CERUS CORP

FORM 8-K
(Current report filing)

Filed 10/16/03 for the Period Ending 10/15/03

Address	2550 STANWELL DRIVE CONCORD, CA 94520
Telephone	9252886000
CIK	0001020214
Symbol	CERS
SIC Code	3841 - Surgical and Medical Instruments and Apparatus
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

CERUS CORP

FORM 8-K
(Unscheduled Material Events)

Filed 10/16/2003 For Period Ending 10/15/2003

Address	2411 STANWELL DR
	CONCORD, California 94520
Telephone	925-288-6000
CIK	0001020214
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **October 15, 2003**

CERUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**0-21937**	**68-0262011**
(State of jurisdiction)	(Commission File No.)	(IRS Employer Identification No.)

2411 Stanwell Drive
Concord, California 94520
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(925) 288-6000**

Item 5. Other Events.

On October 15, 2003, Cerus Corporation (the "Company") announced that it is restructuring its operations to focus on its pathogen inactivation products for platelets and plasma and on its pipeline of therapeutics and vaccines. In addition, the Company announced that Baxter Capital Corporation, a financial subsidiary of Baxter International Inc., commenced legal proceedings against the Company seeking repayment of amounts outstanding under a credit facility it provided to Cerus. Copies of the Company's press releases related to the above matters are attached as Exhibits 99.1 and 99.2 hereto, respectively, and are incorporated herein by reference.

Item 7. Exhibits.

Exhibit Number	Description of Exhibit
99.1	Press Release, dated October 15, 2003, entitled "Cerus Realigns Development Efforts and Reduces Expenses."
99.2	Press Release, dated October 15, 2003, entitled "Cerus Announces Loan Dispute with Baxter Capital."

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CERUS CORPORATION

Dated: October 15, 2003

By: /s/ Gregory W. Schafer
Gregory W. Schafer
Vice President, Finance and
Chief Financial Officer

Index to Exhibits

Exhibit Number	Description of Exhibit
99.1	Press Release, dated October 15, 2003, entitled "Cerus Realigns Development Efforts and Reduces Expenses."
99.2	Press Release, dated October 15, 2003, entitled "Cerus Announces Loan Dispute with Baxter Capital."

Exhibit 99.1

Contact:

Sylvia Wheeler
Director, Corporate Communications
Cerus Corporation
(925) 288-6061

CERUS REALIGNS DEVELOPMENT EFFORTS AND REDUCES EXPENSES

CONCORD, Calif., October 15, 2003 – Cerus Corporation (Nasdaq: CERS) today announced that the company is restructuring its operations to focus on its pathogen inactivation products for platelets and plasma and on its pipeline of therapeutics and vaccines.

The company will reduce operating expenses primarily related to its red blood cell program while it investigates alternative approaches to advance that program. The company previously announced termination of Phase III clinical investigation of pathogen inactivated red blood cells. As a result of the restructuring, the company will reduce its current workforce by approximately 25 percent and expects to reduce its research and development expenses for 2003 to approximately $55 million, from previously projected expenditures of $60-65 million. The change in focus is expected to result in an overall expense reduction of $20-25 million in 2004 over 2003.

"We are working expeditiously to cut expenses relating to the red blood cell clinical program," said Stephen T. Isaacs, president and chief executive officer. "Meanwhile, we are working with Baxter to commercialize INTERCEPT Platelets in Europe and to complete the regulatory process for the product in the United States. In addition, we are pleased to have a second product, the INTERCEPT Blood System for plasma, approaching completion of Phase III clinical trials and to have a pipeline of development-stage therapeutic products."

Cerus separately announced the initiation of legal proceedings by Baxter Capital

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Corporation concerning the $50 million loan provided to it by Baxter earlier this year. The companies are in disagreement on whether or not the loan is due at this time. The collaboration agreements between Cerus and Baxter Healthcare Corporation relating to the INTERCEPT Blood System are not a subject of this action.

In addition to the INTERCEPT Blood System, Cerus also is developing therapeutic and vaccine applications of its Helinx technology. The company's Epstein Barr virus vaccine is designed to protect organ transplant patients against this virus, which can potentially cause malignant lymphoma. The company is also developing an allogenic cellular immune therapeutic (ACIT) designed to improve the outcome of stem cell transplants in patients with lymphoma and leukemia. A second Phase I clinical trial of the ACIT is expected to begin soon.

ABOUT CERUS
Cerus Corporation is developing medical systems and therapeutics to provide safer and more effective options to patients. The company is developing products based on its proprietary Helinx ® technology for controlling biological replication. Cerus' most advanced programs are focused on systems to enhance the safety of the world's blood supply. The INTERCEPT Blood System, which is being developed in collaboration with subsidiaries of Baxter International Inc., is based on the company's Helinx technology. The INTERCEPT Blood System is designed to inactivate viruses, bacteria, other pathogens, and white blood cells. The Concord, California-based company also is pursuing therapeutic applications of Helinx technology to treat and prevent serious diseases.

Statements in this news release regarding projected cost savings, regulatory filings, product development, commercial potential, possible outcomes of the loan dispute and the Company's relationship with Baxter Healthcare are forward-looking statements that involve risks and uncertainties. Actual results could differ materially from the above forward-looking statements as a result of certain factors, including the risks and uncertainty of the timing and results of clinical trials and other development activities, actions by regulatory authorities at any stage of the development and commercialization process, additional financing activities, manufacturing, market acceptance of any products, competitive conditions, legal proceedings, actions by Baxter and other factors discussed in the company's most recent filings with the Securities and Exchange Commission.

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Exhibit 99.2

Sylvia Wheeler
Cerus Corporation
(925) 288-6061

CERUS ANNOUNCES LOAN DISPUTE WITH BAXTER CAPITAL

CONCORD, Calif. – October 15, 2003 - Cerus Corporation (Nasdaq: CERS) today announced that Baxter Capital Corporation, a financial subsidiary of Baxter International Inc., has commenced legal proceedings against Cerus seeking repayment of amounts outstanding under a credit facility it provided to Cerus. Baxter Capital alleges that changes in Cerus' business, including the recent termination of the Phase III red blood cell clinical trials, constitute a default under the credit facility. Cerus does not agree that any default has occurred. The collaboration agreement between Cerus and Baxter Healthcare Corporation relating to the INTERCEPT Blood System are not a subject of this action.

Cerus currently has $50 million in principal plus accrued interest outstanding under the credit facility, which the company drew in January 2003. Under the terms of the five-year loan, no interest or principal is due until January 2008.

"Cerus and Baxter Healthcare Corporation continue to collaborate on the development of the INTERCEPT Blood System, and Baxter's sales and marketing teams have begun commercializing INTERCEPT platelets in Europe," said Stephen T. Isaacs, president and chief executive officer of Cerus. "Cerus is committed to supporting the INTERCEPT collaboration with Baxter Healthcare and to continuing progress on the INTERCEPT programs, while we work through this loan issue with Baxter's separate finance subsidiary."

Cerus and subsidiaries of Baxter International Inc. are collaborating on development of the INTERCEPT Blood System to enhance the safety of blood transfusions. The INTERCEPT Blood System for platelets is being launched in Europe. The product is not yet approved in the United States. The companies are also in late stage development of the INTERCEPT Blood System for plasma.

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ABOUT CERUS
Cerus Corporation is developing medical systems and therapeutics to provide safer and more effective options to patients. The company is developing products based on its proprietary Helinx ® technology for controlling biological replication. Cerus' most advanced programs are focused on systems to enhance the safety of the world's blood supply. The INTERCEPT Blood System, which is being developed in collaboration with subsidiaries of Baxter International Inc., is based on the company's Helinx technology. The INTERCEPT Blood System is designed to inactivate viruses, bacteria, other pathogens, and white blood cells. The Concord, California-based company also is pursuing therapeutic applications of Helinx technology to treat and prevent serious diseases.

Helinx is a trademark of Cerus Corporation
INTERCEPT and INTERCEPT Blood are trademarks of Baxter International Inc.

Statements in this news release regarding possible outcomes of the loan dispute, the company's relationship with Baxter Healthcare, product development, potential efficacy against emerging pathogens and commercial potential are forward-looking statements that involve risks and uncertainties. Actual results could differ materially from the above forward-looking statements as a result of certain factors, including the risks and uncertainty of the timing and results of clinical trials and other development activities, actions by regulatory authorities at any stage of the development and commercialization process, additional financing activities, manufacturing, market acceptance of any products, competitive conditions, legal proceedings, actions by Baxter and other factors discussed in the company's most recent filings with the Securities and Exchange Commission.

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