CERUS CORP

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **February 12, 2006**

CERUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**0-21937**	**68-0262011**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(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**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On February 12, 2006, Cerus Corporation ("Cerus") entered into a Commercialization Transition Agreement (the "Agreement") with certain subsidiaries of Baxter International Inc. ("Baxter") pursuant to which Cerus has obtained exclusive worldwide commercial rights to market, distribute and sell the INTERCEPT Blood System for platelets and plasma, other than in certain Asian countries in which rights have previously been granted to BioOne Corporation. Cerus currently has exclusive worldwide commercial rights to market the INTERCEPT Blood System for red blood cells.

As part of the transfer of commercialization rights to Cerus, Baxter has agreed to supply at Cerus' expense until December 31, 2006, certain transition services, including regulatory, technical and back-office support. Cerus agreed to purchase UVA illumination devices from Baxter and may purchase other finished goods and work in process from Baxter's inventory for use with the platelet and plasma systems. Baxter has agreed to manufacture systems and components for the platelet and plasma systems on a cost-plus basis through December 31, 2008. Baxter has agreed to supply only very limited types of components for the prototype of the red blood cell system.

In return, Cerus is obligated to pay Baxter royalties on future INTERCEPT Blood System product sales at royalty rates that vary by product, with a rate of 10% of net sales for the platelet system, 3% for the plasma system and 5% for the red blood cells system.

In connection with the Agreement, Cerus will record gains in excess of $6.5 million, largely from disbursements made by Baxter to us from the escrow account established in the 2005 Restructuring Agreements (as defined below) allocated to support sales and marketing expenses in Europe through 2006. The majority of the disbursed funds must be spent on certain specified European activities associated with the commercialization of the INTERCEPT Blood System for platelets and plasma, and any such funds that remain unspent by the end of 2006 will be split evenly between Cerus and Baxter. Cerus will also repay a promissory note in the principal amount of $4.5 million, plus accrued interest, held by Baxter Capital Corporation, a subsidiary of Baxter, that was to mature in December 2006.

The Agreement amends and supersedes portions of the Restructuring Agreement, License Agreement, Manufacturing and Supply Agreement, Transition Services Agreement, and Trademark License Agreement (collectively, the "2005 Restructuring Agreements") entered into between Cerus and Baxter in February 2005. The Agreement also terminates the prior Development Manufacturing and Marketing Agreement dated December 10, 1993, as amended, and the Development, Manufacturing and Marketing Agreement dated April 1, 1996, as amended, between the parties.

A copy of the joint press release issued by Cerus and Baxter, entitled "Cerus Obtains Exclusive Rights to INTERCEPT Blood System from Baxter," announcing and briefly

describing the agreement is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 1.02 Termination of a Material Definitive Agreement.

Reference is made to Item 1.01 regarding the termination of the Development Manufacturing and Marketing Agreement dated December 10, 1993, as amended, and the Development, Manufacturing and Marketing Agreement dated April 1, 1996 between the parties, as amended

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release, dated February 13, 2006, entitled "Cerus Obtains Exclusive Rights to INTERCEPT Blood System from Baxter."

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: February 13, 2006

By: /s/ Howard G. Ervin
Howard G. Ervin
Vice President, Legal Affairs

EXHIBIT INDEX

Number	Description
99.1	Press Release, dated February 13, 2006, entitled "Cerus Obtains Exclusive Rights to INTERCEPT Blood System from Baxter."

Exhibit 99.1

FOR IMMEDIATE RELEASE

Cerus Obtains Exclusive Rights to INTERCEPT Blood System from Baxter

CONCORD, Calif., and DEERFIELD, Ill., February 13, 2006 – Cerus Corporation (NASDAQ: CERS) and subsidiaries of Baxter International Inc. (NYSE:BAX) today announced that they have entered into a definitive agreement for Cerus to obtain Baxter's remaining commercial rights to the INTERCEPT ™ Blood System for platelets and plasma effective February 1, 2006.

Cerus now has exclusive rights to the INTERCEPT Blood System for all three commonly transfused components: platelets, plasma and red blood cells, excluding rights in certain Asian countries for platelets and plasma.

"Cerus is now positioned to deliver on a new standard of blood safety with the INTERCEPT Blood System," said Claes Glassell, president and CEO of Cerus. "We strongly believe pathogen inactivation will have a significant impact on blood safety globally. We look forward to applying our expertise and focus to successfully commercializing the INTERCEPT Blood System."

"We believe that Cerus is in a good position to assume lead responsibility for the commercialization of the INTERCEPT Blood System on a global basis," said Kevin McCulloch, general manager for Baxter's Transfusion Therapies business. "Consistent with our long-standing support for ensuring an adequate supply of the safest blood products possible, we will work closely with Cerus and our customers to ensure a smooth transition of responsibilities."

Under the agreement:

- Cerus has obtained exclusive commercial rights to market INTERCEPT Blood System for platelets and plasma worldwide, except in certain Asian countries in which rights have previously been granted to BioOne Corporation.
- Baxter will provide technical service, clinical education and select regulatory activities in Europe through 2006.
- Baxter will continue manufacturing responsibilities in support of Cerus' development and commercialization activities for the platelet system and plasma system through 2008.
- Cerus will pay Baxter royalties based on future sales of INTERCEPT Blood System for platelets and plasma. These royalty provisions replace the previous agreement where Cerus received a sharing of gross profit from Baxter sales.

This restructuring does not affect the relationship with the companies' Asian partner, BioOne Corporation. BioOne continues to maintain the commercial rights to market and distribute INTERCEPT Blood System for platelets and plasma in Japan, China, Taiwan, South Korea, Thailand, Vietnam and Singapore, following receipt of regulatory approval in each of those countries.

CONFERENCE CALL AND FORM 8-K FILING

Cerus Management will hold a conference call at 8:00 am PST today to discuss the agreement, including financial details. Additional information will be contained in a form 8-K filing, being filed with the Securities and Exchange Commission, which may also be found in the investor relations section on www.cerus.com. Interested parties may also access a live Internet broadcast at http://phx.corporate-ir.net/playerlink.zhtml?c=61076&s=wm&e=1212331. For those unable to listen to the live broadcast, the call will be archived temporarily at www.cerus.com

ABOUT THE INTERCEPT BLOOD SYSTEM

The INTERCEPT Blood System is designed to reduce the risk of transfusion-transmitted diseases by inactivating certain pathogens that may be present in donated blood components.

The INTERCEPT Blood System is approved for use in Europe for platelets, and has been implemented by blood centers in several European countries. A CE mark application has been filed for the INTERCEPT Blood System for plasma and three Phase III trials in the United States have been completed. Phase III trials of the INTERCEPT Blood System for red blood cells were halted in 2003 after antibody reactivity was observed in two patients. Based on the development of a modified process that may diminish the likelihood of antibody reactivity with treated red cells, re-entry into clinical trials is planned.

ABOUT CERUS

Cerus Corporation is developing novel products for cancer, infectious disease and blood safety based on multiple, innovative technology platforms. The company is building a pipeline of next generation cancer immunotherapies by combining its proprietary attenuated Listeria vector platform with promising disease antigens. These products are designed to stimulate innate and T cell immune pathways, generating highly potent anti-tumor responses. The company's KBMA vaccine technology has potential broad applications against multiple pathogens. Cerus is applying its Helinx technology to develop the INTERCEPT Blood System, which is designed to enhance the safety of blood components through pathogen inactivation. The company's strategy is to leverage the broad potential of its technologies and products both on its own and through alliances. Cerus' collaborators include MedImmune and investigators at The Johns Hopkins University for cancer immunotherapy and BioOne for the INTERCEPT Blood System.

ABOUT BAXTER

Baxter International Inc., through its subsidiaries, assists health-care professionals and their patients with the treatment of complex medical conditions, including cancer, hemophilia, immune disorders, kidney disease and trauma. The company applies its expertise in medical devices, pharmaceuticals and biotechnology to make a meaningful difference in patients' lives.

Statements in this news release regarding fulfilment of contractual commitments under the agreement, as well as statements concerning potential efficacy and safety of products, potential regulatory approvals, product development, royalty payments and commercialization 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 uncertainties related to the timing and results of clinical trials and other development activities, the acceptability of any data by regulatory authorities, actions by regulatory authorities and other government authorities, including the FDA and foreign counterparts, at any stage of the development or marketing process, technological advances in the medical field, additional financing activities, manufacturing, product demand and market acceptance and adoption of any products, competitive conditions, internal and external factors that could impact commercialization and other factors discussed in each company's filings with the Securities and Exchange Commission. The companies do not undertake any obligation to update any forward-looking statements as a result of new information, future events, changed assumptions or otherwise; all forward-looking statements speak only as of the time when made. Actual results or experience could differ materially from the forward-looking statements.

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