RITE AID CORP
Form DEF 14A
May 19, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

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

RITE AID CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

RITE AID CORPORATION
P.O. BOX 3165
HARRISBURG, PENNSYLVANIA 17105

Notice of Annual Meeting of Stockholders
To Be Held on June 21, 2006

To Our Stockholders:

What: Our 2006 Annual Meeting of Stockholders

When: June 21, 2006 at 1:00 p.m., Eastern Daylight Time

Where: Hilton Harrisburg

One North Second Street

Harrisburg, Pennsylvania 17101

Why: At this Annual Meeting, we plan to:

1. Elect three directors to hold office until the 2009 Annual Meeting of Stockholders and one director to hold office until the 2007 Annual Meeting of Stockholders, and in each case until their respective successors are duly elected and qualified;

2. Consider and vote upon a stockholder proposal, if properly presented, requesting that the Company s Board of Directors adopt a majority vote standard for the election of directors; and

3. Transact such other business as may properly come before the Annual Meeting of Stockholders or any adjournments or postponements thereof.

In addition, the holders of the 7% Series G Cumulative Convertible Pay-in-Kind Preferred Stock and 6% Series H Cumulative Convertible Pay-in-Kind Preferred Stock, voting together as a single class, separately from the holders of Common Stock, will vote to elect one director to hold office until the 2009 Annual Meeting of Stockholders and until a successor is duly elected and qualified.

Only Stockholders of record at the close of business on May 2, 2006 will receive notice of, and be eligible to vote at, the Annual Meeting and any adjournment or postponement thereof. The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

Your vote is important. Please read the Proxy Statement and the voting instructions on the enclosed proxy and then, whether or not you plan to attend the Annual Meeting in person, and no matter how many shares you own, please complete and promptly return your proxy in the envelope provided. This will not prevent you from voting in person at the meeting. It will, however, help to assure a quorum and to avoid added proxy solicitation costs. If you are a Stockholder of record, you may also authorize the individuals named on the enclosed proxy to vote your shares by calling a specially designated telephone number (TOLL FREE 1-800-PROXIES (1-800-776-9437)) or via the Internet at *www.voteproxy.com*. These telephone and Internet voting procedures are designed to authenticate your vote and to confirm that your voting instructions are followed. Specific instructions for Stockholders of record who wish to use telephone or Internet voting procedures are set forth on the enclosed proxy. You may revoke your proxy at any time before the vote is taken by (a) delivering to the Secretary of Rite Aid a written revocation or a proxy with a later date (including a proxy by telephone or via the Internet) or (b) voting your shares in person at the Annual Meeting.

By order of the Board of Directors

Robert B. Sari
Secretary
Camp Hill, Pennsylvania
May 19, 2006

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RITE AID CORPORATION
P.O. BOX 3165
HARRISBURG, PENNSYLVANIA 17105

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS
To Be Held on June 21, 2006

GENERAL INFORMATION

The Board of Directors of Rite Aid Corporation, a Delaware corporation (Rite Aid or the Company), seeks your proxy for use in voting at our 2006 Annual Meeting of Stockholders to be held at the Hilton Harrisburg, One North Second Street, Harrisburg, Pennsylvania 17101, on June 21, 2006 at 1:00 p.m., Eastern Daylight Time, or any adjournment or postponement thereof (the Annual Meeting). This proxy statement, the foregoing notice and the enclosed proxy are first being mailed on or about May 19, 2006 to all holders of our common stock, par value $1.00 per share (Common Stock) and 7% Series G Cumulative Convertible Pay-in-Kind Preferred Stock and 6% Series H Cumulative Convertible Pay-in-Kind Preferred Stock (collectively, the LGP Preferred Stock) (collectively, the Stockholders) entitled to vote at the Annual Meeting.

Purpose of the Meeting

At the Annual Meeting, the Stockholders will be asked to vote on the following proposals:

Proposal No. 1: To elect three directors to hold office until the 2009 Annual Meeting of Stockholders and one director to hold office until the 2007 Annual Meeting of Stockholders, and in each case until their respective successors are duly elected and qualified; and

Proposal No. 2 Consider and vote upon a stockholder proposal, if properly presented, requesting that the Board of Directors of the Company adopt a majority vote standard for the election of directors.

In addition, the holders of the LGP Preferred Stock, voting separately as a class, will vote to elect one director (the LGP Preferred Director) to hold office until the 2009 Annual Meeting of Stockholders and until his successor is duly elected and qualified.

Record Date

Only Stockholders of record at the close of business on May 2, 2006 (the Record Date) will receive notice of, and be entitled to vote at, the Annual Meeting. At the close of business on the Record Date, the Company had outstanding and entitled to vote 528,868,819 shares of Common Stock and 2,451,488.4480 shares of LGP Preferred Stock (which, on an as-if-converted basis, is entitled to an aggregate of 44,572,517 votes).

Quorum and Voting

The presence at the Annual Meeting, in person or by proxy, of the holders of 286,720,669 shares (a majority of the aggregate number of shares of Common Stock and LGP Preferred Stock (on an as-if-converted basis) issued and outstanding and entitled to vote as of the Record Date) is necessary to

constitute a quorum to transact business. Proxies marked Abstain and broker proxies that have not voted on a particular proposal because the broker does not have authority to vote on that proposal and has not received voting instructions (Broker Non-Votes), if any, will be counted in determining the presence of a quorum. In deciding all matters that come before the Annual Meeting, each holder of Common Stock as of the Record Date is entitled to one vote per share of Common Stock and each holder of LGP Preferred Stock as of the Record Date is entitled to approximately 18.18 votes per share of LGP Preferred Stock (one vote per share of Common Stock issuable upon conversion of the LGP Preferred Stock). As of the Record Date, the LGP Preferred Stock was convertible into an aggregate of 44,572,517 shares of Common Stock. The holders of the Common Stock and LGP Preferred Stock vote together as a single class, except for those matters on which the holders of LGP Preferred Stock are entitled to vote as a separate class.

Required Votes

Election of the director nominees named in Proposal No. 1 requires the affirmative vote of a plurality of the total number of votes cast at the Annual Meeting by the holders of shares of Common Stock and LGP Preferred Stock, voting together as a single class. Votes may be cast in favor of or withheld with respect to all of the director nominees, or any of them. Abstentions and Broker Non-Votes, if any, will not be counted as having been voted and will have no effect on the outcome on the vote on the election of directors, except to the extent the failure to vote for a nominee results in another nominee receiving a larger number of votes. Stockholders may not cumulate votes in the election of directors.

The affirmative vote of a majority of the total number of votes of the Common Stock and the LGP Preferred Stock represented and entitled to vote at the Annual Meeting, voting together as a single class, is necessary for the approval of stockholder Proposal No. 2. In determining whether Proposal No. 2 has received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as votes against the proposal, and Broker Non-Votes, if any, will have no effect on the votes for Proposal No. 2.

The Company s transfer agent, American Stock Transfer & Trust Company, will serve as proxy tabulator and count the votes. The results will be certified by the inspectors of election.

Voting Procedures

Stockholders of record can choose one of the following three ways to vote:

1. By mail: Sign, date and return the proxy in the enclosed pre-paid envelope.

2. By telephone: Call (TOLL FREE 1-800-PROXIES (1-800-776-9437)) and follow the instructions.

3. Via the Internet: Access *www.voteproxy.com* and follow the instructions.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions. If you want to vote in person at the Annual Meeting and you hold Common Stock in a street name, you must obtain a proxy from your broker and bring that proxy to the meeting.

Proxies

If the enclosed proxy card is properly signed and returned prior to voting at the Annual Meeting, the shares represented thereby will be voted at the Annual Meeting in accordance with the instructions specified thereon. If the proxy card is signed and returned without instructions, the shares will be voted as follows:

Proposal No. 1: FOR the nominees of the Board in the election of directors; and

Proposal No. 2: AGAINST the stockholder proposal.

Management does not intend to bring any matter before the Annual Meeting other than as indicated in the notice and does not know of anyone else who intends to do so. If any other matters properly come before the Annual Meeting, however, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Annual Meeting, will be deemed authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

You may revoke your proxy by doing any of the following:

- Delivering a written notice of revocation to the Secretary of Rite Aid, dated later than the proxy, before the vote is taken at the Annual Meeting;

- Delivering a duly executed proxy to the Secretary of Rite Aid bearing a later date (including proxy by telephone or via the Internet) before the vote is taken at the Annual Meeting; or

- Voting in person at the Annual Meeting (your attendance at the Annual Meeting, in and of itself, will not revoke the proxy).

Any written notice of revocation, or later dated proxy, should be delivered to:

Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011
Attention: Robert B. Sari, Secretary

Alternatively, you may hand deliver a written revocation notice, or a later dated proxy, to our Secretary at the Annual Meeting before we begin voting.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

Rite Aid s Board of Directors is divided into three classes, with each class to be composed as equally as possible. The Board of Directors currently consists of five directors whose terms expire this year, three directors whose terms expire in 2007 and four directors whose terms expire in 2008. Generally, the term of one class of directors expires at each annual meeting of Stockholders and each class serves a three-year term. However, as discussed under Director Nominees below, in order to equalize the composition of the classes, four of the directors whose terms expire this year are nominated to be elected to hold office until 2009 and one such director is nominated to be elected to hold office until 2007. The nominees for directors (other than the LGP Preferred Director) were nominated by the entire Board and the nominee for the LGP Preferred Director was nominated by the holder of the LGP Preferred Stock.

The Company s By-Laws provide that the Board of Directors may be composed of up to 15 members, with the number to be fixed from time to time by the Board of Directors. The Board of Directors has fixed the number of directors for the year commencing at the Annual Meeting at 12.

Director Nominees

The Board of Directors has nominated Joseph B. Anderson, Jr., Robert A. Mariano, Stuart M. Sloan and Marcy Syms to be elected directors at the Annual Meeting. The holder of the LGP Preferred Stock has informed the Company that it will elect Jonathan D. Sokoloff as the LGP Preferred Director. Each of the nominees for director to be elected at the Annual Meeting currently serves as a director of the Company. Ms. Syms and Messrs. Anderson and Mariano were first appointed to the Board in September 2005 on the recommendation of the Nominating and Governance Committee. Each of Ms. Syms and Messrs. Anderson and Mariano was recommended for consideration by the Nominating and Governance Committee by Robert G. Miller, Chairman of the Board. Each director elected at the Annual Meeting will hold office until 2009, with the exception of Stuart M. Sloan, who will hold office until 2007. The other directors will remain in office for the remainder of their respective terms, as indicated below.

If any nominee at the time of election is unable or unwilling to serve or is otherwise unavailable for election, and as a consequence thereof other nominees are designated, then the persons named in the proxy or their substitutes will have the discretion and authority to vote or to refrain from voting for other nominees in accordance with their judgment.

RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE

BOARD OF DIRECTORS

The following table sets forth certain information with respect to the Company s directors and the director nominees as of the Record Date:

Name	Age	Position with Rite Aid	Year First Became Director	Term as Director Will Expire(1)
Robert G. Miller	62	Chairman	1999	2008
Mary F. Sammons	59	Director, President and Chief Executive Officer	1999	2007
Joseph B. Anderson, Jr.	63	Director	2005	2006
John G. Danhakl	50	Director	2003	2008
Michael A. Friedman, MD	62	Director	2004	2008
Alfred M. Gleason	76	Director	2000	2008
George G. Golleher	58	Director	2002	2007
Robert A. Mariano	56	Director	2005	2006
Philip G. Satre	57	Director	2005	2007
Stuart M. Sloan	62	Director	2000	2006
Jonathan D. Sokoloff	48	Director	1999	2006
Marcy Syms	55	Director	2005	2006

(1) Directors terms of office are scheduled to expire at the annual meeting of stockholders to be held in the year indicated.

Robert G. Miller. Mr. Miller has been Chairman of the Board of the Company since December 5, 1999. Mr. Miller was also the Chief Executive Officer from December 1999 until June 2003. Upon the closing of the sale of Albertson s, Inc. to a consortium of investors, which is anticipated in June 2006, Mr. Miller will become the Chief Executive Officer of the grocery operations acquired by the investment group led by Cerberus Capital Management L.P. and will continue to hold the Chairman position at Rite Aid. Previously, Mr. Miller served as Vice Chairman and Chief Operating Officer of The Kroger Company, a retail food company. Mr. Miller joined Kroger in March 1999, when The Kroger Company acquired Fred Meyer, Inc., a food, drug and general merchandise chain. From 1991 until the acquisition, he served as Chief Executive Officer of Fred Meyer, Inc. Mr. Miller also serves as a director of Harrah s Entertainment, Inc. and Nordstrom, Inc.

Mary F. Sammons. Ms. Sammons has been President and a member of Rite Aid s Board of Directors since December 5, 1999 and Chief Executive Officer since June 2003. She was the Chief Operating Officer from December 1999 until June 2003. From April 1999 to December 1999, Ms. Sammons served as President and Chief Executive Officer of Fred Meyer Stores, Inc., a subsidiary of The Kroger Company. From January 1998 to April 1999, Ms. Sammons served as President and Chief Executive Officer of Fred Meyer Stores, Inc., a subsidiary of Fred Meyer, Inc. From 1985 through 1997, Ms. Sammons held several senior level positions with Fred Meyer Stores Inc., the last being that of Executive Vice President. Ms. Sammons is also a member of the Board of the National Association of Chain Drugstores, and is a director of First Horizon National Corporation and of The Rite Aid Foundation.

Joseph B. Anderson, Jr. Mr. Anderson has been the Chairman of the Board and Chief Executive Officer of TAG Holdings, LLC, a manufacturing, service and technology business since January 2002. Mr. Anderson was Chairman of the Board and Chief Executive Officer of Chivas Industries, LLC from

1994 to 2002. Mr. Anderson also serves as a director of Quaker Chemical Corporation, ArvinMeritor, Inc. and Sierra Pacific Resources.

John G. Danhakl. Mr. Danhakl has been a Managing Partner of Leonard Green & Partners, L.P. since 1995. Leonard Green & Partners, L.P. is an affiliate of Green Equity Investors III, L.P. and is a private equity firm based in Los Angeles, California. Prior to that, he served as a Managing Director in the Los Angeles office of Donaldson, Lufkin & Jenrette, which he joined in 1990. He presently serves on the boards of directors of Big 5 Sporting Goods Corporation, Diamond Triumph Auto Glass, Inc., Leslie s Poolmart, Inc., Liberty Group Publishing, Inc., MEMC Electronic Materials Inc., Petco Animal Supplies, Inc., VCA Antech, Inc., Arden Group, Inc. and several private companies. Mr. Danhakl previously was elected as a director pursuant to director nomination rights granted to Green Equity Investors III, L.P. under an October 27, 1999 agreement between Rite Aid and Green Equity Investors with respect to the purchase of 3,000,000 shares of Rite Aid preferred stock.

Michael A. Friedman, MD. Dr. Friedman has been President and Chief Executive Officer of City of Hope, a National Cancer Institute-designated Comprehensive Cancer Center since May 2003. From October 2001 to April 2003, Dr. Friedman served as Chief Medical Officer for Biomedical Preparedness for the Pharmaceutical Research and Manufacturers of America, a pharmaceutical trade association. Additionally, he held the position of Senior Vice President of Research and Development, Medical and Public Policy for Pharmacia. He also has held executive positions in government and public health organizations. In addition to serving as Acting Commissioner of the U.S. Food and Drug Administration from 1997 to 1998, he was Associate Director of the Cancer Therapy Evaluation Program at the National Cancer Institute, National Institutes of Health from 1988 to 1995. He joined the National Cancer Institute in 1983 as Chief of the Clinical Investigations Branch of the Division of Cancer Treatment. Before that he spent nearly a decade at the University of California at San Francisco Medical Center in various positions, from Assistant Professor of Medicine in 1975 to Interim Director of the Cancer Research Institute from 1981 to 1983. Author of more than 150 scientific papers and books, Dr. Friedman has received commendations, including the Surgeon General s Medallion in 1999.

Alfred M. Gleason. Mr. Gleason is currently a self-employed consultant. Mr. Gleason served as President of the Port of Portland Commission in Portland, Oregon, from 1996 until June 1999. From 1985 until 1995, Mr. Gleason held several positions with PacifiCorp, including Chief Executive Officer, President and Director. PacifiCorp was the parent company of Pacific Power & Light, Utah Power & Light and Pacific Telecom, Inc.

George G. Golleher. Since June 1999, Mr. Golleher has worked as a self-employed business consultant and a private equity investor following his retirement after 28 years of experience in the Southern California food industry. Mr. Golleher was the Chief Executive Officer of Simon Worldwide Inc., a promotional marketing firm, from May 2003 to April 2006, and served as a director of Simon Worldwide from November 1999 to April 2006. From March 1998 to May 1999, Mr. Golleher served as President, Chief Operating Officer and director of Fred Meyer, Inc. Prior to joining Fred Meyer, Inc., Mr. Golleher served for 15 years with Ralphs Grocery Company and its predecessors and was Chief Executive Officer when Ralphs merged with Fred Meyer, Inc. in March 1998. Mr. Golleher serves as a director of General Nutrition Centers, Inc. and Linens N Things, Inc.

Robert A. Mariano. Mr. Mariano has been the Chairman of the Board and Chief Executive Officer of Roundy s Supermarkets, Inc. since June 2002. Prior to joining Roundy s, Mr. Mariano served for 25 years with Dominick s Supermarkets in metropolitan Chicago and was President and Chief Executive Officer when Dominick s was acquired by Safeway in 1998. Mr. Mariano also serves as a director of the Roundy s Foundation.

Philip G. Satre. Mr. Satre is currently a self-employed private equity investor. Mr. Satre served as Chief Executive Officer of Harrah s Entertainment, Inc. from 1993 to January 2003. Mr. Satre was a

director of Harrah s from 1988 through 2004, serving as Chairman of the Board of Harrah s since 1997. He presently serves on the boards of directors of the National Center for Responsible Gaming, the Nevada Cancer Institute, TABCORP Holdings Limited of Australia, Sierra Pacific Resources and Nordstrom, Inc. and is a trustee of Stanford University.

Stuart M. Sloan. Mr. Sloan has been a principal of Sloan Capital Companies, a private investment company, since 1984. Mr. Sloan was also the Chairman of the Board from 1986 to 1998 and the Chief Executive Officer from 1991 to 1996 of Quality Food Centers, Inc., a supermarket chain. He currently serves on the boards of directors of Anixter International, Inc. and J. Crew Group, Inc.

Jonathan D. Sokoloff. Mr. Sokoloff has been a Managing Partner of Leonard Green & Partners, L.P. since 1994. Leonard Green & Partners, L.P. is an affiliate of Green Equity Investors III, L.P. and is a private equity firm based in Los Angeles, California. Since 1990, Mr. Sokoloff has also been a partner in a merchant banking firm affiliated with Leonard Green & Partners, L.P. Mr. Sokoloff is also a director of Dollar Financial Group, Inc. and The Sports Authority, Inc. Mr. Sokoloff previously was elected as a director pursuant to director nomination rights granted to Green Equity Investors III, L.P. under an October 27, 1999 agreement between Rite Aid and Green Equity Investors with respect to the purchase of 3,000,000 shares of Rite Aid preferred stock.

Marcy Syms. Ms. Syms has been Chief Executive Officer and a Director of Syms Corp., a chain of retail clothing stores, since 1983. She currently serves on the board of directors of American Materials Corporation, Manhattan Theatre Club, New York Chapter of the American Heart Association and the Women s Economic Roundtable. She is also chair of the Advisory Board for the Federal Reserve Bank of New York.

Corporate Governance

The Board of Directors recognizes that good corporate governance is an important means of protecting the interests of the Company s stockholders, associates, customers, and the community. The Company has closely monitored and implemented relevant legislative and regulatory corporate governance reforms, including provisions of the Sarbanes-Oxley Act of 2002, the rules of the Securities and Exchange Commission (SEC) interpreting and implementing Sarbanes-Oxley, and the corporate governance listing standards of the New York Stock Exchange (NYSE).

Website Access to Corporate Governance Materials. The Company s corporate governance information and materials, including our Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, Board committee charters, Code of Ethics for the Chief Executive Officer and Senior Financial Officers and Code of Ethics and Business Conduct, are posted on the corporate governance subsection of the investor information section of the Company s website at *www.riteaid.com* and are available in print upon request to Rite Aid Corporation, 30 Hunter Lane, Camp Hill, Pennsylvania 17011, Attention: Secretary. The Board regularly reviews corporate governance developments and will modify these materials and practices from time to time as warranted.

Codes of Ethics. The Board has adopted a Code of Ethics that is applicable to our Chief Executive Officer and senior financial officers. The Board has also adopted a Code of Ethics and Business Conduct that applies to all of our officers, directors and associates. Any amendment to either code or any waiver of either code for executive officers or directors will be disclosed on the corporate governance subsection of the investor information section of the Company s website at *www.riteaid.com*.

Director Independence. For a director to be considered independent under the NYSE listing standards, the Board of Directors must determine that the director does not have any direct or indirect material relationship with the Company, including any of the relationships specifically proscribed by the

NYSE independence standards. Only independent directors may serve on the Audit Committee, Compensation Committee and Nominating and Governance Committee.

The Board considers all relevant facts and circumstances in making independence determinations.

The Board of Directors has determined that all of the directors, other than Ms. Sammons and Messrs. Miller, Danhakl and Sokoloff, including those who serve on the Audit, Compensation and Nominating and Governance Committees satisfy the independence requirements of the NYSE listing standards and that the members of the Audit Committee satisfy the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934 and the NYSE requirements for audit committee members. The independent directors have no relationships with Rite Aid other than being a director, except that George G. Golleher also serves on the Board of Directors of General Nutrition Centers, which does business with the Company. As Mr. Golleher serves only as an outside director of, and is not an officer of or otherwise employed by, General Nutrition Centers, the Board determined that the relationship between the Company and General Nutrition Centers does not constitute a material relationship between Mr. Golleher and the Company.

Majority Voting Policy. On April 5, 2006, the Board adopted a majority voting policy. Under the policy, in non-contested elections, if a director nominee receives a greater number of votes withheld from his or her election than votes for such election, the director must promptly tender his or her resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee must promptly consider such tendered resignation and recommend to the Board whether to accept or reject it. The Board s explanation of its decision would then be promptly disclosed in an SEC filing. A copy of the policy is attached as Appendix A.

Committees of the Board of Directors

Audit Committee. The Audit Committee, which held ten meetings during fiscal year 2006, currently consists of Alfred M. Gleason (Chairman), George G. Golleher, Robert A. Mariano, Philip G. Satre and Marcy Syms each of whom, the Board has determined, is an independent director under the NYSE listing standards and satisfies the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934 and the additional requirements of the NYSE listing standards for audit committee members. See Corporate Governance Director Independence above. The Board has determined that George G. Golleher qualifies as an audit committee financial expert as that term is defined under applicable SEC rules. The functions of the Audit Committee include the following:

- Appointing, compensating and overseeing the Company s independent registered public accounting firm (independent auditors),

- Overseeing management s fulfillment of its responsibilities for financial reporting and internal control over financial reporting, and

- Overseeing the activities of the Company s internal audit function.

The independent auditors and internal auditors meet with the Audit Committee with and without the presence of management representatives. For additional information, see Audit Committee Report.

Compensation Committee. The Compensation Committee, which met four times and acted on three occasions by unanimous written consent during fiscal year 2006, currently consists of Philip G. Satre (Chairman), Michael A. Friedman, MD and Stuart M. Sloan, each of whom, the Board has determined, is an independent director under the NYSE listing standards. See Corporate Governance Director Independence above. The functions of the Compensation Committee include the following:

- Administering the Company s stock option and other equity incentive plans,

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- Determining and approving the compensation levels for the Chief Executive Officer, and

- Reviewing and recommending to the Board of Directors other senior officers compensation levels.

For additional information, see Report of the Compensation Committee on Executive Compensation.

Nominating and Governance Committee. The Nominating and Governance Committee, which held one meeting during fiscal year 2006, currently consists of Stuart M. Sloan (Chairman), Michael A. Friedman, MD and George G. Golleher, each of whom, the Board has determined, is an independent director under the NYSE listing standards. See Corporate Governance Director Independence above. The functions of the Nominating and Governance Committee include the following:

- Identifying and recommending to the Board individuals qualified to serve as directors of the Company;

- Recommending to the Board directors to serve on committees of the Board;

- Advising the Board with respect to matters of Board composition and procedures;

- Developing and recommending to the Board a set of corporate governance principles applicable to the Company and overseeing corporate governance matters generally; and

- Overseeing the annual evaluation of the Board and the Company s management.

Executive Committee. The members of the Executive Committee are Robert G. Miller (Chairman), Mary F. Sammons, Stuart M. Sloan and Jonathan D. Sokoloff. The Executive Committee did not meet during fiscal year 2006. However, on one occasion in fiscal year 2006, the Executive Committee acted by unanimous written consent. The Executive Committee, except as limited by Delaware law, is empowered to exercise all of the powers of the Board of Directors.

Nomination of Directors

The Nominating and Governance Committee will consider director candidates recommended by stockholders. In considering such recommendations, the Nominating and Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating and Governance Committee may also take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held. To have a candidate considered by the Nominating and Governance Committee, a stockholder must submit the recommendation in writing and must include the following information:

- The name of the stockholder and evidence of the person s ownership of Company stock, including the number of shares owned and the length of time of ownership; and

- The name of the candidate, the candidate s resume or a listing of his or her qualifications to be a director of the Company and the person s consent to be named as a director if selected by the Nominating and Governance Committee and nominated by the Board.

The stockholder recommendation and information described above must be sent to Rite Aid Corporation, 30 Hunter Lane, Camp Hill, Pennsylvania 17011, Attention: Secretary. The Nominating and Governance Committee will accept recommendations of director candidates throughout the year; however, in order for a recommended director candidate to be considered for nomination to stand for election at an upcoming annual meeting of stockholders, the recommendation must be received by the Secretary not less than 120 days prior to the anniversary date of the Company s most recent annual meeting of stockholders.

The Nominating and Governance Committee believes that the minimum qualifications for serving as a director of the Company are that a candidate demonstrate, by significant accomplishment in his or her

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field, an ability to make a meaningful contribution to the Board s oversight of the business and affairs of the Company and have an impeccable record and reputation for honest and ethical conduct in his or her professional and personal activities. In addition, the Nominating and Governance Committee examines a candidate s specific experiences and skills, time availability in light of other commitments, potential conflicts of interest and independence from management and the Company. The Nominating and Governance Committee also seeks to have the Board represent a diversity of backgrounds and experience.

The Nominating and Governance Committee identifies potential candidates by asking current directors and executive officers to notify the Committee if they become aware of persons, meeting the criteria described above, who have had a change in circumstances that might make them available to serve on the Board for example, retirement as a CEO or CFO of a public company or exiting government or military service. The Nominating and Governance Committee also, from time to time, may engage firms that specialize in identifying director candidates. As described above, the Committee will also consider candidates recommended by stockholders.

Once a person has been identified by the Nominating and Governance Committee as a potential candidate, the Committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Nominating and Governance Committee determines that the candidate warrants further consideration, the Chairman or another member of the Committee contacts the person. Generally, if the person expresses a willingness to be considered and to serve on the Board, the Nominating and Governance Committee requests information from the candidate, reviews the person s accomplishments and qualifications, including in light of any other candidates that the Committee might be considering, and conducts one or more interviews with the candidate. In certain instances, Committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate s accomplishments. The Committee s evaluation process does not vary based on whether or not a candidate is recommended by a stockholder, although, as stated above, the Board may take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held.

Executive Sessions of Non-Management Directors

In order to promote discussion among the non-management directors, regularly scheduled executive sessions (*i.e.,* meetings of non-management directors without management present) are held to review such topics as the non-management directors determine. These sessions are presided over by the chair of the Nominating and Governance Committee, chair of the Audit Committee or chair of the Compensation Committee depending on the subject matter to be covered in the meeting. The non-management directors met in executive session five times during fiscal year 2006.

Communications with the Board of Directors

The Board has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member (or all members) of the Board, any Board committee or any chair of any such committee by mail or electronically. To communicate with the Board of Directors, the non-management directors, any individual directors or committee of directors, correspondence should be addressed to the Board of Directors or any such individual directors or committee of directors by either name or title. All such correspondence should be sent to Rite Aid Corporation, c/o Secretary, P.O. Box 3165, Harrisburg, Pennsylvania 17105. To communicate with any of the directors electronically, stockholders should go to the Company s website at *www.riteaid.com*. Under the headings Investor Information/Corporate Governance/Contact Our Board you will find an on-line form that may be used for writing an electronic message to the Board, the

non-management directors, any individual directors, or any committee of directors. Please follow the instructions on the website in order to send your message.

All communications received as set forth above will be opened by the Secretary for the purpose of determining whether the contents represent a message to the directors, and depending on the facts and circumstances outlined in the communication, will be distributed to the Board, the non-management directors, an individual director, or committee of directors, as appropriate. The Secretary will make sufficient copies of the contents to send to each director who is a member of the Board or of the committee to which the envelope or e-mail is addressed.

Directors Attendance at Board, Committee and Annual Meetings

The Board of Directors held five regular meetings and one special meeting during fiscal year 2006. Each incumbent director of the Company attended at least 75% of the aggregate of the meetings of the Board of Directors and meetings held by all committees on which such director served, during the period for which such director served.

It is the Company s policy that directors are invited and encouraged to attend the Annual Meeting of Stockholders. All of our directors were in attendance at the 2005 Annual Meeting of Stockholders.

Directors Compensation

Except for Robert G. Miller, whose compensation arrangements are discussed in the section entitled Employment and Employment-Related Agreements and Termination of Employment Agreement with Mr. Miller as Chairman, and except as noted below under the director compensation plan, each non-employee director other than Messrs. Danhakl and Sokoloff (who are affiliated with Leonard Green & Partners L.P., an entity that provides services to the Company, as discussed under Certain Relationships and Related Transactions) receives an annual payment of $50,000 in cash, payable quarterly in arrears, except that the annual payment to each non-employee director who is a member of the Audit Committee is $60,000. In addition, the chair of the Audit Committee receives an additional annual payment of $15,000. Each non-employee director who chairs a committee of the Board other than the Audit Committee receives an additional annual payment of $7,500. Directors who are officers and full-time employees of the Company and Messrs. Danhakl and Sokoloff receive no separate compensation for service as directors or committee members. Directors are reimbursed for travel and lodging expenses associated with attending Board of Directors meetings.

Each person who was first elected or appointed as a director after January 1, 2002 and who is eligible to receive compensation for serving as a director shall, on the date first elected or appointed, receive non-qualified stock options to purchase 100,000 shares of Common Stock. In addition, non-employee directors other than Messrs. Danhakl and Sokoloff are entitled to annually receive non-qualified stock options to purchase 50,000 shares of Common Stock. All of the options received by the directors vest ratably over a three-year period beginning on the first anniversary of the date they were granted. None of such options vests after the non-employee director ceases to be a director, except in the case of a director whose service terminates after he or she reaches age 72, in which case such options will vest immediately upon termination. All of the options vest immediately upon a change in control. In accordance with the foregoing, the following number of options to purchase shares of Common Stock were issued under the Company s 2001 Stock Option Plan to the following directors: on June 23, 2005, Messrs. Friedman, Gleason, Golleher, Miller, Satre and Sloan each received options to purchase 50,000 shares, with an exercise price of $4.11 per share; and on September 21, 2005, the date that Ms. Syms and Messrs. Anderson and Mariano were appointed to the Board of Directors, each of them received non-qualified stock options to purchase 100,000 shares with an exercise price of $3.65 per share .

In fiscal year 2006, Rite Aid s non-employee directors also received $1,000 for each Board of Directors and committee meeting attended or $1,500 for each meeting attended at which such non-employee director served as the chairman of a committee, except that John G. Danhakl and Jonathan D. Sokoloff received no such compensation.

The following table provides a summary of the cash component of director compensation, comprising the annual retainer and meeting fees, paid during fiscal year 2006 to non-employee directors, other than Messrs. Danhakl, Sokoloff and Miller:

Name	Annual Retainer Fee ($)	Meeting Fee ($)
Joseph B. Anderson, Jr.	13,889	2,000
Michael A. Friedman, MD	50,000	8,000
Alfred M. Gleason	75,000	18,000
George G. Golleher	60,000	22,500
Robert A. Mariano	13,889	2,000
Philip G. Satre	36,250	11,000
Stuart M. Sloan	57,500	13,000
Marcy Syms	13,889	3,000

PROPOSAL NO. 2

STOCKHOLDER PROPOSAL MAJORITY VOTE STANDARD IN THE ELECTION OF DIRECTORS

The Carpenters Benefit Funds, 350 Fordham Road, Wilmington, Massachusetts 01887, owner of approximately 2,600 shares of Common Stock (based on information provided to us by the Carpenters Benefit Funds), has notified the Company that it intends to present the following proposal at the Annual Meeting:

RESOLVED: That the shareholders of Rite Aid Corporation (Company) hereby request that the Board of Directors initiate the appropriate process to amend the Company s governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders.

Supporting Statement: Presently, a committee of our Company s Board of Directors selects nominees to stand for election to the Board, a task for which it is well suited. And like most companies, our Company uses a plurality vote standard for director elections. But because nominees almost always run unopposed and under a plurality vote standard can be elected with as little as a single affirmative vote, board nomination is tantamount to board election.

In order to provide shareholders a meaningful role in director elections, we believe that the director election vote standard should be changed to a majority vote standard as permitted by Delaware corporate law. The proposed standard would require that a nominee receive a majority of the votes cast in order to be elected, or in the case of an incumbent director nominee re-elected. The standard is particularly well suited for the vast majority of director elections in which only board nominated candidates are on the ballot. In contested elections, in which shareholders have a choice among competing candidates, the current plurality vote system is an effective vote standard. Establishing a majority vote standard in board elections would mean that shareholder votes, not a board s nomination, would determine whether a nominee is elected or rejected.

It is important to note that under Delaware law if a majority vote standard were in place, an incumbent director that fails to receive a majority vote would not be reelected, but would continue to hold office until such director s successor is elected and qualified or until such director s earlier resignation or removal. In other words, an incumbent director that fails to be re-elected continues to hold office as a holdover director , while a non-incumbent director nominee s failure to secure a majority vote could create a board vacancy.

These potential election outcomes highlight the need for boards to develop post-election policies and practices. We believe that boards of directors, in the exercise of their fiduciary responsibilities to the corporation and shareholders, would be compelled to establish post-election holdover director and board vacancy policies and practices designed to give effect to the shareholder vote in a manner that serves the best interests of the shareholders and the corporation. We note that in response to strong shareholder support for a majority vote standard, a number of companies, while maintaining the plurality standard, have adopted director resignation policies to address the status of elected board nominees that receive a majority of withhold votes. We believe that these director resignation policies, since they are still coupled with a plurality vote standard, are wholly inadequate responses to the call for the adoption of a majority vote standard.

THE BOARD OF DIRECTORS STATEMENT IN OPPOSITION

The Board of Directors recommends a vote against Proposal No. 2 because the Board has already implemented a majority voting policy that it believes represents a best practice approach and provides an effective process to achieve the proposal s objective.

On April 5, 2006, the Board adopted a majority voting policy (see the policy attached as Appendix A). Under the policy, in non-contested elections, if a director nominee receives a greater number of votes withheld from his or her election than votes for such election, the director must promptly tender his or her resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee must promptly consider such tendered resignation and recommend to the Board whether to accept or reject it. The Board s explanation of its decision would then be promptly disclosed in an SEC filing.

While the Board shares the proponent s goals of fair elections and strong corporate governance, the Board believes that the recently adopted majority voting policy is a better approach to achieving the proposal s objectives at this time. The Board believes that a change in the voting standard by which directors are elected, at this time, would not serve the best interests of the Company and its stockholders.

Rite Aid is incorporated under the laws of the State of Delaware. Pursuant to Delaware law and Rite Aid s Bylaws, directors are elected by a plurality of the votes cast by stockholders, which means those director nominees receiving the largest number of votes cast For the nominee are elected. The plurality vote standard remains the accepted standard for the election of directors of U.S. public companies.

The Board believes that the implementation of a majority vote standard as proposed would result in ambiguity and uncertainty in the conduct of Board elections. The majority vote standard presents complex legal and practical issues that the proposal does not resolve. For example, the proposal does not address what would occur if no candidate receives the requisite majority vote. This could have unintended consequences, such as permitting the prior directors, including those the Board was proposing to replace, to remain in office until successors are elected and qualified. The proposal also does not address how or when the Company would fill any vacancy resulting from a nominee not receiving the requisite majority vote. Furthermore, vacancies caused by the loss of the Board s independent directors could impact the Company s ability to comply with the New York Stock Exchange s corporate governance listing requirements relating to the independence and financial literacy of directors.

Moreover, the Board believes the proposal is premature. Majority voting for the election of directors has become a popular issue in the last year or two and has been receiving increasing press coverage and scholarly debate. Neither the American Bar Association Section of Business Law Committee on Corporate Laws, which is chaired by E. Norman Veasey, a former chief justice of the Delaware Supreme Court, nor the Working Group, made up of a number of large companies and institutional investors, has issued final reports or recommendations.

Because law and practice in this area are evolving, the Board believes it would be premature to introduce an alternative voting system beyond the policy on director elections recently adopted by the Board until the issues associated with the application of a majority vote standard have been further clarified. The Board intends to monitor and evaluate the progress and recommendations of these and other studies and to continue to consider carefully whether changes to the current system are appropriate and in the best interests of Rite Aid and its stockholders.

We urge you to vote against Proposal No. 2.

RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST THE STOCKHOLDER PROPOSAL

EXECUTIVE OFFICERS

Officers are appointed annually by the Board of Directors and serve at the discretion of the Board of Directors. Set forth below is information regarding the current executive officers of Rite Aid.

Name	Age	Position with Rite Aid
Mary F. Sammons*	59	Director, President and Chief Executive Officer
James P. Mastrian	63	Chief Operating Officer
Mark C. Panzer	49	Senior Executive Vice President, Chief Marketing Officer
Jerry Mark deBruin	47	Executive Vice President, Pharmacy
Robert B. Sari	50	Executive Vice President, General Counsel and Secretary
Kevin Twomey	55	Executive Vice President, Chief Financial Officer
Douglas E. Donley	43	Senior Vice President, Chief Accounting Officer

* Ms. Sammons biographical information is provided above in the section identifying the director nominees.

James P. Mastrian. Mr. Mastrian was appointed Chief Operating Officer in October 2005. He has been Senior Executive Vice President, Marketing, Logistics and Pharmacy Services from November 2002 to October 2005, and was Senior Executive Vice President, Marketing and Logistics of Rite Aid from October 2000 until November 2002. Prior to that he was Executive Vice President, Marketing from November 1999 to October 2000. Mr. Mastrian was also Executive Vice President, Category Management of Rite Aid from July 1998 to November 1999. Mr. Mastrian was Senior Executive Vice President, Merchandising and Marketing of OfficeMax, Inc. from June 1997 to July 1998 and Executive Vice President, Marketing of Revco D.S., Inc. from July 1994 to June 1997.

Mark C. Panzer. Mr. Panzer was appointed Senior Executive Vice President, Chief Marketing Officer in October 2005. He had been Senior Executive Vice President, Store Operations from June 2002 to October 2005, and was Executive Vice President, Store Operations since June 2001. Prior to that, he served as Senior Vice President, Marketing & Sales, General Merchandise at Albertson s, Inc. from 1998 to 2001, when Albertson s, Inc. merged with his former employer American Stores Company. From 1989 to 1998, Mr. Panzer held several senior positions at American Stores Company including District Manager, Director of Sales and Marketing, Vice President of Sales, Marketing & Advertising and Senior Vice President of Marketing & Formats.

Jerry Mark deBruin. Mr. deBruin was appointed Executive Vice President, Pharmacy in October 2005. He had been Senior Vice President, Pharmacy Services from February 2003 to October 2005. Prior to that, he served as Vice President, Managed Health Care and Pharmacy at Albertson s from December 1999 to January 2003, when Albertson s, Inc. merged American Stores Company. From 1994 to 1999, Mr. de Bruin held several senior positions at American Stores Company including General Manager and Vice President of RxAmerica, a pharmacy benefits management company owned by American Stores Company and Long s Drug Stores Corporation.

Robert B. Sari. Mr. Sari was appointed Executive Vice President, General Counsel in October 2005. He had been Senior Vice President, General Counsel and Secretary from June 2002 to October 2005. Mr. Sari served as Senior Vice President, Deputy General Counsel and Secretary from October 2000 until May 2002. From May 2000 to October 2000, he served as Vice President, Law and Secretary. Mr. Sari served as Associate Counsel from May 1997 to May 2000. Prior to May 1997, Mr. Sari was Vice President, Legal Affairs for Thrifty PayLess, Inc.

Kevin Twomey. Mr. Twomey was appointed Executive Vice President, Chief Financial Officer in October 2005. He had been Senior Vice President and Chief Accounting Officer from December 2000 to October 2005. From September 1989 to November 2000, Mr. Twomey held several accounting and finance

management positions at Fleming Companies, Inc., a food marketing and distribution company. He was Senior Vice President Finance and Control at Fleming, a position he held from October 1999 to November 2000, when he left Fleming. Prior to joining Fleming, he was an audit partner at Deloitte & Touche.

Douglas E. Donley. Mr. Donley was appointed Senior Vice President, Chief Accounting Officer in October 2005. He had been Group Vice President, Corporate Controller from 1999 to October 2005. Mr. Donley served as a financial analyst for Rite Aid from 1996 to 1999. He was an internal auditor for Harsco Corporation from 1994 to 1996. Prior to joining Harsco, he was an auditor for KPMG Peat Marwick. In March 2006, Mr. Donley was charged with offenses related to driving under the influence. A preliminary hearing has been scheduled for June 2006 for the purpose of determining if there is enough evidence to forward these charges to the County Court. The Company believes that these matters do not adversely affect his fitness to serve as an officer.

Executive Officer Compensation

The following table provides a summary of compensation paid during the last three fiscal years to Rite Aid s Chief Executive Officer and the four other most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2006 and one additional highly compensated officer, John T. Standley, who served as an executive officer until August 2005. As used herein, the term Named Executive Officers means all persons identified in the Summary Compensation Table.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	**Fiscal Year**	**Salary(1)**	**Bonus(2)**	**Other Annual Compensation**	**Restricted Stock Awards(3)**	**Securities Underlying Option Grants/ SARs**	**All Other Compensation**
Mary F. Sammons	2006	1,240,000	165,000	108,454 (4)	107,998 (7)	267,001	5,406 (10)
Director, President &	2005	1,240,000		72,468 (5)	599,999 (8)	292,208	4,902
Chief Executive Officer	2004	1,240,000	1,498,161	123,776 (6)			4,902
James P. Mastrian	2006	710,385	85,250	98,341 (4)	1,170,239 (7)	119,261	172,386 (11)
Chief Operating Officer	2005	650,000		61,341 (5)	259,999 (8)	126,623	148,737
	2004	610,096	702,263		680,000 (9)		88,402
Mark C. Panzer	2006	600,000	66,000		43,200 (7)	106,800	145,088 (12)
Senior Executive Vice	2005	575,000		71,432 (5)	230,000 (8)	112,013	129,938
President, Chief Marketing Officer	2004	509,134	589,901		326,400 (9)		84,752
John T. Standley	2006	464,115			48,239 (7)	119,261	41,920 (13)
Former Senior Executive	2005	830,000		72,408 (5)	259,999 (8)	126,623	718
Vice President, Chief	2004	805,000	702,263				690
Administrative Officer &							
Chief Financial Officer							
Robert B. Sari	2006	350,096	22,000		14,533 (7)	35,931	83,935 (14)
Executive Vice President,	2005	325,000			77,997 (8)	37,380	78,493
General Counsel	2004	312,000	186,970				75,317
Kevin Twomey	2006	366,442	24,933		14,533 (7)	35,931	87,943 (15)
Executive Vice President,	2005	328,000		175,246 (5)	78,716 (8)	37,725	79,613
Chief Financial Officer	2004	316,808	189,967				76,812

(1) Salary amounts for Ms. Sammons and Mr. Standley include amounts contributed by Rite Aid to each such executive officer s account under the supplemental executive retirement plan in which they participate.

(2) Bonus amounts represent amounts earned in each respective fiscal year, not necessarily paid in each year. For fiscal year 2006, amounts reflect a bonus for improvements to customer service.

(3) The amounts shown in this column represent the dollar value of common stock of the Company on the date of grant of the unvested restricted stock. With respect to restricted stock awards (but not with respect to awards of restricted stock units, discussed in footnote 8 below), each Named Executive Officer has the right to vote the shares of restricted stock and to receive any dividends paid on such shares.

(4) Other Annual Compensation includes the following for fiscal year 2006: For Ms. Sammons: $87,654 for personal use of the Company aircraft, a $12,000 car allowance, and $8,800 for financial planning services. For Mr. Mastrian: $59,304 for personal use of the Company aircraft, $7,037 for personal use of company car, a $12,000 car allowance and $20,000 in financial planning services.

(5) Other Annual Compensation includes the following for fiscal year 2005: For Ms. Sammons: $60,468 for personal use of the Company aircraft and a $12,000 car allowance. For Mr. Mastrian: $23,876 for personal use of the Company aircraft, $37,158 for personal use of company car and $307 in employer paid taxes. For Mr. Panzer: $44,052 for personal use of the Company aircraft, $27,134 for personal use of company car and $246 in employer paid taxes. For Mr. Standley: $36,496 for personal use of the Company aircraft, $31,664 for personal use of company car, a $4,000 car allowance and $248 in employer paid taxes. For Mr. Twomey: $12,000 car allowance, $2,367 in employer paid taxes and $160,879 in reimbursable moving expenses.

(6) Other Annual Compensation includes the following for fiscal year 2004: For Ms. Sammons: $111,776 for personal use of the Company aircraft and a $12,000 car allowance.

(7) During fiscal year 2006, the named executive officers received restricted stock awards that vest with the passage of time. On June 23, 2005, the following executives were awarded the following number of shares of restricted common stock: Ms. Sammons was awarded 26,277 shares, Mr. Mastrian was awarded 11,737 shares, Mr. Panzer was awarded 10,511 shares, Mr. Standley was awarded 11,737 shares, Mr. Twomey was awarded 3,536 shares, and Mr. Sari was awarded 3,536 shares; restrictions on one-third of such respective shares lapsed or will lapse on each of June 23, 2006, June 23, 2007, and June 23, 2008. On October 10, 2005, in connection with Mr. Mastrian s promotion to Chief Operating Officer, he was awarded 300,000 shares, restrictions on which will lapse on October 10, 2007. The value of the unvested shares of restricted stock as of March 4, 2006 was as follows: $107,473

for Ms. Sammons , $1,275,004 for Mr. Mastrian s, $42,990 for Mr. Panzer s, $14,462 for Mr. Twomey s and $14,462 for Mr. Sari s. Mr. Standley forfeited all unvested shares when he resigned from the Company in August 2005.

(8) During fiscal year 2005, the named executive officers received two types of restricted stock awards: (1) restricted shares that vest with the passage of time, and (2) restricted stock units that will vest only if certain performance targets are met.

With respect to time-based restricted shares, on June 24, 2004, the following executives were awarded the following number of shares of restricted common stock: Ms. Sammons was awarded 27,881 shares, Mr. Mastrian was awarded 12,082 shares, Mr. Panzer was awarded 10,688 shares and Mr. Standley was awarded 12,082 shares; restrictions on one-third of such respective shares lapsed or will lapse on each of June 24, 2005, June 24, 2006, and June 24, 2007. The value of the unvested shares of restricted stock as of February 26, 2005 was as follows: $95,911 for Ms. Sammons , $41,562 for Mr. Mastrian s, $36,767 for Mr. Panzer s and $41,562 for Mr. Standley s. On April 7, 2004, Mr. Twomey was awarded 3,644 shares of restricted common stock and Mr. Sari was awarded 3,611 shares of restricted common stock. Restrictions on one-third of such shares lapsed or will lapse on each of April 7, 2005, April 7, 2006, and April 7, 2007. The value of the unvested shares as of February 26, 2005 for Mr. Twomey s restricted stock was $12,535 and for Mr. Sari s restricted stock was $12,422. Mr. Standley forfeited 8,054 unvested shares when he resigned from the Company in August 2005.

With respect to performance-based stock units, on June 24, 2004, the following executives were awarded the following number of stock units: Ms. Sammons was awarded 83,643 units, Mr. Mastrian was awarded 36,245 units, Mr. Panzer was awarded 32,063 units and Mr. Standley was awarded 36,245 units; on April 7, 2004, Mr. Twomey was awarded 10,933 units and Mr. Sari was awarded 10,833 units. Vesting for all such performance units will occur, provided performance targets are met, on March 3, 2007 (the end of the Company s fiscal year 2007) or such later date that EBITDA performance for the period of fiscal years 2005 to 2007 is determined. The value of the unvested restricted stock units as of February 26, 2005 was as follows: $287,732 for Ms. Sammons , $124,683 for Mr. Mastrian s, $110,297 for Mr. Panzer s, $124,683 for Mr. Standley s, $37,610 for Mr. Twomey s, and $37,266 for Mr. Sari s. Mr. Standley forfeited all 36,245 unvested units when he resigned from the Company in August 2005.

(9) On September 23, 2003, Mr. Mastrian was awarded 125,000 shares of restricted stock and Mr. Panzer was awarded 60,000 shares of restricted common stock; in each case, restrictions on one-third of such shares lapsed or will lapse on each of September 23, 2004, September 23, 2005, and September 23, 2006.

(10) Represents supplemental life insurance premiums paid by the Company.

(11) Represents $5,186 in supplemental life insurance premiums paid by the Company and a defined supplemental retirement plan contribution of $167,200 by Mr. Mastrian.

(12) Represents $1,088 in supplemental life insurance premiums paid by the Company and a defined supplemental retirement plan contribution of $144,000 by Mr. Panzer.

(13) Represents $370 in supplemental life insurance premiums paid by the Company and $41,550 in relation to deferred compensation paid to Mr. Standley. Mr. Standley s deferred compensation balance at the time of his resignation was $993,877, which will be paid in five equal installments. One payment of $184,458 was made during fiscal year 2006, of which $41,550 represented earnings on the contributions made.

(14) Represents $595 in supplemental life insurance premiums paid by the Company and a defined supplemental retirement plan contribution of $83,340 by Mr. Sari.

(15) Represents $1,603 in supplemental life insurance premiums paid by the Company and a defined supplemental retirement plan contribution of $86,340 by Mr. Twomey.

Option Grants in the Fiscal Year

The following table sets forth certain information regarding options granted in fiscal year 2006 to the Named Executive Officers.

Name	Number of Securities Underlying Options Granted (#)(1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Sh)(2)	Expiration Date	Grant Date Present Value ($)(3)
Mary F. Sammons	267,001	3.48 %	$ 4.11	6/23/15	$ 539,342
James P. Mastrian	119,261	1.55 %	4.11	6/23/15	240,907
Mark C. Panzer	106,800	1.39 %	4.11	6/23/15	215,736
John T. Standley	119,261	1.55 %	4.11	6/23/15	240,907
Robert B. Sari	35,931	0.47 %	4.11	6/23/15	72,581
Kevin Twomey	35,931	0.47 %	4.11	6/23/15	72,581

(1) Options vest ratably over a four-year period beginning on the first anniversary of the date of grant.

(2) All options have an exercise price equal to the fair market value on the date of grant.

(3) The hypothetical present values on the grant date were calculated under the Black-Scholes option pricing model, which is a mathematical formula used to value options traded on stock exchanges. The formula considers a number of assumptions in hypothesizing an option s present value. Assumptions used to value the options include the stock s expected volatility rate of 59%, projected dividend yield of 0%, a risk-free rate of return of 4.0%, and an estimated life of the option of four years. The ultimate realizable value of an option will depend on the actual market value of the Common Stock on the date of exercise as compared to the exercise price of the option. Consequently, there is no assurance that the hypothetical present value of the stock options reflected in this table will be realized.

Option Exercises and Fiscal Year-End Values

The following table summarizes the aggregate value of all stock options held as of March 4, 2006 by the Named Executive Officers and option exercises during fiscal year 2006. No Named Executive Officer holds any stock appreciation rights.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options At Fiscal Year-End ($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Mary F. Sammons		$	7,495,268	611,157	$ 5,743,155	$ 248,750
James P. Mastrian			2,325,406	289,228	1,243,514	149,250
Mark C. Panzer			1,153,004	265,809	1,092,750	149,250
John T. Standley	940,796	947,825	1,000,000		1,340,000	-
Robert B. Sari	75,000	151,500	378,720	82,716	327,386	37,313
Kevin Twomey			535,682	82,974	378,538	37,313

(1) In-the-Money options are options with an exercise price less than the market price of the Common Stock on March 4, 2006. The value of such options is calculated using a stock price of $4.09, which was the closing price of the Common Stock on the NYSE on March 3, 2006.

Long-Term Incentive Plan Awards

The following table presents the grants of performance-based stock units during fiscal 2006 to the Named Executive Officers.

NAME	Number of units	Performance Period until Payout	Estimated Future Payouts Under Non-Stock Price Based Plans Minimum threshold (# shares)	Target (# shares)	Maximum (# shares)
Mary F. Sammons	78,832	3/1/2008	39,416	78,832	157,664
James P. Mastrian	35,212	3/1/2008	17,606	35,212	70,424
Mark C. Panzer	31,533	3/1/2008	15,767	31,533	63,066
John T. Standley(1)	35,212	3/1/2008	17,606	35,212	70,424
Robert B. Sari	10,609	3/1/2008	5,305	10,609	21,218
Kevin Twomey	10,609	3/1/2008	5,305		

4 voting rights;

4 rights and terms of redemption (including sinking fund provisions);

4 dividend rights and rates;

4 dissolution;

4 terms concerning the distribution of assets;

4 conversion or exchange terms;

4 redemption prices; and

4 liquidation preferences.

All shares of preferred stock offered hereby will, when issued, be fully paid and nonassessable and will not have any preemptive or similar rights. Our board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of discouraging a takeover or other transaction that might involve a premium price for holders of the shares or which holders might believe to be in their best interests.

We will set forth in a prospectus supplement relating to the class or series of preferred stock being offered the following terms:

- the title and stated value of the preferred stock;
- the number of shares of the preferred stock offered, the liquidation preference per share and the offering price of the preferred stock;
- the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation applicable to the preferred stock;
- whether dividends are cumulative or non-cumulative and, if cumulative, the date from which dividends on the preferred stock will accumulate;
- the procedures for any auction and remarketing, if any, for the preferred stock;
- the provisions for a sinking fund, if any, for the preferred stock;
- the provision for redemption, if applicable, of the preferred stock;

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Description of preferred stock

- any listing of the preferred stock on any securities exchange;
- the terms and conditions, if applicable, upon which the preferred stock will be convertible into common stock, including the conversion price (or manner of calculation) and conversion period;
- voting rights, if any, of the preferred stock;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material and/or special United States Federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend rights and rights upon the liquidation, dissolution or winding up of our affairs;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the class or series of preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs; and
- any other specific terms, preferences, rights, limitations or restrictions of the preferred stock.

RANK

Unless we specify otherwise in the applicable prospectus supplement, the preferred stock will rank, with respect to dividends and upon our liquidation, dissolution or winding up:

- senior to all classes or series of our common stock and to all of our equity securities ranking junior to the preferred stock;
- on a parity with all of our equity securities the terms of which specifically provide that the equity securities rank on a parity with the preferred stock; and
- junior to all of our equity securities the terms of which specifically provide that the equity securities rank senior to the preferred stock.

The term equity securities does not include convertible debt securities.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for any series or class of preferred stock will be set forth in the applicable prospectus supplement.

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Description of warrants

As of December 31, 2001, we had warrants to purchase 1,381,511 shares of our common stock outstanding (other than options issued under our stock option plans and non-qualified options issued to our employees and consultants outside of our stock option plans). We may issue warrants for the purchase of debt securities, common stock or preferred stock. We may issue warrants independently or together with any other offered securities offered by any prospectus supplement and may be attached to or separate from the other offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into by us with a warrant agent specified in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the series of warrants and will not assume any obligation or relationship of agency or trust for or with any provisions of the warrants. Further terms of the warrants and the applicable warrant agreements will be set forth in the applicable prospectus supplement.

The applicable prospectus supplement will describe the terms of the warrants in respect of which this prospectus is being delivered, including, where applicable, the following:

- the title of the warrants;
- the aggregate number of the warrants;
- the price or prices at which the warrants will be issued;
- the designation, terms and number of shares of debt securities, preferred stock or common stock purchasable upon exercise of the warrants;
- the designation and terms of the offered securities, if any, with which the warrants are issued and the number of the warrants issued with each the offered security;
- the date, if any, on and after which the warrants and the related debt securities, preferred stock or common stock will be separately transferable;
- the price at which each share of debt securities, preferred stock or common stock purchasable upon exercise of the warrants may be purchased;
- the date on which the right to exercise the warrants shall commence and expires;
- the minimum or maximum amount of the warrants which may be exercised at any one time;
- information with respect to book-entry procedures, if any;
- a discussion of certain federal income tax considerations;
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

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Certain provisions of Delaware law and of the company s charter and bylaws

The following paragraphs summarize certain provisions of the Delaware General Corporation Law and the Company s Charter and Bylaws. The summary does not purport to be complete and is subject to and qualified in its entirety by reference to the DGCL and to the Company s Charter and Bylaws, copies of which are on file with the commission as exhibits to registration statements previously filed by the Company. See Where You Can Find More Information.

Our Certificate of Incorporation and Bylaws contain provisions that, together with the ownership position of the officers, directors and their affiliates, could discourage potential takeover attempts and make it more difficult for stockholders to change management, which could adversely affect the market place of our common stock.

Our Certificate of Incorporation limits the personal liability of our directors to Geron and our stockholders to the fullest extent permitted by the Delaware General Corporation Law, or DGCL. The inclusion of this provision in our Certificate of Incorporation may reduce the likelihood of derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care.

Our Bylaws provide that special meetings of stockholders can be called only by the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer. Stockholders are not permitted to call a special meeting and cannot require the Board of Directors to call a special meeting. Any vacancy on the Board of Directors resulting from death, resignation, removal or otherwise or newly created directorships may be filled only by vote of the majority of directors then in office, or by a sole remaining director. Our Bylaws also provide for a classified board. See Description of Common Stock.

We are subject to the business combination statute of the DGCL, an anti-takeover law enacted in 1988. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, for a period of three years after the date of the transaction in which a person became an interested stockholder, unless:

- prior to such date the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder,

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

- on or subsequent to such date the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of a least 66% of the outstanding voting stock which is not owned by the interested stockholder.

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Certain provisions of Delaware law and of the company s charter and bylaws

A business combination includes mergers, stock or asset sales and other transactions resulting in a financial benefit to the interested stockholders. An interested stockholder is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the corporation s voting stock. Although Section 203 permits us to elect not to be governed by its provisions, we have not made this election. As a result of the application of Section 203, potential acquirers of Geron may be discouraged from attempting to effect an acquisition transaction with us, thereby possibly depriving holders of our securities of certain opportunities to sell or otherwise dispose of such securities at above-market prices pursuant to such transactions.

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Validity of securities

Latham & Watkins, Menlo Park, California, will pass on the validity of the issuance of all securities offered by this prospectus.

If the securities are underwritten, the applicable prospectus supplement will also set forth whether and to what extent, if any, a law firm for the underwriters will pass upon the validity of the shares.

Experts

The consolidated financial statements of Geron Corporation appearing in Geron Corporation s Annual Report (Form 10-K) for the year ended December 31, 2000 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Limitation on liability and disclosure of Commission position on indemnification for Securities Act liabilities

Our bylaws provide for indemnification of our directors and officers to the fullest extent permitted by law. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or controlling persons of the Company pursuant to the Company s Certificate of Incorporation, as amended, bylaws and the Delaware General Corporation Law, the Company has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

Where you can find more information

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC s web site at http://www.sec.gov. You may also inspect copies of these materials and other information about us at the offices of the Nasdaq Stock Market, Inc., National Market System, 1735 K Street, N.W., Washington, D.C. 20006-1500.

The SEC allows us to incorporate by reference the information we file with them which means that we can disclose important information to you by referring you to those documents instead of having to repeat the information in this prospectus. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 between the date of this prospectus and the termination of the offering:

4 Our annual report on Form 10-K for the fiscal year ended December 31, 2000;

4 Our definitive proxy statement filed pursuant to Section 14 of the Exchange Act in connection with our 2001 Annual Meeting of Stockholders;

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- Our current reports on Form 8-K filed January 31, 2001, July 23, 2001, August 22, 2001, November 5, 2001, November 14, 2001, and January 18, 2002;

- Our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2001, June 30, 2001 and September 30, 2001; and

- The description of our common stock set forth in our registration statement on Form 8-A, filed with the Commission on June 13, 1996 (File No. 0-20859).

This prospectus is part of a registration statement on Form S-3 we have filed with the SEC under the Securities Act. This prospectus does not contain all of the information in the registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the SEC. You may inspect and copy the registration statement, including exhibits, at the SEC s public reference room or internet site. Our statements in this prospectus about the contents of any contract or other document are not necessarily complete. You should refer to the copy of each contract or other document we have filed as an exhibit to the registration statement for complete information.

We will furnish without charge to you, on written or oral request, a copy of any or all of the documents incorporated by reference, including exhibits to these documents. You should direct any requests for documents to David L. Greenwood, Chief Financial Officer, Geron Corporation, 230 Constitution Drive, Menlo Park, California 94025, telephone: (650) 473-7700.

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PROSPECTUS

$150,000,000
Geron Corporation
Debt Securities, Common Stock,
Preferred Stock and Warrants

We may from time to time sell any combination of debt securities, preferred stock, common stock and warrants described in this prospectus in one or more offerings. The aggregate initial offering price of all securities sold under this prospectus will not exceed $150,000,000.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide specific terms of the securities offered in a supplement to this prospectus. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in any securities. This prospectus may not be used to consummate a sale of securities unless accompanied by the applicable prospectus supplement.

We will sell these securities directly to our stockholders or to purchasers or through agents on our behalf or through underwriters or dealers as designated from time to time. If any agents or underwriters are involved in the sale of any of these securities, the applicable prospectus supplement will provide the names of the agents or underwriters and any applicable fees, commissions or discounts.

Our common stock is traded on the Nasdaq National Market under the symbol GERN. On May 3, 2004, the closing price of our common stock was $8.52.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 3 for a discussion of material risks that you should consider before you invest in our securities being sold with this prospectus.

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

The date of this prospectus is June 30, 2004.

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About this prospectus

This prospectus is a part of a registration statement that we filed with the Securities and Exchange Commission utilizing a shelf registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of $150,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities under this shelf registration, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the next heading Where You Can Find More Information.

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and the accompanying supplement to this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. This prospectus and the accompanying supplement to this prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus and the accompanying supplement to this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus and the accompanying prospectus supplement is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus and any accompanying prospectus supplement is delivered or securities sold on a later date.

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About Geron

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

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

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Risk factors

You should carefully consider the specific risks set forth under the caption Risk Factors in the applicable prospectus supplement and under the caption Additional Factors That May Affect Future Results under Item 1 of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2003, which are incorporated by reference in this prospectus, before making an investment decision.

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Forward-looking statements

This prospectus and the documents incorporated by reference into this prospectus contain forward-looking statements that are based on current expectations, estimates and projections about our industry, management s beliefs, and assumptions made by management. Words such as anticipates, expects, intends, plans, believes, seeks, estim variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any forward-looking statements. The risks and uncertainties include those noted in Risk Factors above and in the documents incorporated by reference. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Ratio of earnings to fixed charges

Our earnings are inadequate to cover fixed charges. The following table sets forth the dollar amount of the coverage deficiency. We have not included a ratio of earnings to combined fixed charges and preferred stock dividends because we do not have any preferred stock outstanding.

	Year ended December 31,					Three months ended March 31, 2004
	1999	2000	2001	2002	2003	
Ratio of earnings to fixed changes	N/A	N/A	N/A	N/A	N/A	N/A
Coverage deficiency(1)	$ 41,023	$ 33,666	$ 41,142	$ 33,084	$ 29,051	$ 51,447

(1) All amounts in thousands.

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Use of proceeds

Unless otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities under this prospectus for general corporate purposes, which may include funding research and development, increasing our working capital, reducing indebtedness, acquisitions or investments in businesses, products or technologies that are complementary to our own, and capital expenditures. We will set forth in the prospectus supplement our intended use for the net proceeds received from the sale of any securities. Pending the application of the net proceeds, we intend to invest the net proceeds in short-term, investment-grade, interest-bearing securities.

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Plan of distribution

We may sell the securities from time to time pursuant to underwritten public offerings, negotiated transactions, block trades or a combination of these methods. We may sell the securities (1) through underwriters or dealers, (2) through agents and/or (3) directly to one or more purchasers. We may distribute the securities from time to time in one or more transactions:

4 at a fixed price or prices, which may be changed;

4 at market prices prevailing at the time of sale;

4 at prices related to such prevailing market prices; or

4 at negotiated prices.

We may solicit directly offers to purchase the securities being offered by this prospectus. We may also designate agents to solicit offers to purchase the securities from time to time. We will name in a prospectus supplement any agent involved in the offer or sale of our securities.

If we utilize a dealer in the sale of the securities being offered by this prospectus, we will sell the securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale.

If we utilize an underwriter in the sale of the securities being offered by this prospectus, we will execute an underwriting agreement with the underwriter at the time of sale and we will provide the name of any underwriter in the prospectus supplement that the underwriter will use to make resales of the securities to the public. In connection with the sale of the securities, we, or the purchasers of securities for whom the underwriter may act as agent, may compensate the underwriter in the form of underwriting discounts or commissions. The underwriter may sell the securities to or through dealers, and the underwriter may compensate those dealers in the form of discounts, concessions or commissions.

We will provide in the applicable prospectus supplement any compensation we pay to underwriters, dealers or agents in connection with the offering of the securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers. Underwriters, dealers and agents participating in the distribution of the securities may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, and any discounts and commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions. We may enter into agreements to indemnify underwriters, dealers and agents against civil liabilities, including liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof.

The securities may or may not be listed on a national securities exchange. To facilitate the offering of securities, certain persons participating in the offering may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. This may include over-allotments or short sales of the securities, which involves the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover such over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option. In addition, these persons may stabilize or maintain the price of the securities by bidding for or purchasing securities in the open market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities at a level above that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

The underwriters, dealers and agents may engage in transactions with us, or perform services for us, in the ordinary course of business.

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Description of debt securities

The debt securities covered by this prospectus will be our convertible senior or subordinated debt securities issued under one or more separate senior or subordinated indentures to be entered into between us and a trustee to be identified in the applicable prospectus supplement. This prospectus, together with its prospectus supplement, will describe all the material terms of a particular series of debt securities.

The following is a summary of the most important provisions and definitions of the indentures. For additional information, you should look at the applicable indenture that is filed as an exhibit to the registration statement which includes the prospectus. The indentures are substantially identical except for the subordination provisions described below under Subordinated Debt Securities. In this description of the debt securities, the words Geron , we , us or ou refer only to Geron and not to any of our subsidiaries.

GENERAL

Debt securities may be issued in separate series without limitation as to aggregate principal amount. We may specify a maximum aggregate principal amount for the debt securities of any series.

We are not limited as to the amount of debt securities we may issue under the indentures. The prospectus supplement will set forth:

- whether the debt securities will be senior or subordinated;
- the offering price;
- the title;
- any limit on the aggregate principal amount;
- the person who shall be entitled to receive interest, if other than the record holder on the record date;
- the date the principal will be payable;
- the interest rate, if any, the date interest will accrue, the interest payment dates and the regular record dates;
- the place where payments may be made;
- any mandatory or optional redemption provisions;
- if applicable, the method for determining how the principal, premium, if any, or interest will be calculated by reference to an index or formula;
- if other than U.S. currency, the currency or currency units in which principal, premium, if any, or interest will be payable and whether we or the holder may elect payment to be made in a different currency;
- the portion of the principal amount that will be payable upon acceleration of stated maturity, if other than the entire principal amount;
- if the principal amount payable at stated maturity will not be determinable as of any date prior to stated maturity, the amount which will be deemed to be the principal amount;
- any defeasance provisions if different from those described below under Satisfaction and Discharge; Defeasance;

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Description of debt securities

4 any conversion or exchange provisions;

4 any obligation to redeem or purchase the debt securities pursuant to a sinking fund;

4 whether the debt securities will be issuable in the form of a global security;

4 any subordination provisions, if different from those described below under Subordinated Debt Securities;

4 any deletions of, or changes or additions to, the events of default or covenants; and

4 any other specific terms of such debt securities.

Unless otherwise specified in the prospectus supplement:

4 the debt securities will be registered debt securities; and

4 registered debt securities denominated in U.S. dollars will be issued in denominations of $1,000 or an integral multiple of $1,000.

Debt securities may be sold at a substantial discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below market rates.

EXCHANGE AND TRANSFER

Debt securities may be transferred or exchanged at the office of the security registrar or at the office of any transfer agent designated by us.

We will not impose a service charge for any transfer or exchange, but we may require holders to pay any tax or other governmental charges associated with any transfer or exchange.

In the event of any potential redemption of debt securities of any series, we will not be required to:

4 issue, register the transfer of, or exchange, any debt security of that series during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption and ending at the close of business on the day of the mailing; or

4 register the transfer of or exchange any debt security of that series selected for redemption, in whole or in part, except the unredeemed portion being redeemed in part.

We may initially appoint the trustee as the security registrar. Any transfer agent, in addition to the security registrar, initially designated by us will be named in the prospectus supplement. We may designate additional transfer agents or change transfer agents or change the office of the transfer agent. However, we will be required to maintain a transfer agent in each place of payment for the debt securities of each series.

GLOBAL SECURITIES

The debt securities of any series may be represented, in whole or in part, by one or more global securities. Each global security will:

4 be registered in the name of a depositary that we will identify in a prospectus supplement;

4 be deposited with the depositary or nominee or custodian; and

4 bear any required legends.

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Description of debt securities

No global security may be exchanged in whole or in part for debt securities registered in the name of any person other than the depositary or any nominee unless:

4 the depositary has notified us that it is unwilling or unable to continue as depositary or has ceased to be qualified to act as depositary;

4 an event of default is continuing; or

4 any other circumstances described in a prospectus supplement.

As long as the depositary, or its nominee, is the registered owner of a global security, the depositary or nominee will be considered the sole owner and holder of the debt securities represented by the global security for all purposes under the indenture. Except in the above limited circumstances, owners of beneficial interests in a global security:

4 will not be entitled to have the debt securities registered in their names;

4 will not be entitled to physical delivery of certificated debt securities; and

4 will not be considered to be holders of those debt securities under the indentures.

Payments on a global security will be made to the depositary or its nominee as the holder of the global security. Some jurisdictions have laws that require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global security.

Institutions that have accounts with the depositary or its nominee are referred to as participants. Ownership of beneficial interests in a global security will be limited to participants and to persons that may hold beneficial interests through participants. The depositary will credit, on its book-entry registration and transfer system, the respective principal amounts of debt securities represented by the global security to the accounts of its participants.

Ownership of beneficial interests in a global security will be shown on and effected through records maintained by the depositary, with respect to participants interests, or any participant, with respect to interests of persons held by participants on their behalf.

Payments, transfers and exchanges relating to beneficial interests in a global security will be subject to policies and procedures of the depositary.

The depositary policies and procedures may change from time to time. Neither we nor the trustee will have any responsibility or liability for the depositary s or any participant s records with respect to beneficial interests in a global security.

PAYMENT AND PAYING AGENT

The provisions of this paragraph will apply to the debt securities unless otherwise indicated in the prospectus supplement. Payment of interest on a debt security on any interest payment date will be made to the person in whose name the debt security is registered at the close of business on the regular record date. Payment on debt securities of a particular series will be payable at the office of a paying agent or paying agents designated by us. However, at our option, we may pay interest by mailing a check to the record holder. The corporate trust office will be designated as our sole paying agent.

We may also name any other paying agents in the prospectus supplement. We may designate additional paying agents, change paying agents or change the office of any paying agent. However, we will be required to maintain a paying agent in each place of payment for the debt securities of a particular series.

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Description of debt securities

All moneys paid by us to a paying agent for payment on any debt security which remain unclaimed at the end of two years after such payment was due will be repaid to us. Thereafter, the holder may look only to us for such payment.

CONSOLIDATION, MERGER AND SALE OF ASSETS

We may not consolidate with or merge into any other person, in a transaction in which we are not the surviving corporation, or convey, transfer or lease our properties and assets substantially as an entirety to, any person, unless:

- the successor, if any, is a U.S. corporation, limited liability company, partnership, trust or other entity;
- the successor assumes our obligations on the debt securities and under the indenture;
- immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing; and
- certain other conditions are met.

EVENTS OF DEFAULT

Unless we inform you otherwise in the prospectus supplement, the indenture will define an event of default with respect to any series of debt securities as one or more of the following events:

(1) failure to pay principal of or any premium on any debt security of that series when due;

(2) failure to pay any interest on any debt security of that series for 30 days when due;

(3) failure to deposit any sinking fund payment when due;

(4) failure to perform any other covenant in the indenture continued for 60 days after being given the notice required in the indenture;

(5) our bankruptcy, insolvency or reorganization; and

(6) any other event of default specified in the prospectus supplement.

An event of default of one series of debt securities is not necessarily an event of default for any other series of debt securities.

If an event of default, other than an event of default described in clause (5) above, shall occur and be continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding securities of that series may declare the principal amount of the debt securities of that series to be due and payable immediately.

If an event of default described in clause (5) above shall occur, the principal amount of all the debt securities of that series will automatically become immediately due and payable. Any payment by us on the subordinated debt securities following any such acceleration will be subject to the subordination provisions described below under Subordinated Debt Securities.

After acceleration the holders of a majority in aggregate principal amount of the outstanding securities of that series may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal, or other specified amount, have been cured or waived.

Other than the duty to act with the required care during an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders unless the holders shall

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have offered to the trustee reasonable indemnity. Generally, the holders of a majority in aggregate principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

A holder will not have any right to institute any proceeding under the indentures, or for the appointment of a receiver or a trustee, or for any other remedy under the indentures, unless:

(1) the holder has previously given to the trustee written notice of a continuing event of default with respect to the debt securities of that series;

(2) the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series have made a written request and have offered reasonable indemnity to the trustee to institute the proceeding; and

(3) the trustee has failed to institute the proceeding and has not received direction inconsistent with the original request from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series within 60 days after the original request.

Holders may, however, sue to enforce the payment of principal, premium or interest on any debt security on or after the due date or to enforce the right, if any, to convert any debt security without following the procedures listed in (1) through (3) above.

We will furnish the trustee an annual statement by our officers as to whether or not we are in default in the performance of the indenture and, if so, specifying all known defaults.

MODIFICATION AND WAIVER

We and the trustee may make modifications and amendments to the indentures with the consent of the holders of a majority in aggregate principal amount of the outstanding securities of each series affected by the modification or amendment.

However, neither we nor the trustee may make any modification or amendment without the consent of the holder of each outstanding security of that series affected by the modification or amendment if such modification or amendment would:

- change the stated maturity of any debt security;
- reduce the principal, premium, if any, or interest on any debt security;
- reduce the principal of an original issue discount security or any other debt security payable on acceleration of maturity;
- reduce the rate of interest on any debt security;
- change the currency in which any debt security is payable;
- impair the right to enforce any payment after the stated maturity or redemption date;
- waive any default or event of default in payment of the principal of, premium or interest on any debt security;
- waive a redemption payment or modify any of the redemption provisions of any debt security;
- adversely affect the right to convert any debt security; or

4 change the provisions in the indenture that relate to modifying or amending the indenture.

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Description of debt securities

SATISFACTION AND DISCHARGE; DEFEASANCE

We may be discharged from our obligations on the debt securities of any series that have matured or will mature or be redeemed within one year if we deposit with the trustee enough cash to pay all the principal, interest and any premium due to the stated maturity date or redemption date of the debt securities. Each indenture contains a provision that permits us to elect:

- to be discharged from all of our obligations, subject to limited exceptions, with respect to any series of debt securities then outstanding; and/or

- to be released from our obligations under the following covenants and from the consequences of an event of default resulting from a breach of these covenants:
  (1) the subordination provisions under the subordinated indenture; and

  (2) covenants as to payment of taxes and maintenance of corporate existence.

To make either of the above elections, we must deposit in trust with the trustee enough money to pay in full the principal, interest and premium on the debt securities. This amount may be made in cash and/or U.S. government obligations. As a condition to either of the above elections, we must deliver to the trustee an opinion of counsel that the holders of the debt securities will not recognize income, gain or loss for Federal income tax purposes as a result of the action.

If any of the above events occurs, the holders of the debt securities of the series will not be entitled to the benefits of the indenture, except for the rights of holders to receive payments on debt securities or the registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated debt securities.

NOTICES

Notices to holders will be given by mail to the addresses of the holders in the security register.

GOVERNING LAW

The indentures and the debt securities will be governed by, and construed under, the law of the State of New York.

REGARDING THE TRUSTEE

The indenture limits the right of the trustee, should it become a creditor of us, to obtain payment of claims or secure its claims.

The trustee is permitted to engage in certain other transactions. However, if the trustee, acquires any conflicting interest, and there is a default under the debt securities of any series for which they are trustee, the trustee must eliminate the conflict or resign.

SUBORDINATED DEBT SECURITIES

Payment on the subordinated debt securities will, to the extent provided in the indenture, be subordinated in right of payment to the prior payment in full of all of our senior indebtedness. The subordinated debt securities also are effectively subordinated to all debt and other liabilities, including trade payables and lease obligations, if any, of our subsidiaries.

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and interest on the subordinated debt securities will be subordinated in right of payment to the prior payment in full in cash or other payment satisfactory to the holders of

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Description of debt securities

senior indebtedness of all senior indebtedness. In the event of any acceleration of the subordinated debt securities because of an event of default, the holders of any senior indebtedness would be entitled to payment in full in cash or other payment satisfactory to such holders of all senior indebtedness obligations before the holders of the subordinated debt securities are entitled to receive any payment or distribution. The indenture requires us or the trustee to promptly notify holders of designated senior indebtedness if payment of the subordinated debt securities is accelerated because of an event of default.

We may not make any payment on the subordinated debt securities, including upon redemption at the option of the holder of any subordinated debt securities or at our option, if:

- a default in the payment of the principal, premium, if any, interest, rent or other obligations in respect of designated senior indebtedness occurs and is continuing beyond any applicable period of grace (called a payment default); or

- a default other than a payment default on any designated senior indebtedness occurs and is continuing that permits holders of designated senior indebtedness to accelerate its maturity, and the trustee receives a notice of such default (called a payment blockage notice) from us or any other person permitted to give such notice under the indenture (called a non-payment default).

We may resume payments and distributions on the subordinated debt securities:

- in the case of a payment default, upon the date on which such default is cured or waived or ceases to exist; and

- in the case of a non-payment default, the earlier of the date on which such nonpayment default is cured or waived or ceases to exist and 179 days after the date on which the payment blockage notice is received by the trustee, if the maturity of the designated senior indebtedness has not been accelerated.

No new period of payment blockage may be commenced pursuant to a payment blockage notice unless 365 days have elapsed since the initial effectiveness of the immediately prior payment blockage notice and all scheduled payments of principal, premium and interest, including any liquidated damages, on the notes that have come due have been paid in full in cash. No non-payment default that existed or was continuing on the date of delivery of any payment blockage notice shall be the basis for any later payment blockage notice unless the non-payment default is based upon facts or events arising after the date of delivery of such payment blockage notice.

If the trustee or any holder of the notes receives any payment or distribution of our assets in contravention of the subordination provisions on the subordinated debt securities before all senior indebtedness is paid in full in cash, property or securities, including by way of set-off, or other payment satisfactory to holders of senior indebtedness, then such payment or distribution will be held in trust for the benefit of holders of senior indebtedness or their representatives to the extent necessary to make payment in full in cash or payment satisfactory to the holders of senior indebtedness of all unpaid senior indebtedness.

In the event of our bankruptcy, dissolution or reorganization, holders of senior indebtedness may receive more, ratably, and holders of the subordinated debt securities may receive less, ratably, than our other creditors (including our trade creditors). This subordination will not prevent the occurrence of any event of default under the indenture.

As of March 31, 2004, $326,000 senior indebtedness was outstanding. We are not prohibited from incurring debt, including senior indebtedness, under the indenture. We may from time to time incur additional debt, including senior indebtedness.

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Description of debt securities

We are obligated to pay reasonable compensation to the trustee and to indemnify the trustee against certain losses, liabilities or expenses incurred by the trustee in connection with its duties relating to the subordinated debt securities. The trustee s claims for these payments will generally be senior to those of noteholders in respect of all funds collected or held by the trustee.

CERTAIN DEFINITIONS

indebtedness means:

(1) all indebtedness, obligations and other liabilities for borrowed money, including overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from banks, or evidenced by bonds, debentures, notes or similar instruments, other than any account payable or other accrued current liability or obligation incurred in the ordinary course of business in connection with the obtaining of materials or services;

(2) all reimbursement obligations and other liabilities with respect to letters of credit, bank guarantees or bankers acceptances;

(3) all obligations and liabilities in respect of leases required in conformity with generally accepted accounting principles to be accounted for as capitalized lease obligations on our balance sheet;

(4) all obligations and other liabilities under any lease or related document in connection with the lease of real property which provides that we are contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the lessor and our obligations under the lease or related document to purchase or to cause a third party to purchase the leased property;

(5) all obligations with respect to an interest rate or other swap, cap or collar agreement or other similar instrument or agreement or foreign currency hedge, exchange, purchase agreement or other similar instrument or agreement;

(6) all direct or indirect guaranties or similar agreements in respect of, and our obligations or liabilities to purchase, acquire or otherwise assure a creditor against loss in respect of, indebtedness, obligations or liabilities of others of the type described in (1) through (5) above;

(7) any indebtedness or other obligations described in (1) through (6) above secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by us; and

(8) any and all refinancings, replacements, deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (1) through (7) above.

senior indebtedness means the principal, premium, if any, interest, including any interest accruing after bankruptcy, and rent or termination payment on or other amounts due on our current or future indebtedness, whether created, incurred, assumed, guaranteed or in effect guaranteed by us, including any deferrals, renewals, extensions, refundings, amendments, modifications or supplements to the above. However, senior indebtedness does not include:

- indebtedness that expressly provides that it shall not be senior in right of payment to the subordinated debt securities or expressly provides that it is on the same basis or junior to the subordinated debt securities;
- our indebtedness to any of our majority-owned subsidiaries; and

4 the subordinated debt securities.

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Description of common stock

The following summary of the terms of our common stock does not purport to be complete and is subject to and qualified in its entirety by reference to our Charter and Bylaws, copies of which are on file with the Commission as exhibits to registration statements previously filed by us. See Where You Can Find More Information.

We have authority to issue 100,000,000 shares of common stock, $0.001 par value per share. As of May 3, 2004, we had 45,255,063 shares of common stock outstanding.

The holders of our common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding shares of our preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for that purpose. In the event of a liquidation, dissolution or winding up of the Company, the holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to preferences applicable to shares of our preferred stock, if any, then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions available to the common stock. All outstanding shares of our common stock are, and the shares of common stock offered by this prospectus will be, fully paid and nonassessable.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common stock is U.S. Stock Transfer Corporation.

SHARE PURCHASE RIGHTS PLAN

On July 20, 2001, our board of directors adopted a share purchase rights plan and declared a dividend distribution of one right for each outstanding share of common stock to stockholders of record as of July 31, 2001. Each right entitles the holder to purchase one unit consisting of one one-thousandth of a share of Series A Junior Participating Preferred Stock for $100 per unit. Under certain circumstances, if a person or group acquires 15% or more of our outstanding common stock, holders of the rights (other than the person or group triggering their exercise) will be able to purchase, in exchange for the $100 exercise price, shares of our common stock, par value $0.001 per share, or of any company into which Geron is merged having a value of $200. The rights expire on July 31, 2011 unless extended by our board of directors.

CLASSIFIED BOARD OF DIRECTORS

The certificate of incorporation provides for the board of directors to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three-year terms. As a result, approximately one-third of the board of directors will be elected each year. The classified board provision will help to assure the continuity and stability of the board of directors and the business strategies and policies of Geron as determined by the board of directors. The classified board provision could have the effect of discouraging a third party from making a tender offer or attempting to obtain control of us. In addition, the classified board provision could delay stockholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for two years.

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Description of preferred stock

We have authority to issue 3,000,000 shares of preferred stock, $0.001 par value per share, 50,000 shares of which have been designated Series A Junior Participating Preferred Stock, $0.001 par value per share, and reserved for issuance under the share purchase rights plan adopted on July 20, 2001. As of May 3, 2004, we had no shares of preferred stock outstanding.

GENERAL

Under our Certificate of Incorporation, our board of directors is authorized generally without stockholder approval to issue shares of preferred stock from time to time, in one or more classes or series. Prior to the issuance of shares of each series, the board of directors is required by the Delaware General Corporation Law and our Certificate of Incorporation to adopt resolutions and file a certificate of designation with the Secretary of State of the State of Delaware. The certificate of designation fixes for each class or series the designations, powers, preferences, rights, qualifications, limitations and restrictions, including, but not limited to, the following:

4 the number of shares constituting each class or series;

4 voting rights;

4 rights and terms of redemption (including sinking fund provisions);

4 dividend rights and rates;

4 dissolution;

4 terms concerning the distribution of assets;

4 conversion or exchange terms;

4 redemption prices; and

4 liquidation preferences.

All shares of preferred stock offered hereby will, when issued, be fully paid and nonassessable and will not have any preemptive or similar rights. Our board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of discouraging a takeover or other transaction that might involve a premium price for holders of the shares or which holders might believe to be in their best interests.

We will set forth in a prospectus supplement relating to the class or series of preferred stock being offered the following terms:

4 the title and stated value of the preferred stock;

4 the number of shares of the preferred stock offered, the liquidation preference per share and the offering price of the preferred stock;

4 the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation applicable to the preferred stock;

4 whether dividends are cumulative or non-cumulative and, if cumulative, the date from which dividends on the preferred stock will accumulate;

4 the procedures for any auction and remarketing, if any, for the preferred stock;

4 the provisions for a sinking fund, if any, for the preferred stock;

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Description of preferred stock

4 the provision for redemption, if applicable, of the preferred stock;

4 any listing of the preferred stock on any securities exchange;

4 the terms and conditions, if applicable, upon which the preferred stock will be convertible into common stock, including the conversion price (or manner of calculation) and conversion period;

4 voting rights, if any, of the preferred stock;

4 whether interests in the preferred stock will be represented by depositary shares;

4 a discussion of any material and/or special United States Federal income tax considerations applicable to the preferred stock;

4 the relative ranking and preferences of the preferred stock as to dividend rights and rights upon the liquidation, dissolution or winding up of our affairs;

4 any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the class or series of preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs; and

4 any other specific terms, preferences, rights, limitations or restrictions of the preferred stock.

RANK

Unless we specify otherwise in the applicable prospectus supplement, the preferred stock will rank, with respect to dividends and upon our liquidation, dissolution or winding up:

4 senior to all classes or series of our common stock and to all of our equity securities ranking junior to the preferred stock;

4 on a parity with all of our equity securities the terms of which specifically provide that the equity securities rank on a parity with the preferred stock; and

4 junior to all of our equity securities the terms of which specifically provide that the equity securities rank senior to the preferred stock.

The term equity securities does not include convertible debt securities.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for any series or class of preferred stock will be set forth in the applicable prospectus supplement.

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Description of warrants

We may issue warrants for the purchase of debt securities, common stock or preferred stock. We may issue warrants independently or together with any other securities offered by any prospectus supplement and may be attached to or separate from the other offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into by us with a warrant agent. The warrant agent will act solely as our agent in connection with the series of warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of the warrants. Further terms of the warrants and the applicable warrant agreements will be set forth in the applicable prospectus supplement.

The applicable prospectus supplement will describe the terms of the warrants in respect of which this prospectus is being delivered, including, where applicable, the following:

- the title of the warrants;
- the aggregate number of the warrants;
- the price or prices at which the warrants will be issued;
- the designation, terms and number of shares of debt securities, preferred stock or common stock purchasable upon exercise of the warrants;
- the designation and terms of the offered securities, if any, with which the warrants are issued and the number of the warrants issued with each offered security;
- the date, if any, on and after which the warrants and the related debt securities, preferred stock or common stock will be separately transferable;
- the price at which each share of debt securities, preferred stock or common stock purchasable upon exercise of the warrants may be purchased;
- the date on which the right to exercise the warrants shall commence and the date on which that right shall expire;
- the minimum or maximum amount of the warrants which may be exercised at any one time;
- information with respect to book-entry procedures, if any;
- a discussion of certain federal income tax considerations; and
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

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Certain provisions of Delaware law and of the company s charter and bylaws

The following paragraphs summarize certain provisions of the Delaware General Corporation Law, or DGCL, and the Company s Charter and Bylaws. The summary does not purport to be complete and is subject to and qualified in its entirety by reference to the DGCL and to the Company s Charter and Bylaws, copies of which are on file with the Commission as exhibits to registration statements previously filed by the Company. See Where You Can Find More Information.

Our Certificate of Incorporation and Bylaws contain provisions that, together with the ownership position of the officers, directors and their affiliates, could discourage potential takeover attempts and make it more difficult for stockholders to change management, which could adversely affect the market place of our common stock.

Our Certificate of Incorporation limits the personal liability of our directors to Geron and our stockholders to the fullest extent permitted by the DGCL. The inclusion of this provision in our Certificate of Incorporation may reduce the likelihood of derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care.

Our Bylaws provide that special meetings of stockholders can be called only by the board of directors, the Chairman of the board of directors or the Chief Executive Officer. Stockholders are not permitted to call a special meeting and cannot require the board of directors to call a special meeting. Any vacancy on the board of directors resulting from death, resignation, removal or otherwise or newly created directorships may be filled only by vote of the majority of directors then in office, or by a sole remaining director. Our Bylaws also provide for a classified board. See Description of Common Stock.

We are subject to the business combination statute of the DGCL, an anti-takeover law enacted in 1988. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, for a period of three years after the date of the transaction in which a person became an interested stockholder, unless:

- prior to such date the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to such date the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of a least 66% of the outstanding voting stock which is not owned by the interested stockholder.

A business combination includes mergers, stock or asset sales and other transactions resulting in a financial benefit to the interested stockholders. An interested stockholder is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the corporation s voting stock. Although Section 203 permits us to elect not to be governed by its provisions, we have not made this election. As a result of the application of Section 203, potential acquirers of Geron may be discouraged from attempting to effect an acquisition transaction with us, thereby possibly depriving holders of our securities of certain opportunities to sell or otherwise dispose of such securities at above-market prices pursuant to such transactions.

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Legal matters

Latham & Watkins LLP, Menlo Park, California, will issue an opinion about certain legal matters with respect to the securities.

Experts

The consolidated financial statements of Geron Corporation appearing in Geron Corporation s Annual Report (Form 10-K) for the year ended December 31, 2003 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Limitation on liability and disclosure of Commission position on indemnification for Securities Act liabilities

Our Bylaws provide for indemnification of our directors and officers to the fullest extent permitted by law. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or controlling persons of the Company pursuant to the Company s Certificate of Incorporation, as amended, Bylaws and the DGCL, the Company has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Where you can find more information

We file annual, quarterly and special reports, proxy statements and other information with the Commission. You may read and copy any document we file at the Commission s public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the Commission s web site at http://www.sec.gov. You may also inspect copies of these materials and other information about us at the offices of the Nasdaq Stock Market, Inc., National Market System, 1735 K Street, N.W., Washington, D.C. 20006-1500.

The Commission allows us to incorporate by reference the information we file with them which means that we can disclose important information to you by referring you to those documents instead of having to repeat the information in this prospectus. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the Commission under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act between the date of this prospectus and the termination of the offering:

- Our annual report on Form 10-K for the fiscal year ended December 31, 2003;
- Our current reports on Form 8-K filed on March 10, 2004 and April 28, 2004;
- Our definitive proxy statement filed pursuant to Section 14 of the Exchange Act in connection with our 2004 Annual Meeting of Stockholders filed on April 6, 2004;
- Our quarterly report on Form 10-Q for the three months ended March 31, 2004; and
- The description of our common stock set forth in our registration statement on Form 8-A, filed with the Commission on June 13, 1996 (File No. 0-20859).

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This prospectus is part of a registration statement on Form S-3 we have filed with the Commission under the Securities Act. This prospectus does not contain all of the information in the registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the Commission. You may inspect and copy the registration statement, including exhibits, at the Commission s public reference room or internet site. Our statements in this prospectus about the contents of any contract or other document are not necessarily complete. You should refer to the copy of each contract or other document we have filed as an exhibit to the registration statement for complete information.

We will furnish without charge to you, on written or oral request, a copy of any or all of the documents incorporated by reference, including exhibits to these documents. You should direct any requests for documents to David L. Greenwood, Chief Financial Officer, Geron Corporation, 230 Constitution Drive, Menlo Park, California 94025, telephone: (650) 473-7700.

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