims of the Institute under this Agreement.

13. PATENT PROTECTION

- 13.1 Geron shall be responsible for diligently preparing, filing, prosecuting and maintaining all Patent Applications and Patents comprised within the Jointly Owned Intellectual Property. Geron shall have sole discretion in relation to the patenting strategy to be adopted in relation to any patentable inventions, Patent application and/or Patents comprised within the Jointly Owned Intellectual Property provided that Geron shall consult with the Institute in relation to the patenting strategy and shall take reasonable account of any comments received from the Institute in relation to and prior to implementation of such patenting strategy.
- 13.2 Notwithstanding Clause 12.1 if, at any time, Geron wishes to remove any country or territory from the scope of any Patent rights or to abandon any Patent application in whole or in part which has been filed pursuant to this Clause 12, it shall give not less than twenty eight (28) days notice in writing to the Institute of its proposed intentions. If the Institute elects to file, prosecute and maintain (or to continue to file, prosecute and maintain) those Patents rights within the relevant countries or territories at its sole expense and cost, any Patents granted in the relevant countries or territories shall be owned exclusively by the Institute and shall not thereafter constitute Jointly Owned Intellectual Property. Geron shall at the cost of the Institute (as to out of pocket expenses only) execute such deeds and do such acts as may reasonably be required by the Institute to assign such Patent rights to the Institute.
- *13.3 Subject to Clause 13.2, Geron and the Institute shall each be liable [*] of the costs of preparing, filing, prosecuting and maintaining any Patent rights (including reasonable legal and patent agents fees and expenses) comprised within the Jointly Owned Intellectual Property, provided that if either of them withdraws in accordance with Clause 13.2, it shall after the date of withdrawing cease to be liable to bear or reimburse any part of the costs, fees or expenses as aforesaid other than the costs, fees and expenses incurred prior to the date of withdrawing. Costs shall not include any internal costs of the parties and the expense of any management time. Any sums expended by Geron in connection with the preparing, filing, prosecution and maintaining of Patent rights shall be offset against any royalties arising under clause 11 of this Agreement provided that the amount of such offset shall not exceed [*] of the royalties due in any Year.
- * If at any time any claim is made by a third party that any Patent right comprised within the Jointly Owned Intellectual Property is invalid, each party shall promptly notify the other parties of such claim. Geron shall be entitled to conduct the defence of any such claim and shall at all times keep the Institute informed as to the progress of such defence and take into account the reasonable comments of the Institute and in relation to the conduct of such defence. The costs of any such defence shall be deemed to be part of the costs of maintaining the Patent rights and shall be dealt with in accordance with Clause 13.3.

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- * Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

- 13.5 The Institute and Geron shall forthwith notify each other of any infringement or suspected infringement by any third party of any Jointly Owned Intellectual Property which may come to their attention. Unless otherwise agreed Geron shall have ninety (90) days within which to commence proceedings for the purposes of protecting the Jointly Owned Intellectual Property. The Institute hereby authorises Geron to institute proceedings in the joint names of Geron and the Institute in respect of any such infringement or suspected infringement of the Jointly Owned Intellectual Property.
- 13.6 The Institute hereby agrees to execute such deeds or other documents and provide such assistance as Geron may reasonably require for the purposes of any defence under Clause 13.4 and any infringement action under Clause 13.5 (including authorising any attorneys appointed by Geron to conduct the action in the name of the Institute) provided that Geron shall indemnify the Institute against its reasonable costs and expenses in so doing. Geron shall have full conduct of any such proceedings under Clauses 13.4 and 13.5 and the right to give instructions to the appointed attorneys as to how such proceedings are to be conducted but shall at all times keep the Institute informed as to the conduct of the proceedings and shall take account of all reasonable comments of the Institute in relation to the proceedings insofar as reasonably practicable prior to taking any steps in the conduct of the proceedings. Subject thereto the Institute shall not take any part in the proceedings and shall not settle or compromise such proceedings in any way without the prior written consent of Geron. If within the period of ninety (90) days from the date upon which notice of any third party claim is received by Geron under Clause 13.4 or within the period of ninety (90) days specified in Clause 13.5, Geron has not initiated the defence of the claim under Clause 13.4 or any action in respect of the infringement under Clause 13.5 then the Institute shall be entitled to do so in its own name and at its own expense and Geron hereby agrees to execute such deeds or other documents and to provide such assistance as the Institute may reasonably require in so doing provided that the Institute shall indemnify Geron against its reasonable costs and expenses.
- 13.7 Subject to Geron or the Institute (as the case may be) being fully reimbursed for all its reasonable costs and expenses referred to in Clause 13.6, unless otherwise agreed any damages or costs awarded in the course of any infringement action or any sums which are agreed to be paid in settlement of any infringement action shall belong to the party bringing the action.
- 13.8 If Geron or the Institute considers that it has grounds for dispute with any person who has entered into an agreement with either of them relating either to the Jointly Owned Intellectual Property or to any Institute Intellectual Property licensed to Geron under Clause 10, such party shall immediately notify the other whereupon Geron and the Institute shall consult with a view to agreement on the appropriate course of action. If Geron and the Institute fail to agree upon an appropriate course of action either party desiring to undertake proceedings against the person concerned shall have the right to do so at its own cost and provided it shall indemnify and keep indemnified the other party against all or any costs and expenses arising in or from such proceedings.

13.9 The Institute shall have sole discretion in relation to the patenting strategy to be adopted in relation to any patentable inventions, patent applications and/or patents comprised within the Institute Intellectual Property which is not licensed to Geron under Clause 10 provided that for so long as Geron has rights under Clause 10 in relation to such Institute Intellectual Property the Institute shall consult with Geron in relation to the patenting strategy and shall take reasonable account of any comments received from Geron in relation and prior to implementation of such patenting strategy.

14. WARRANTIES AND INDEMNITIES

14.1 The Institute represents, warrants and undertakes to Geron that:

14.1.1 it has full power and authority to enter into this Agreement and does not require the consent or approval of any third party;

14.1.2 in performing the Directed Research and the Undirected Research it will not knowingly use, without all necessary consents, any Intellectual Property belonging to a third party;

14.1.3 it shall carry out all of its obligations under this Agreement in a timely, competent and professional manner and with all reasonable skill and care; and

14.1.4 the persons executing this Agreement on behalf of the Institute are authorised to do so.

14.2 Geron represents, warrants and undertakes to the Institute that:

14.2.1 it has full power and authority to enter into and execute this Agreement;

14.2.2 it is not in any way restricted, prevented or prohibited from entering into or performing its obligations under this Agreement;

14.2.3 by entering into this Agreement, it will not be in breach of any other agreement or arrangement; and

14.2.4 the persons executing this Agreement on behalf of Geron are authorised to do so.

14.3 The Institute hereby agrees to indemnify Geron in respect of any claims imposed upon and reasonable costs, expenses and losses incurred by Geron as a result of the infringement or alleged infringement of any third party Intellectual Property by the Institute in conducting the Directed Research and/or Undirected Research.

15. CONFIDENTIALITY

- 15.1 The Institute agrees that it shall, at all times, both during and after the term of this Agreement, maintain confidentiality in relation to the Directed Research and the Undirected Research including the Directed Research Results and the Undirected Research Results except to the extent that the Institute shall be entitled to enter into any licence or sub-licence pursuant to Clause 10.9.
- 15.2 All of the parties agree that they shall (and they shall procure that all of their respective employees, consultants, representatives sub-contractors and agents) at all times during the period of this Agreement and thereafter maintain confidentiality in relation to any proprietary information or business secrets of the other parties which is disclosed to them in the course of the Directed Research and/or the Undirected Research.
- 15.3 The obligations contained in Clauses 15.1 and 15.2 shall not extend to any information which:
- 15.3.1 is generally available to the public otherwise than by reason of breach by the recipient of the provisions of this Clause; or
- 15.3.2 is known to the recipient and is at its free disposal prior to its receipt under this Agreement provided that such prior knowledge can be demonstrated by written evidence; or
- 15.3.3 is subsequently disclosed to the recipient party without obligations of confidence by a third party owing no such obligations in respect of the information; or
- 15.3.4 is required to be disclosed to any governmental agency or regulatory body including, without limitation, the Ministry of Agriculture, Fisheries and Food, the Biotechnology and Biological Sciences Research Council or as may be required under the National Audit Act 1983, or is otherwise legally required to be disclosed, PROVIDED THAT in all cases the party required to make the disclosure shall take all reasonable steps to ensure that the disclosure is the minimum necessary to comply with its legal requirements and in the case of any disclosure pursuant to any Court order will seek from the Court an appropriate order safeguarding the confidentiality of the material disclosed; or
- 15.3.5 is independently developed by the recipient party without reference to any information disclosed to it under this Agreement,

PROVIDED THAT in using such information the recipient shall not take any action which would prejudice the protection of any Intellectual Property contained in such information.

16. PUBLICATION OF RESULTS

16.1 Geron recognises that it is the Institute's policy to publish the Directed Research Results and the Undirected Research Results and Geron agrees subject to Clause 16.2 that the Supervisors, any other member of the Research Team or any person engaged in the Undirected Research on the Institute's behalf may present at seminars, symposia, national, or regional professional meetings, and publish in journals, theses or dissertations, or otherwise of their own choosing, the Directed Research Results and the Undirected Research Results.

16.2 Notwithstanding Clause 16.1 Geron shall in all cases be provided with copies of any proposed publication or presentation at least 42 days in advance of the submission of the proposed publication or presentation. Geron shall have 30 days after receipt of such copies to reject the proposed presentation or proposed publication if, in its reasonable opinion, a delay in publication or presentation is commercially desirable or necessary to ensure that any Jointly Owned Intellectual Property or Institute Intellectual Property is adequately protected. In such event, Geron may require that the Supervisor or members of the Research Team shall refrain from making such publication or presentation for a maximum further period of three (3) months in order for patent applications to be filed directed to the patentable subject matter contained in the proposed publication or presentation or that other steps be taken in order to protect any commercially sensitive subject matter including if Geron considers it appropriate the deletion of such subject matter from the proposed publication or presentation. A delay or deletion imposed on submission for publication as a result of a requirement made by Geron shall not exceed 6 months from the date of receipt of the original publication or presentation by Geron although the Institute will not unreasonably refuse a request from Geron for additional delay in the event that Jointly Owned Intellectual Property might otherwise be lost or compromised.

17. LIMITATION OF LIABILITY

17.1 Each party shall indemnify and hold the other party harmless from and against any and all claims, actions, damages, losses and expenses resulting from personal injury to or death of any employee, agent or representative of the other party engaged in the performance of the Directed Research and Undirected Research except where such injury or death is due to the negligent act or omission of the other party, its employees, agents or representatives.

17.2 Whilst the Institute will use all reasonable endeavours to ensure the accuracy of the Directed Research Results and the Undirected Research Results, the Institute makes no warranty, express or implied, as to accuracy and will not be held responsible for any consequence arising out of any inaccuracies or omissions (unless such inaccuracies or omissions are the result of wilful default on the part of the Institute) and nothing contained in this Agreement shall constitute a condition, warranty or representation that exploitation of the Directed Research Results or the Undirected Research Results will not infringe the Intellectual Property of any third party.

- 17.3 The Institute and Geron each agree that, if they are notified by any third party of any claim or potential claim arising from or in connection with the Directed Research or the use of the Directed Research Results, they shall:
- 17.3.1 forthwith inform the other party of such claim or potential claim;
 - 17.3.2 make no admission of any kind and take all reasonable steps to prevent judgement by default being granted in favour of any such third party; and
 - 17.3.3 ensure that the other is given the right to conduct proper consultations with the party concerned and the defence (including, without limitation, settlement, litigation or appeal) of any such claim.

If requested by either of the parties, such defence shall be jointly conducted by Geron and the Institute. Unless the provisions of Clauses 13.4 or 13.5 apply, such jointly conducted defence will be at the joint expense of the parties.

- 17.4 The parties agree that no liability whatsoever either direct or indirect shall rest upon the Institute for the effects of any Product that may be produced or adopted by Geron or any other party, notwithstanding that the formulation of such Product may be based upon the Jointly Owned Intellectual Property.

18. FORCE MAJEURE

- 18.1 If any party is prevented from the performance of its obligations under this Agreement by any cause beyond its reasonable control it shall immediately inform the other parties and shall be released from its obligations under this Agreement for so long as such circumstances prevail PROVIDED THAT it shall use its reasonable endeavours to avoid or remove such causes of non-performance. If such circumstances endure for a period of six (6) months either of the parties not in default may terminate this Agreement upon giving to the other party not less than twenty eight (28) days' written notice.

19. TERMINATION

- 19.1 Subject to Clause 19.5, this Agreement may be terminated immediately by the Institute by service of a written notice upon the other in the event of:
- 19.1.1 a failure by Geron to meet its payment obligations in respect of the Directed Research Funding and/or the Undirected Research Funding and/or any royalties arising under clause 10 which are not in dispute which failure is not remedied forty eight (48) days after receipt of written notification specifying the alleged failure and the action required to remedy it; or

19.1.2 the liquidation or bankruptcy of Geron, a receiver or similar officer being appointed over Geron's assets or Geron ceasing to carry on business or the equivalent of any of the foregoing occurring in the United States of America or the jurisdiction under the laws of which any permitted assignee of Geron is incorporated;

19.1.3 Geron challenging the validity or contesting the ownership of the Jointly Owned Intellectual Property, the Institute Intellectual Property or the Institute's Background Intellectual Property or claiming that any patent rights comprised in any of the foregoing are not "necessary patents" within the meaning of Commission Regulation EEC No. 240/96 or contesting the secrecy or substantial nature of any know how.

19.2 Geron may terminate this Agreement (in relation to [*] only) if the Institute does not find a suitable replacement or replacements for the Supervisor or Supervisors pursuant to Clause 3.6.2. Geron's rights and obligations in relation to [*].

19.3 Upon termination of this Agreement howsoever arising the Institute shall deliver up all information, materials and property supplied by Geron to the Institute and shall not retain any copies in whatever form. The Institute shall cease to conduct the Directed Research and shall deliver up to Geron written details of all Directed Research Results together with all reports in respect thereof prepared up to the date of termination.

19.4 Lawful termination of this Agreement by Geron will not terminate:

19.4.1 any licences or exploitation rights arising prior to the date of termination and granted to Geron in respect of any Jointly Owned Intellectual Property pursuant to Clauses 9.1 and/or of any Background Intellectual Property pursuant to Clause 9.2 or 9; or

19.4.2 Geron rights in relation to any Institute Intellectual Property in respect of which it has exercised the Option in accordance with Clause 10 prior to the date of termination; or

19.4.3 the licence granted to the Institute under Clause 9.3; or

19.4.4 any terms in this Agreement relating to any of the foregoing licences or exploitation rights.

19.5 If this Agreement is lawfully terminated by the Institute, Geron shall indemnify the Institute in respect of the balance of any sums which the Institute would have received as the Directed Research Funding and the Undirected Research Funding pursuant to this Agreement but for the Institute's termination of this Agreement.

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

- 19.6 The provisions of Clauses 1, 6, 14, 18, 19, and 28 shall not be affected by the termination of this Agreement and the obligations contained in such clauses shall, except as otherwise stated, survive such termination and remain in full force and effect notwithstanding such termination.
- 19.7 Any termination of this Agreement shall not prejudice or affect any accrued rights or liabilities of the parties and the exercise by the parties of any rights or remedies under the terms of this Agreement shall be without prejudice to any other rights or remedies to which such party may be entitled.
- 19.8 The Institute and RBM hereby agree that the Existing Research Agreement will terminate with effect from the Commencement Date. The termination of the Existing Research Agreement is without prejudice to any accrued rights and obligations of the Institute and RBM as at the date of termination thereof.

20. NOTICES

- 20.1 Notices under this Agreement shall be served by hand or by recorded delivery mail, postage pre-paid and addressed as follows:

20.1.1 In the case of the Institute to:

Roslin Institute (Edinburgh)
Roslin Biotechnology Centre
Roslin
Midlothian
EH25 9PS
For the attention of: the Company Secretary

20.1.2 In the case of Geron to:

Geron Corporation
230 Constitution Drive
Menlo Park
California 94025
United States of America
For the attention of: VP Corporate Development

20.1.3 In the case of RBM to:

ROSLIN BIO-MED LIMITED
Roslin Biotechnology Centre
Roslin
Midlothian
EH25 9PS

For the attention of: the Managing Director

- 20.2 If a party changes its address for notification purposes, it shall give the other parties prior written notice of the new address and the date on which it shall become effective.
- 20.3 Notices served by mail shall be deemed to be delivered seventy two (72) hours after the date of posting.

21. NON-ASSIGNATION

- 21.1 None of the parties may assign, transfer, sub-contract or otherwise dispose of the benefit or burden of this Agreement to a third party without the prior written consent of the other parties, such consent not to be unreasonably withheld or delayed save that:

21.1.1 the Institute may assign the benefit or burden to a publicly funded research body (including a trust, foundation or similar body) which assumes all rights and obligations of the Institute under this Agreement; and

21.1.2 Geron may assign the benefit and burdens of this Agreement in connection with the sale of all or substantially all of the assets of Geron whether by way of sale, merger or other corporate reorganisation; and

21.1.3 Geron may assign the benefit and burden of this Agreement to its Associate,

PROVIDED THAT in the case of an assignation pursuant to Sub-Clauses 21.1.2 or 21.1.3 if the Institute is able to reasonably demonstrate that the proposed assignee is incapable of fulfilling Geron's obligations under this Agreement then Geron will remain liable to the Institute to procure the performance of such obligations notwithstanding that it may have assigned this Agreement.

22. WAIVER

- 22.1 The failure of a party to exercise or enforce any right conferred upon it by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement of such right at any time or times thereafter.
- 22.2 No waiver or discharge shall be valid unless in writing and signed by the relevant party against whom such waiver or discharge is sought to be enforced.

23. ENTIRE AGREEMENT

- 23.1 This Agreement together with the Licence Agreement constitutes the entire agreement between the parties in relation to the subject matter hereof and applies to the exclusion of all other terms and conditions of business including those of the Institute.

23.2 No amendment, alteration or addition to the terms of this Agreement shall be valid unless signed by or on behalf of the parties by an authorised signatory of the parties.

24. PUBLICITY

24.1 None of the parties shall use the names of the other parties (and Geron and RBM shall not use the name "Dolly" or the name of the Supervisors or any member of the Research Team or other member of staff employed at the Institute) in any publicity, advertising or news release without the prior written consent of the other parties, such consent not to be unreasonably withheld.

24.2 None of the parties may issue a press release in relation to this Agreement without the consent of the other parties to the wording of the press release, save where such release is required in order to comply with any regulatory requirements.

25. NO PARTNERSHIP OR AGENCY

25.1 Nothing in this Agreement shall be deemed to constitute a partnership between the parties nor shall any party have any authority to bind or commit the other parties or have authority to act as the agent to the other parties or in any other capacity other than as expressly authorised in this Agreement.

26. ENTICEMENT

26.1 Geron undertakes that it shall not without the Institute's prior written consent either during or within [*] after expiry or termination of this Agreement for any reason engage, employ or otherwise solicit for
* employment any person who, during the Research Periods was an employee or engaged by or on behalf of the Institute in carrying out the Directed Research or the Undirected Research. PROVIDED THAT the foregoing shall not apply to [*].

27. STAMP DUTY ETC

27.1 If any stamp taxes or other similar taxes are levied on this Agreement by reason of its execution or performance, it shall be the responsibility of Geron to pay all such taxes when due. Such taxes shall be in addition to other amounts payable by Geron under this Agreement and shall not be set off against any of the amounts due to the Institute under this Agreement.

27.2 Geron agrees to release and indemnify the Institute and keep it indemnified from and against all liability of whatever nature arising out of Geron's failure duly and timely to pay and discharge any of the above mentioned taxes.

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

28. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the Law of Scotland the and the parties hereby submit to the non-exclusive jurisdiction of the

Scottish courts.

IN WITNESS WHEREOF these presents consisting of this and the preceding 34 pages are executed as follows:

Subscribed for and on behalf of)
GERON CORPORATION)
at)
on the day of 1999)
by its Vice President)

Vice President

Before the following witness:

Name -----

Address -----

Occupation -----

Witness

Subscribed for and on behalf of)
ROSLIN BIO-MED LIMITED (EDINBURGH))
at)
on the day of 1999)
by one of its Directors)

Director

Before the following witness:

Name -----

Address -----

Occupation -----

Witness

Subscribed for and on behalf of)
ROSLIN BIO-MED LIMITED)
at)
on the day of 1999)
by one of its Directors)

Director

Before the following witness:

Name -----

Address -----

Occupation -----

Witness

SCHEDULE

PART 1(a)

PRINCIPLES FOR RECHARGING OF COSTS

(a) DIRECT LABORATORY COSTS

The actual costs incurred by the Institute in conducting the Directed Research and Undirected Research in respect of:

- (i) Salary, national insurance and pension contributions for research scientists and technical support scientists who are members of the Research Teams; plus
- (ii) Laboratory consumables and equipment costs used in the Directed Research and Undirected Research as authorised by the written authorisation of the Institute's project manager in each case; plus
- (iii) Other costs incurred directly as a result of the Directed Research and the Undirected Research as authorised by the Institute's project manager and approved by the Project Board

(b) FARM

A reasonable market rate for animal process through the Institute's farm together with any reasonable additional costs (including labour, feed, veterinary costs and other such costs actually incurred by the Institute as a result of implementing such procedures as may be agreed by the Institute and Project Board as reasonably necessary to properly conduct the Directed Research and Undirected Research. The reasonable market rate per animal and the additional costs shall be no more than the ratio Project Board can show by written evidence may be obtained from at least two similar facilities and staff with commensurate skills. The reasonable market rate is calculated by taking the average market price of a similar animal over the previous twelve (12) months.

(c) LARGE ANIMAL UNIT ("LAU")

A per animal charge used in the Directed Research and Undirected Research, such charge based upon the Institute's total direct cost (including but not limited to labour, equipment, veterinary costs and other such costs required to maintain the facilities as agreed between the parties), multiplied by the total number of animals to be processed through the LAU in the relevant year.

(d) OVERHEADS

* To be allocated as a percentage of Direct Research costs. The percentage to be charged is [*] and will be subject to annual review and agreement between the Institute and Project Board. In the event of agreement not being reached the agreed percentage for the preceding year will be retained.

PART 1(b)

ADMINISTRATIVE SERVICE AGREEMENT

The parties will enter into negotiations in good faith and shall within 45 days enter into a detailed Administrative Services Agreement providing inter alia for office accommodation, use of equipment and computers and other services to be provided by the Institute to RBM in addition to the cost set out in Schedule Part 1(a) above.

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

THE SCHEDULE
PART 2

FORM OF UNDERTAKING

In consideration of my being engaged to carry out for Geron Corporation ("the Company") the Research as defined in the agreement between Geron Corporation, Geron Bio-Med Limited and Roslin Institute (the Institute) dated May 3 1999, I hereby represent and agree as follows:

1. I understand that the Company in engaged in a continuous programme of research, development, production and marketing in connection with its business and that I am expected to make new contributions to and create inventions of value for the Company.
2. I confirm that I will promptly disclose in confidence to the Company all inventions, improvements, original works of authorship, formulas, processes, computer programs, databases and trade secrets ("Inventions"), whether or not patentable, copyrightable or protectable as trade secrets, that are made or conceived or first reduced to practice or created by me, either alone or jointly with others, during the period of the Research, whether or not in the course of any employment, which were or are related in any way to the business of the Company, similar to or competitive with the products or Research and development activities of the Company, or sold to the Company's customers or potential customers.
3. I agree that all Inventions that (a) are developed using equipment, supplies, facilities or trade secrets of the Company, (b) result from work performed by me for the Company or (c) relate to the Research, the business or the actual research or development of the Company, will be the sole and exclusive property of and are (to the extent not already assigned) hereby assigned to the Company and I hereby irrevocably and unconditionally waive in favour of the Company the moral rights (if any) conferred to me by Part 1, Chapter IV, of the Copyright, Design and Patents Act 1988 in respect of such Inventions in which the copyright is vested in the Company. I understand that the provisions of this paragraph shall be without prejudice to the provisions of the Patents Act 1977.
4. I agree to assist the Company in every proper way to obtain for the Company and enforce patents, copyrights and other legal protections for the Company's Inventions in any and all countries, subject to the company meeting any out of pocket costs and expenses. I will execute any documents that the Company may reasonably request for use in obtaining or enforcing such patents, copyrights and other legal protections. My obligations under this paragraph will continue beyond the period of the Research. In the event the Company is unable for any reason, after reasonable effort, to secure any signature on any document needed in connection with the actions specified in this

paragraph, I hereby irrevocably appoint the Company and its duly authorised officers and agents as my agent and attorney to act for and in my behalf to execute, verify the file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by me. I hereby waive in favour of the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any rights assigned hereunder to the Company.

5. I understand that this Agreement has created and creates a relationship of confidence and trust with respect to any information of a confidential or secret nature that may have been or may be disclosed to me by the Institute or the Company that relates to the Research, the business of the Company or to the business of any patent, subsidiary, affiliate, customer or supplier of the Company or other third party ("Proprietary Information"). Such Proprietary Information includes but is not limited to Inventions, ideas, data, know-how, developments, designs, techniques, marketing plans, product plans, business strategies, financial information, forecasts, personnel information and customer lists.

6. At all times and in perpetuity I will keep all such Proprietary Information in confidence and trust, and I will not use or disclose any of such Proprietary Information without the written consent of the Company, except to the extent that such Proprietary Information:

(a) is generally available to the public otherwise than by breach by me or a third party of a duty of confidentiality to the Company;

(b) is subsequently disclosed to me without obligation of confidentiality by a third party owing no such obligation thereof;

(c) is required to be disclosed by any governmental or other authority or otherwise legally required to be disclosed.

Upon termination of my engagement at the Institute to carry out the Research, I will promptly deliver to the Company all documents and materials of any nature pertaining to my work and I will not take with me any documents or materials or copies thereof containing any Proprietary Information.

7. I confirm, and agree that during the period of the Research I will not engage, without the Company's express written consent, in any other employment or business activity; and that for a period of six months thereafter, I will not be interested in or provide any services to another undertaking in the field of the Research. I confirm and agree further that for a period of the Research and six months thereafter I will not (i) induce any employee of the Institute to leave the employ of the Institute and (ii) solicit the business of any client or customer of the Company (other than on behalf of the Company).

8. I represent that my performance of all terms of this Agreement and the Research will not breach any terms of any contract of employment or any invention, assignment or proprietary information agreement with any employer or other party. I represent that I will not bring with me to the Institute or use in the performance of the Research any documents or materials of a former or present employer that are not generally available to the public.

9. This Agreement will be governed by and construed according to Scottish law and the parties submit to the non-exclusive jurisdiction of the Scottish courts. If any provision of this Agreement is deemed unenforceable by law, then such provision will be deemed severed from this Agreement, unless it can be modified by a court so as to render it enforceable with the intent of the Agreement, and the remaining provisions will continue in full force and effect. I understand that in the event of a breach or threatened breach of this Agreement by me the Company may suffer irreparable harm and will therefore be entitled to interim or injunctive relief to enforce this Agreement.

10. This Agreement together with the terms and conditions of my employment with Biotechnology and Biological Sciences Research Council ("BBSRC") at the Institute is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes all prior representations. In the event of any conflict between this Agreement and the terms and conditions of my employment with BBSRC the terms of this Agreement will prevail. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by both parties.

11. I understand that this Agreement does not constitute a contract of employment or obligate the Company, BBSRC and the Institute to employ me for any stated period of time. This Agreement shall be effected as of the first day of my employment.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS

RESEARCHER

COMPANY

By: -----

By: -----

Title: -----

Title: -----

Date: -----

Date: -----

EXHIBIT 10.43

DATED APRIL 30, 1999

ROSLIN INSTITUTE (EDINBURGH)

GERON CORPORATION

- AND -

ROSLIN BIO-MED LIMITED

LICENCE AGREEMENT

Dundas & Wilson
191 West George Street
GLASGOW G2 2LB

LICENCE AGREEMENT made the 30th day of April, 1999

BETWEEN

ROSLIN INSTITUTE (EDINBURGH) a company registered in Scotland with registered number 157100 and having its registered office at Roslin, Edinburgh, Midlothian, EH25 9PS ("the Licensor");

GERON CORPORATION, a Delaware corporation having a principal place of business at 230 Constitution Drive, Menlo Park, California 94025 ("Geron");

and

ROSLIN BIO-MED LIMITED a company registered in Scotland with registered number 179263 and having its registered office at Roslin Biotechnology Centre, Roslin, Midlothian EH25 9PS ("RBM")

WHEREAS

- (A) The Licensor is, together with the Minister of Agriculture, Fisheries and Food, acting through the Ministry of Agriculture, Fisheries and Food ("MAFF") and the Biotechnology and Biological Sciences Research Council ("BBSRC"), the joint-owner of patent applications and the Licensor and BBSRC are the joint owners of certain valuable know-how relating to both nuclear transfer technology and the cloning and genetic modification of animals;
- (B) by an agreement dated 26 March and 7 April 1998, MAFF and BBSRC irrevocably consented for all purposes (except in relation to the Cloning of Humans) to the Licensor negotiating and granting licenses under the said patent applications on such terms and conditions as the Licensor shall in its entire discretion decide in respect of all applications of the inventions which fall within the claims of the said patent applications relating to end products for human healthcare and by a letter dated 3 April 1998, BBSRC consented to the Licensor granting rights in the know-how to RBM;
- (C) by an agreement dated 7th April 1998 (the "Original Licence") the Licensor granted to RBM a license of the said patent applications, know-how and certain other intellectual property rights in respect of the field of use defined in the Original Licence;
- (D) Geron proposes to acquire the entire issued share capital of RBM and to fund the Licensor to carry out research;
- (E) to further the objectives of the Licensor in a manner consistent with its status as a research and educational institute and its recognition as a Scottish charity (No. SCO23592) the Licensor has agreed to grant a new licence to Geron with agreed changes to and a wider field of use than that contained in the Original Licence;

- (F) therefore it has been agreed, subject to the satisfaction or waiver of certain conditions precedent, that as from the Commencement Date the Original Licence will be terminated and a licence of the said patent applications, know-how and other intellectual property rights be granted to Geron on the terms and conditions set out in this Agreement; and
- (G) by letters dated 29 April 1999 MAFF has consented to the Institute granting a licence of the said patent applications, and BBSRC has consented to the Institute granting a licence of the said patent applications know-how and other intellectual property rights to Geron on the terms and conditions set out in this Agreement.

NOW IT IS HEREBY AGREED as follows :

1 DEFINITIONS

1.1 In this Agreement, unless the context otherwise requires, the following defined terms shall have the meanings set out opposite them below:-

- "Associate" shall mean in relation to any company, any subsidiary or holding company of that company or any subsidiary of any such holding company and for this purpose "subsidiary" and "holding company" shall have the meanings specified in Section 736 of the Companies Act 1985;
- "Cloning of Humans" shall mean the uterine implantation and development of a reconstructed embryo with identical nuclear genetic information to another living or deceased human being;
- "Commencement Date" shall mean the last date of execution of this Agreement;
- "Co-ownership Agreement" the Agreement dated 26 March 1998 between the Licensor, BBSRC and MAFF;
- "Disclosure Letter" shall mean the Warrantors' Disclosure Letter of even date herewith referred to in the agreement of even date herewith between Geron and, inter alia, the Licensor for the sale and purchase of the whole issued share capital of RBM,
- "EEA" shall mean the European Economic Area as constituted from time to time;

"Fields of Use"	shall mean, subject to Clause 4, all applications of the Intellectual Property Rights, with the exception of the production of and the facilitation of the commercial manufacture of products for pharmaceutical or Nutraceutical use by modification of the composition of the milk of ruminant livestock and rabbits;
"First Sale Date"	shall mean the date on which Geron or a Sub-Licensee first puts a Product or Process on the market in the EEA;
"Geron Improvements"	shall mean Improvements made or acquired by Geron or its Associates;
"Improvements"	shall mean all improvements or modifications or adaptations to or any new application of the Intellectual Property Rights or any part thereof in the Fields of Use which may be made or acquired by any party during the continuance of this Agreement, but excluding any improvements, modifications, adaptations or new applications of the Intellectual Property Rights developed in the performance of the Research;
"Intellectual Property Rights"	shall mean the Patent Rights, the Know-How, any Licensor Improvements and any copyright, design rights or any other intellectual property rights of a similar nature relating to the Technology owned or co-owned by or under the control of the Licensor;
"Know-How"	shall mean all ideas, concepts, inventions, unpatented drawings, designs, models, specifications, data, formulae, processes and procedures, techniques and any other technical information or documentation (including computer stored information and documentation) owned or co-owned by or under the control of the Licensor and relating to the Technology which is secret, substantial and identified ;
"Licensor Improvements"	shall mean Improvements made or acquired by the Licensor ;
"Net Sales Price"	shall mean, in relation to Sales:-

(a) where the Royalty Products are Sold or supplied on arms length terms, the price charged in the relevant invoice less any value added tax or other sales taxes and other government imposed duties, trade or cash discounts, insurance and packing and freight costs (to the extent identified in the relevant invoice), rebates and allowances for promotions and returns; and

(b) where the Royalty Products are Sold or supplied otherwise than on arm's length terms but are subsequently sold or supplied on arm's length terms, the price charged under the first such arm's length sale calculated in accordance with paragraph (a) above less any value added tax or other sales taxes, trade or cash discounts, insurance and packing and freight costs (if separately charged) and allowances for returns;

"Nutraceuticals"

shall mean an active ingredient of a food which is formulated to be consumed or administered enterally under the supervision of a physician and which is intended for the specific dietary management of a disease or condition for which distinctive nutritional requirements based on recognised scientific principles are established by medical evaluation and/or any milk product intended for infant nutrition;

"Patent"

shall mean any and all patents throughout the world including any re-issues, extensions, substitutions, continuations, divisions, continuations in part applications and supplementary protection certificates and all other rights of a like nature;

"Patent Methods"

means any process or method the use or practice of which would constitute an infringement of a Valid Claim in a particular territory but for any licence granted under this Agreement;

"Patent Rights"

shall mean the patent applications details of which are set out in the Schedule and all corresponding national and regional patent applications, all

patents which may be granted pursuant to such patent applications, any Supplementary Protection Certificates or other means by which any of the aforesaid patent applications and patents or the effects of such patent applications and patents are extended, and all continuations, divisionals, re-issues and re-examinations of any of the foregoing;

- "PPL License" shall mean the licence agreement between PPL Therapeutics (Scotland) Limited and the Institute and the terms and conditions of the Department of Trade & Industry Link project entitled "Link Engineering Programs - Strategies for the Gene Targeting in Livestock" dated 17, 22 and 23 June 1998;
- "Process" shall mean any process which is obtained or derived directly or indirectly from or utilising the Intellectual Property Rights ;
- "Products" shall mean any product or technology which is obtained or derived directly or indirectly from or utilising the Intellectual Property Rights;
- "Research" shall mean the programme of research to be carried out by the Licensor in terms of the Research Agreement;
- "Research Agreement" shall mean the Research and Licence Agreement of even date herewith to be entered into between Geron, the Licensor and RBM;
- "Royalty Products" shall mean any product, process, kit, composition of matter, material, or service to the extent that the manufacture, use, sale, offer for sale, or importation of any such product, process, kit, composition of matter, material, or service would constitute an infringement of a Valid Claim in a particular territory but for the licence herein granted by the Institute to Geron in respect of patents which constitute Licensor Improvements.
- "Quarter" shall mean the period from the Commencement Date until 30 June 1999 (inclusive), the period of three (3) months beginning on 1 July 1999 and each successive period of three (3) months during the

continuation of this Agreement, and "Quarterly" shall be construed accordingly;

"SAC Collaboration"	shall mean the academic collaboration between the Licensor and the Scottish Agricultural College (Aberdeen) in relation to the causes of the birth of unusually large offspring after nuclear transfer;
"Sale"	shall mean any sale, hire, lease or other disposal on a commercial basis of any Royalty Product by Geron any of its Associates or any sub-licensees and "Sold" shall be construed accordingly;
"Sub-Licensee"	shall mean a sub-licensee of the Intellectual Property Rights from Geron in accordance with Clause 3.6;
"Technology"	shall mean cell based systems for the cloning of human and animal cells and non-human animals;
"Territory"	shall mean the world;
"Valid Claim"	shall mean <p>(a) any claim of any issued and unexpired Patent which is a Licensor Improvement; and</p> <p>(b) any claim contained within any application for a Patent referred to in sub-para (a) which, if granted, would constitute a Valid Claim;</p> <p>and which claim has not been finally rejected or declared invalid by a patent office or by a court of competent jurisdiction;</p>
"VAT"	shall mean Value Added Tax; and
"Year"	shall mean each period of twelve months commencing on the Commencement Date and on each anniversary hereof.

1.2 In this Agreement:

1.2.1 references to the singular include the plural and vice versa;

- 1.2.2 references to Clauses and the Schedule are to clauses of and the schedule to this Agreement;
- 1.2.3 headings to Clauses and the Schedule are inserted for convenience only and shall not affect the construction or interpretation of this Agreement; and
- 1.2.4 references to statutory provisions shall be construed as including references to:-
- (a) any statutory modification, consolidation or re-enactment (after the date of execution of this Agreement) of such statutory provisions for the time being in force; and
 - (b) all statutory instruments or orders made pursuant to such statutory provisions.

2 CONDITIONS PRECEDENT

2.1 This Agreement is entered into conditional upon and subject to:-

- 2.1.1 the completion of the acquisition by Geron of the entire issued share capital of RBM; and
- 2.1.2 the execution of the Research Agreement by the Licensor, Geron and RBM,

in each case on or before 4th May 1999 or such later date as the parties may agree.

2.2 None of the parties shall be entitled to waive in whole or in part compliance with the conditions contained in Clause 2.1 without the written consent of the other parties.

3 GRANT OF LICENSE

3.1 The Licensor hereby grants to Geron an exclusive licence to use the Intellectual Property Rights in the Fields of Use anywhere in the Territory:

- 3.1.1 to develop any Products, any Process and the Technology;
- 3.1.2 to manufacture, have manufactured, use, market, sell, lend, let out, hire or lease, or otherwise dispose of Products;
- 3.1.3 to exploit any Process; and
- 3.1.4 to grant sub-licences of the Intellectual Property Rights in the Fields of Use,

subject to and on the terms and conditions contained in this Agreement.

- 3.2. Subject to its obligations to keep the Know-How confidential, the Licensor shall be entitled to use the Intellectual Property Rights and, subject as hereinafter provided, any Geron Improvements for its own academic research and teaching purposes and for non commercial collaboration with other academic parties, charitable, research and other not for profit organisations. To the extent necessary to enable such non-commercial collaborations to proceed, the Licensor shall be entitled to request Geron to grant Sub-licenses of the Intellectual Property Rights and licences of Geron Improvements (but with no right to grant further sub-licences) to such other academic parties, charitable, research and other not for profit organisations for the sole purpose of such non-commercial collaboration and Geron shall grant such Sub-licenses and licenses unless it has reasonable objection thereto. For the avoidance of doubt, any such grant by Geron may be subject to the proposed collaborating party agreeing terms with Geron as to the ownership and/or rights of exploitation of the results of such collaboration and the terms under which any confidential materials may be transferred to such collaborating party.
- 3.3 Except to the extent expressly permitted by or under this Agreement and subject to any mandatory provisions under any applicable legal system which expressly or by implication apply notwithstanding the terms of this Agreement, the Licensor will not use for commercial purposes and will not licence any third party to use the Intellectual Property Rights in the Fields of Use in the Territory. The Licensor's obligations under this Clause 3.3 shall remain in force for the duration of this Agreement. Without prejudice to the foregoing, in respect of any country or territory in the EEA, such obligations will remain in force in respect of that country or territory for the longer of:
- * 3.3.1 the period in which the Patent Rights [*]; or
 - * 3.3.2 the period from the Commencement Date until the date [*] from the First Sale Date or the [*] through no fault of either party, whichever is earlier.
- 3.4 The Licensor and Geron will execute, at their joint expense, such short-form licence agreements as may be required by the relevant patent registries and do such other acts and things as may be reasonably necessary for the purpose of registering the licences granted in terms of this Agreement in the Territory.
- 3.5 Geron shall from time to time keep the Licensor advised as to the progress of any applications for regulatory approvals in the Territory with respect to any Process and /or any Products. All such communications shall be considered confidential and shall be treated in accordance with Clause 8.
- 3.6 Geron shall be entitled to grant sub-licences of its rights under the Agreement and to sub-contract manufacture of Products to appropriate third parties, provided that the

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

sub-contract agreement contains undertakings by the sub-contractor to observe all applicable provisions of this Agreement and that the sub-contract [*], and the sub-licence agreement contains undertakings by the Sub-Licensees to perform provisions substantially similar to those contained in this Agreement with regard to fields of use, confidentiality and termination (including in particular a prohibition on Cloning of Humans) and prohibits assignation, although in the case of Sub-Licensees further sub-licensing to any extent may be permitted.

3.7 Following termination of this Agreement, any sub-licence that has been granted by Geron

shall, except as provided in Clause 3.8, continue to operate provided that [*]

3.8 Geron shall, prior to or within 30 days of the grant of any sub-licence, notify the Licensor of the identity of the Sub-Licensee and the fields of use for which the sub-licence has been granted. The Licensor acting reasonably and with good reason may object in writing to the relevant Sub-Licensee within 30 days of receipt of Geron's notification under this Clause specifying the reason for the Licensor's objection. Where the Licensor acting reasonably has notified Geron of its objection to any Sub-Licensee under this Clause, the sub-licence agreement which Geron has entered into with that Sub-Licensee shall, upon termination of this Agreement, [*]

3.9 Geron shall at all times indemnify and keep indemnified the Licensor against all losses, costs, claims, damages or expenses incurred by the Licensor or for which the Licensor may become liable as a result of any breach by any Sub-Licensee or sub-contractor of the terms of any sub-licence agreement or sub-contract agreement, as if the breach had been a breach by Geron.

4 Use of the Intellectual Property Rights for Human Applications

4.1 Subject to Clause 6.3, Geron shall be entitled to use the Intellectual Property Rights to produce

[*] without requiring any further consent or permission from the Licensor.

4.2 Notwithstanding the terms of Clause 3, Geron shall not use the Intellectual Property Rights to carry out experiments or otherwise engage in research in the field of the Cloning of Humans, and Geron shall not and shall use its reasonable endeavours (including ensuring that all sub-licence agreements contain appropriate restrictions and taking all reasonable steps to enforce such restrictions, including termination of the sub-licence agreement) to procure that its Sub-Licensees shall not use the Intellectual Property Rights for the purpose of the Cloning of Humans.

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

- 4.3 Geron shall not use the Intellectual Property Rights to carry out experiments or otherwise engage in research in any territory which are illegal within that territory as at the date on which the experiments are carried out or the research is conducted.
- 5 TECHNICAL ASSISTANCE
Throughout the term of this Agreement, the Licensor shall deliver to Geron the Know-How in written form in sufficient detail to enable Geron to use and exploit to the fullest extent the Intellectual Property Rights in the Fields of Use.
- 6 PERFORMANCE
- 6.1 Geron undertakes at all times when this Agreement is in force to use all reasonable endeavours to exploit the Intellectual Property Rights in the Fields of Use for commercial gain in the Territory.
- 6.2 All Products supplied by Geron pursuant to Sub-Clause 3.1.2 shall, where reasonably practicable, be marked clearly with the relevant patent numbers of the Licensor and a statement that the Products are manufactured and supplied by Geron under licence from the Licensor.
- 6.3 Geron will ensure that it conforms with all legislation, rules, regulations and statutory requirements, including but without limitation obtaining necessary consents from the relevant authorities, existing in any country within the Territory from time to time in relation to the use and exploitation of the Intellectual Property Rights in that country.
- 7 IMPROVEMENTS
- 7.1 If during the term of this Agreement the Licensor or Geron develops an Improvement then it shall forthwith notify the other in writing of the Improvement and shall disclose all necessary information to permit the use of the Improvement by the other party upon the terms of this Agreement, except neither Geron nor the Licensor shall be obliged to disclose any Improvement to the other to the extent that or for so long as the party disclosing is precluded from doing so by law or any obligation owed to a third party.
- 7.2 Any Improvements developed by the Licensor shall be the absolute property of the Licensor and any Improvements developed by Geron shall be the absolute property of Geron.
- 7.3 Where any party has developed or acquired an Improvement it shall have sole discretion as to whether and in what manner to apply for patent protection.
- 7.4 If during the term of this Agreement the Licensor shall make any discoveries or inventions which have application in the Fields of Use not falling within the definition of "Improvement" pursuant to this Agreement or which is not an intellectual property

right and arising in the performance of Research Geron shall to the extent that the Licensor is not prohibited by law or any obligation to any other person have a right of first refusal with respect to such discovery or invention. The Licensor shall use its reasonable endeavours to present any such discovery or invention to Geron promptly and Geron shall have 60 days from such notification within which to make the Licensor an offer to obtain a licence of any such discovery or invention. The Licensor agrees that it shall consider all such offers in good faith and shall revert to Geron within 60 days of receipt of the offer with its acceptance or refusal. If the Licensor refuses any such offer from Geron, it shall be free to grant any rights to such discovery or invention to any third party on terms no less favourable to the Licensor as those offered by Geron.

8 CONFIDENTIALITY

- 8.1 Both during the term of this Agreement and following its expiry or termination each party shall keep the Know-How and any confidential know-how disclosed to it under Clause 7 confidential and use the Know-How and confidential know-how only for the purpose of this Agreement and not at any time for any reason whatsoever (save as permitted by this Agreement) to disclose or permit to be disclosed the same to any third party other than any Sub-Licensees (to any level of sub-licensing) or to any persons who the party considers need to know the same in connection with its use of the rights granted to it under this Agreement, but then only if such persons have been informed of the secret and confidential nature of the same and have agreed to be bound by an obligation of confidentiality in terms no less onerous than the obligations of confidentiality to which the parties have agreed in this Clause.
- 8.2 Each party undertakes and agrees not to disclose or permit to be disclosed to any third party or make use of or permit to be made use of for any purpose other than as permitted by this Agreement any trade secrets or any confidential information relating to the other parties' business, affairs or finances which comes into their possession. In the case of the Licensor this obligation shall cover the identity of any Sub-Licensee and any information relevant to such Sub-Licensee disclosed by the Licensor under Clause 3.
- 8.3 The obligations referred to in Clauses 8.1 and 8.2 shall not extend to any information which:
- 8.3.1 is generally available to the public otherwise than by reason of breach by the recipient of the provisions of this Clause 8;
 - 8.3.2 is known to the recipient party and is at its free disposal prior to its receipt under this Agreement provided that such prior knowledge can be demonstrated by written evidence;
 - 8.3.3 is subsequently disclosed to the recipient party without obligations of confidence by a third party owing no such obligations in respect thereof;

8.3.4 is required to be disclosed to any governmental or other authority or other regulatory body including, without limitation, MAFF, BBSRC or as may be required under the National Audit Act 1983 or otherwise legally required to be disclosed PROVIDED THAT in all cases the party required to make the disclosure shall take all reasonable steps to ensure that the disclosure is the minimum necessary to comply with its legal requirements and in the case of any disclosure pursuant to any Court order to seek from the Court an appropriate order safeguarding the confidentiality of the material disclosed;

8.3.5 is independently developed by the recipient party without reference to the information disclosed to it under this Agreement,

PROVIDED THAT in using such information the recipient party shall not take any action which would prevent protection of an invention or any intellectual property right contained in such information.

9. Royalties

9.1 Geron shall pay to the Institute royalties in respect of all Sales of Royalty Products during each Quarter at the rate of [*] per cent of the aggregate Net Sales Prices of the Royalty Products Sold during that Quarter.

9.2 Any royalties payable by Geron in respect of Royalty Products Sold during any Quarter shall be paid within sixty (60) days following the end of that Quarter in accordance with the procedures set out in Clauses 9.5 to 9.7 and shall be accompanied by a written statement showing:-

9.2.1 the total number of Royalty Products Sold during the relevant Quarter;

9.2.2 the Net Sales Price in respect of each Royalty Product Sold during the relevant Quarter; and

9.2.3 the total amount of the royalties payable with all necessary particulars of how the royalties have been calculated.

9.3 If any judgment that one or more Patent claims which constitute a Licensor Improvement are not Valid Claims is subsequently reversed on appeal then the Patent claims in question shall be deemed to have been Valid Claims for the whole of the period ("the relevant period") from the date of first judgment until the date of the Appeal (the "Appeal Judgment"). Within sixty (60) days of the date of the Appeal Judgment Geron shall provide to the Institute a statement containing a recalculation of the Royalties arising during the relevant period taking into account that the aforesaid Patent claims were Valid Claims and shall at the same time pay to the Institute any

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

shortfall between the Royalties previously paid in respect of the relevant period and the Royalties which are shown by such recalculation to have been due.

- 9.4 For the avoidance of doubt Geron shall only be obliged to pay royalties in respect of Sales of Royalty Products. All the other licenses and privileges granted to Geron hereunder shall be royalty free and Geron shall not be obliged to make any payment to the Institute in respect of Geron's exercise of such licenses and privileges.
- 9.5 All sums payable to the Institute under this Agreement:-
- 9.5.1 are stated exclusive of value added tax or any other tax which may at any time during the period of this Agreement replace value added tax, which (if payable) shall be paid in addition by Geron at the appropriate rate subject to receipt of a suitable invoice; and
- 9.5.2 shall be paid in Pounds Sterling by bank transfer to the Institute's bank account
- * [No: [*]] at Bank of Scotland, The Mound, Edinburgh (Sort Code No [*]) or such other bank account as may be designated in writing by the Institute.
- 9.6 Without prejudice to any other rights accruing to the Institute, if any sums payable by Geron to the Institute pursuant to this Agreement remain unpaid on the due date for payment,
- * interest at the rate of [*] above the base rate from time to time of the Bank of Scotland shall be payable on such sums from the due date for payment until the date of actual payment in full, PROVIDED THAT no interest shall be payable by Geron where the failure to make payment by the due date is due to any default or failure on the part of the Institute.
- 9.7 All sums payable under this Agreement shall be made in full without deduction of taxes, charges and other duties (including any withholding or other income taxes) that may be imposed except where Geron is required by law to make such deduction or withholding, in which event Geron shall:-
- 9.5.1 ensure that the deduction or withholding does not exceed the minimum amount legally required;
- 9.5.2 pay to the applicable taxation or other authorities within the period for payment permitted by law the full amount of the deduction or withholding;
- 9.5.3 furnish to the Institute, within the period for payment permitted by law, either (a) an official receipt of the applicable taxation or other authorities for all amounts deducted or withheld as aforesaid or (b) if such receipts are not issued by the taxation or other authorities concerned on payment to them of amounts so

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deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding; and

9.5.4 co-operate in all respects necessary to permit the Institute to take advantage of such double taxation agreements as may be available.

10 Proper Accounts

10.1 Geron shall maintain (and retain for not less than six (6) years) true and accurate accounts and records of all Sales which shall show in sufficient detail all facts necessary for the accurate calculation of the royalty payments payable by Geron pursuant to this Agreement.

10.2 Geron shall permit the Institute and its accountants not more than once in any Year on reasonable prior notice to inspect the accounts and records referred to in Clause 10.1 for the purpose of verifying that all royalties due to the Institute pursuant to this Agreement have been properly calculated. The Institute shall, and shall procure that its accountants shall, treat information arising from such inspection as strictly confidential.

10.3 If it is established that the amount of royalties paid in respect of any Quarter is 5% or more less than the amount of the royalties which were properly payable under Clause 9 in respect of that Quarter Geron, shall, within seven (7) days of the date on which it is so established, pay the shortfall to the Institute together with any interest due thereon and the reasonable costs and expenses incurred by the Institute in making the inspection and audit pursuant to which the underpayment is discovered. Any overpayment of royalties Quarters shall be credited against royalties owed to the Institute for the following Quarter or shall be repaid by the Institute to Geron within fourteen (14) days of the Institute's receipt of a notice from Geron requiring repayment.

10.4 The provisions of this Clause 10 shall remain in full force and effect following the expiry or termination of this Agreement for any reason whatsoever until the settlement of all subsisting claims of the Institute under this Agreement.

11 PATENT MAINTENANCE, WARRANTIES AND INFRINGEMENT

11.1 Geron shall diligently prepare, file, prosecute and maintain all patents and patent applications comprising the Patent Rights using patent counsel of its choice. Geron shall have sole discretion in relation to the patenting strategy to be adopted in relation to any patentable inventions, patent applications and/or patents comprised within the Patent Rights provided that Geron shall consult with the Licensor in relation to the patenting strategy and shall take reasonable account of any comments received from the Licensor in relation to and prior to implementation of such patenting strategy. Geron will promptly provide copies of all relevant documentation to the Licensor so that, insofar as reasonably practicable, the Licensor may be currently informed of the continuing

prosecution and maintenance of the Patent Rights and may comment upon such documentation sufficiently in advance of any initial deadline for filing a response thereto.

- 11.2 Geron will use all reasonable efforts to amend any patent applications to include reasonable and appropriate claims requested by the Licensor to protect patent products contemplated to be sold, or patent methods contemplated to be practiced, in connection with the production of and the facilitation of the commercial manufacture of products for pharmaceutical or Nutraceutical use by modification of the composition of the milk of ruminant livestock and rabbits.
- *11.3 The Licensor shall bear [*] and Geron shall bear [*] of all costs actually incurred by the Licensor and/or Geron on or after the Commencement Date relating to the preparation and maintenance of the Patent Rights ("Patent Costs"). Patent Costs shall include inter alia filing costs such as government fees as required, extension fees where appropriate, translation charges relating to claims and/or the entire patent applications or patent applications in non-English speaking territories as the case may be, filing costs in relation to any divisional, continuation or continuation-in-part patent application or patent applications which may arise in the course of prosecution of any patent application and expenses related thereto, reasonable professional charges of patent agent or patent attorney or patent counsel engaged by Geron, reasonable expenses relating to the travel or accommodation of the patent agent or patent attorney or patent counsel incurred in connection with actions required relating to the patent application(s) and/or granted patent(s) which may arise and all costs relating to interferences, oppositions and the defence of any invalidity claims pursuant to clause 11.4 which may arise in the course of the viable life of any of the Patent Rights. Patent costs shall not include any internal costs of the parties and the expense of any management time.
- 11.4 If at any time any claim is made by a third party that any of the Patent Rights is invalid, then each party shall promptly notify the other parties of such claim. Geron shall be entitled to conduct the defence of any such claim provided that Geron shall at all times keep the Licensor informed as to the progress of such defence, and shall insofar as it is practicable to do so, take into account any comments received from the Licensor prior to taking any steps in the conduct of such defence. The Licensor hereby agrees to do any deeds, execute any agreements and render any assistance as Geron shall reasonably require for the purpose of conducting the defence of any third party claim (including authorising any attorneys appointed by Geron to conduct the defence in the name of the Licensor) providing that Geron shall indemnify the
* Licensor against [*] of its reasonable costs and expenses actually incurred in doing any such deeds, executing any agreements or rendering any assistance pursuant to this Clause. If within a period of 90 days from the date upon which notice of any third party

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claim is received Geron has not initiated defence of the claim the Licensor shall be entitled to do so in its own name and at its own expense and Geron hereby agrees to do any deeds, execute any agreements and render any assistance as the Licensor shall reasonably require for the purpose of conducting the defence of any third party claims provided that the Licensor shall indemnify Geron against its reasonable costs and expenses actually incurred in doing any deeds, executing any agreements or rendering any assistance pursuant to this Clause . Subject to the foregoing provisions of this Clause the Licensor shall not take any part in the defence of any claims and shall not settle or compromise any claims in any way without the prior written consent of Geron.

11.5 Notwithstanding any other provisions of this Agreement, Geron may, upon 90 days written notice to the Licensor terminate its obligations with respect to prosecution and maintenance of any of the patents and patent applications comprising the Patent Rights and payment of the Patent Costs incurred after the effective date of such notice with respect to any particular patent application or patent in any or all countries or territories. The Licensor may continue prosecution and/or maintenance of such patent application or patent at its sole discretion and expense, and Geron shall have no further right or licences thereunder in this Agreement or otherwise.

11.6 The Licensor warrants to Geron that :

11.6.1 as at the Commencement Date it, MAFF and BBSRC are be the co-owners of the Patent Rights but that as between and among them the Licensor has and shall at all times have full and sole authority to make any decisions and take any necessary steps to protect and enforce the Patent Rights.

11.6.2 it has the authority to enter into this Agreement and to grant the rights granted under this Agreement;

11.6.3 save for the rights granted to PPL Therapeutics (Scotland) Limited under the PPL Licence and the rights arising under the SAC collaborations it has not granted and will not during the term of this Agreement grant to any third party any rights which are inconsistent with the rights granted under this Agreement;

11.6.4. it has not granted and will during the term of this Agreement not grant to any third party to whom it licenses the Patent Rights outside the Fields of Use any greater right in relation to patent prosecution or patent maintenance then are granted to Geron pursuant to the Agreement;

11.6.5 as at the Commencement Date the Intellectual Property Rights constitute all the intellectual property rights owned by or under the control of the Licensor required to exploit the Intellectual Property Rights in the Fields of Use;

11.6.6 as at the Commencement Date it has not received notice of any third party rights which would prevent the exercise by Geron of any of the rights granted under this Agreement; and

11.6.7 as at the Commencement Date , it has not disclosed the Know-How to any third party except as expressly permitted by the terms of this Agreement.

The warranties under Clauses 11.6.5, 11.6.6 and 11.6.7 are subject to the information disclosed in the Disclosure Letter.

- 11.7 Each party shall forthwith notify the other parties of any infringement or suspected infringement of any Intellectual Property Rights by any person, which comes to that party's attention. Unless otherwise agreed Geron shall have 90 days in which to commence at its own expense proceedings for the purposes of protecting such Intellectual Property Rights in the Fields of Use. The Licensor hereby authorises Geron to institute proceedings in the joint names of Geron and the Licensor in respect of any such infringement or suspected infringement of the Intellectual Property Rights in the Fields of Use. The Licensor hereby agrees to do any deeds, execute any agreements and render any assistance as Geron shall reasonably require for the purposes of any such infringement action (including authorising any attorneys appointed by Geron to conduct the action in the name of the Licensor) provided that Geron shall indemnify the Licensor and keep it identified against its reasonable costs and expenses actually incurred in doing any deeds, executing any agreements or rendering any assistance pursuant to this Clause. Geron shall have full conduct of any such proceedings and the right to give instructions to the appointed attorneys as to how such proceedings are to be conducted but shall at all times keep the Licensor informed as to the conduct of the proceedings and shall take account of all reasonable comments of the Licensor in relation to the proceedings. Subject thereto and to the provisions of Clause 11.8, the Licensor shall not take any part in the proceedings and shall not settle or compromise such proceedings in any way without the prior written consent of Geron.
- 11.8 If within the period of 90 days specified in Clause 11.7 Geron has not initiated any action in respect of the infringement of the Intellectual Property Rights then the Licensor shall be entitled to do so in its own name and at its own expense and Geron hereby agrees to do any deeds, execute any agreements and render any assistance as the Licensor shall reasonably require for the purposes of any such infringement action provided that the Licensor shall indemnify Geron against its reasonable costs and expenses actually incurred in doing any deeds, executing any agreements or rendering any assistance pursuant to this Clause.
- 11.9 Subject to reimbursing in full all costs and expenses incurred by the parties in bringing any infringement actions pursuant to Clauses 11.7 and 11.8 any damages or costs awarded or any sums which are agreed to be paid in settlement of any such action will belong solely to the party bringing the infringement action.
- 11.10 Geron shall at all times indemnify and keep indemnified the Licensor, against all costs, claims, damages or expenses incurred by the Licensor or for which the Licensor may become liable with respect to any product liability claim relating to any Process or Products produced or supplied or put into use by Geron (or any Sub-Licensee or any sub-contractor appointed by Geron) pursuant to this Agreement, provided that the Licensor shall give, at Geron's expense, such assistance as Geron may reasonably require

in order to defend any such claim, shall not without the prior written consent of Geron take any steps to defend, settle or compromise any such claim, and shall not without such consent make any admission with respect to such claim. Such indemnity will not apply where the costs, claims, damages or expenses arise as a result of negligence or wilful deceit by the Licensor, its agents or employees.

- 11.11 At all times during which any Products are being produced, supplied or put to use by Geron or any of the Associates or any sub-licensee, Geron shall in order to meet its obligations to the Institute under Clause 11.10, either self insure or obtain and maintain reasonable insurance in each case commensurate with good industry practice. In the event that Geron obtains insurance it shall on request by the Institute, and (subject to Clause 8) supply the Institute with a copy of the insurance policy.

12 ASSIGNATION

- 12.1 Subject to Clause 3.6 none of the parties may assign, transfer, sub-contract or otherwise dispose of the benefit or burden of this Agreement to a third party without the prior written consent of the other parties, such consent not to be unreasonably withheld or delayed save that:
- 12.1.1 the Licensor may assign the benefit or burden to a publicly funded research body (including a trust, foundation or similar body) which assumes all rights and obligations of the Licensor under this Agreement; and
- 12.1.2 Geron may assign the benefit and burdens of this Agreement in connection with the sale of all or substantially all of the assets of Geron whether by way of sale, merger or other corporate reorganisation; and
- 12.1.3 Geron may assign the benefit and burden of this Agreement to any Associate of Geron;

PROVIDED THAT in the case of an assignation pursuant to Sub-Clauses 12.1.2 or 12.1.3 if the Licensor is able to reasonably demonstrate that the proposed assignee is incapable of fulfilling Geron's obligations under this Agreement then Geron will remain liable to the Licensor to procure the performance of such obligations notwithstanding that it may have assigned this Agreement.

13 TERM AND TERMINATION

- 13.1 Subject to any mandatory provisions under any applicable legal system which expressly or by implication apply notwithstanding the terms of this Agreement, this Agreement shall start on the Commencement Date and shall continue in force, on a country by country or territory by territory basis, as appropriate, until the later of:

- * 13.1.1 [*] or
 - * 13.1.2 [*] from the Commencement Date or (in relation to countries within the EEA) [*] from the First Sale Date, whichever is the earlier
 - * This Agreement shall expire [*]
- 13.2 This Agreement may be terminated by the Licensor forthwith by notice in writing in the event of a breach by Geron of its obligations under Clauses 4.2 (Cloning of Humans) or 4.3 (Illegal Uses).
- 13.3 If Geron challenges the validity or contests the Licensor's ownership of any of the Patent Rights or if Geron claims that any or all of the Patent Rights is not a "necessary patent" within the meaning of Commission Regulation EEC No. 240/96 or contests the secrecy or substantial nature of the Know-How, the Licensor shall be entitled to terminate this Agreement forthwith by giving written notice to Geron.
- 13.4 Geron may at any time terminate this Agreement by giving not less than 90 days' written notice of termination to the Licensor.
- 13.5 The Licensor and RBM hereby agree that the Original Licence shall terminate with effect from the Commencement Date. The termination of the Original Licence is without prejudice to any accrued rights and obligations of the Licensor and RBM as at the date of termination thereof. The provisions of Clauses 8 and 9 of the Original Licence shall remain in full force and effect as regards the Licensor's and RBM's rights and obligations under those clauses in respect of the period prior to the termination of the Original Licence.
- 14 CONSEQUENCES OF TERMINATION
- 14.1 Upon termination of this Agreement pursuant to Clauses 13.2, 13.3 or 13.4;
- 14.1.1 Geron shall be entitled to sell any stock of the Products manufactured prior to the date of termination, but shall not be entitled to manufacture any further Products or further exploit any Process;
 - 14.1.2 Each party shall remain due to pay to the other any sums which have accrued, or which subsequently accrue, due hereunder and shall not be entitled to reimbursement of any such sums paid or any proportions thereof;
 - 14.1.3 each party shall return to the other parties any property of the other parties in its possession or under its control;

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14.1.4 each party shall return to the other parties any Know-How or other technical documentation or information provided to it by the other parties in the course of this Agreement;

14.1.5 Geron shall co-operate with the Licensor in the cancellation of all or any confirmatory licences registered pursuant to Clause 3.4 of this Agreement, and shall execute any and all such documents and do acts and things as may be reasonably required in such connection;

* 14.1.6 any sub-contracts entered into by Geron under Clause 3.6 shall [*]; and

14.1.7 any sub-licenses granted by Geron in accordance with Clause 3.6 shall be dealt with in accordance with Clauses 3.7 and 3.8.

14.2 Upon termination or expiry of this Agreement all rights and licenses granted in favour of the Licensor or Geron under this Agreement shall cease except and to the extent expressly provided otherwise under the terms of this Agreement.

14.3 Clauses 1, 3.7, 3.9, 8, 9.2, 9.6, 10.1, 11.2, 11.10, 11.11, 13.5, 14, 16, 19, 22 and 23 shall survive the termination or expiry of this Agreement.

14.4 Termination of this Agreement shall not affect any rights or obligations of any of the parties either party which have accrued prior to the date of termination and all provisions which are expressed to or by implication survive the termination of this Agreement shall remain in full force and effect.

14.5 For the avoidance of doubt if this Agreement terminates by reason of the expiry of the Patent Rights, the Licensor acknowledges that Geron shall be entitled to use the Technology thereafter without reference to the Licensor.

15 WAIVER

15.1 The failure of a party to exercise or enforce any right conferred upon it by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercise or enforcement of such right at any time or times thereafter. No waiver or discharge shall be valid unless in writing and signed by the relevant party against whom such waiver or discharge is sought to be enforced.

16 NOTICES

16.1 Notice under this Agreement shall be given by delivery by hand, or by recorded delivery mail, posted prepaid and addressed as follows:

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.

In the case of Licensor:
Roslin Institute (Edinburgh)
Roslin
Edinburgh
Midlothian EH25 9P5
For the attention of: (Company Secretary)

In the case of Geron:
Geron Corporation
230 Constitution Drive
Menlo Park
California 94025
For the attention of:VP Corporate Development

In the case of RBM:
Roslin Bio-Med Limited
c/o Ruby Institute (Edinburgh)
Ruby
Edinburgh
Midlothian EH25 9P5
For the attention of: Managing Director

If a party changes its address for notification purposes, then it shall give the other parties prior written notice of the new address and the date on which it shall become effective.

Notices served by mail shall be deemed to be delivered 72 hours after the date of posting.

17 ENTIRE AGREEMENT

17.1 With effect from the Commencement Date this Agreement constitutes the entire Agreement between the parties relating to the subject matter hereof and supersedes all prior agreements in connection with that subject matter. No amendment or alteration or addition variations or waiver of or to the terms of this Agreement shall be valid unless in writing and signed by each of the parties.

18 FORCE MAJEURE

18.1 In the event that either Geron or the Licensor is delayed or prevented from the performance of its obligations under this Agreement by any cause beyond its reasonable control it shall immediately inform the other. The party whose performance is delayed or prevented shall be released from its obligations under this Agreement for so long as

such circumstances prevail, provided that it shall use its reasonable endeavours to avoid or remove the cause of delay or non-performance.

19 PUBLICITY

19.1 None of the parties shall use the name of the other parties (and Geron and RBM shall not use the name "Dolly" or the name of any member of staff employed by or at the Licensor) in any publicity advertising or news release without the prior written consent of the other parties, such consent not to be unreasonably withheld.

19.2 None of the parties may issue a press release in relation to this Agreement unless its wording has been agreed by the other parties, such agreement not to be unreasonably withheld.

20 NO AGENCY

20.1 Nothing in this Agreement shall be deemed to constitute a partnership between the parties nor shall any party have any authority to bind or commit the other or have authority to act as the agent of the other or in any others capacity other than expressly authorised in this Agreement.

21 FURTHER ASSURANCE

21.1 Each party agrees that it will do all such further acts and undertake as such further deeds as may be necessary in order to give full effect to the transaction herein set out and to fully vest in Geron the rights and licences granted hereunder.

21.2 The Licensor agrees that it will at the request and cost (as to out of pocket expenses only) of Geron exercise its rights under the Co-ownership agreement and seek to procure the reasonable co-operation of MAFF and BBSRC to give full effect to the provisions of this agreement.

22 COMPLIANCE WITH LAWS

22.1 In their performance of their respective obligations pursuant to this Agreement, the parties shall comply in all respects with the requirements of Scottish law.

23 GOVERNING LAW

23.1 This Agreement shall be governed by and construed in accordance with the law of Scotland and each party hereby irrevocably submits to the non-exclusive jurisdiction of the Scottish courts.

IN WITNESS WHEREOF these presents consisting of this and the preceding 20 pages together with the Schedule annexed hereto are executed as follows:

Subscribed for and on behalf of)
ROSLIN INSTITUTE (EDINBURGH))
at _____)
on the _____ day of _____ 1999)
by _____ its Director _____)

Director

before the following witness:-

Name _____
Address _____

Witness _____
Occupation _____

Subscribed for and on behalf of)
GERON CORPORATION)
at _____)
on the _____ day of _____ 1999)
by _____ its Director _____)

Vice President

before the following witness:-

Name _____
Address _____

Witness _____
Occupation _____

Subscribed for and on behalf of)
the said ROSLIN BIO-MED LIMITED)
at)
on the _____ day of _____ 1999)
by)
one of its Directors _____)

Director

before the following witness:-

Name _____
Address _____

Witness _____
Occupation _____

SCHEDULE

This is the Schedule referred to in the foregoing Licence Agreement between (1) Roslin Institute (Edinburgh) (2) Geron Corporation and (3) Roslin Bio-Med Limited.

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* Material has been omitted pursuant to a request for confidential treatment. Such material has been filed separately with the Securities and Exchange Commission.