

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): December 19, 2008

CERUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State of jurisdiction)

0-21937
(Commission File No.)

68-0262011
(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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 19, 2008, the Company entered into an amended and restated employment agreement with Claes Glassell solely to clarify the manner in which his existing employment agreement complies with the final regulations under 409A, including among other things, clarifying the timing and form of all payments.

On December 22, 2008 the Company entered into an amended and restated employment agreement with Howard G. Ervin solely to clarify the manner in which his existing employment agreement complies with the final regulations under 409A, including among other things, clarifying the timing and form of all payments.

On December 23, 2008 the Company entered into an amended and restated employment agreement with William J. Dawson solely to clarify the manner in which his existing employment agreement complies with the final regulations under 409A, including among other things, clarifying the timing and form of all payments.

The existing employment agreements with each of Mr. Glassell, Mr. Ervin and Mr. Dawson were amended to provide the following:

- that cash severance payments made following a change of control (as defined therein) shall be made in the form of lump sum payments rather than salary continuation.
- that a “good reason resignation” shall only occur if (i) the individual notifies the Company in writing within 60 days after the occurrence of the event constituting “good reason” that he intends to terminate his employment no earlier than 30 days after providing such notice, (ii) the Company does not cure such condition within 30 days following its receipt of such notice or states in writing that it does not intend to attempt to cure such condition, and (iii) the individual resigns from employment within 30 days following the end of the period within which the Company was entitled to remedy the condition constituting “good reason” but failed to do so.
- that if any of the severance benefits constitute “deferred compensation” under 409A and the individual is a “specified employee” of the Company (as such term is defined in 409A) then, solely to the extent necessary to avoid the incurrence of adverse personal tax consequences under 409A, the timing of the payments shall be delayed until the earlier of (i) the date that is six months and one day after the individual’s separation from service and (ii) the date of the individual’s death.

In addition, in the case of Mr. Ervin’s agreement, it was further amended to provide that a “good reason resignation” shall only occur in the event of a material reduction in base salary (rather than any reduction in base salary), a material adverse change in his job responsibilities (rather than any change in job responsibilities), a material adverse change in his job location (rather than any change in job location) or a material adverse change in his line of reporting (rather than any change in line of reporting).

Copies of the above reference amended and restated employment agreements are filed hereto as Exhibits 10.1, 10.2 and 10.3 and are incorporated herein by reference. The foregoing description is subject to, and qualified in its entirety by, the text of the amended and restated employment agreements.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Amended and Restated Employment Agreement, by and between the Company and Claes Glassell, dated December 19, 2008.
- 10.2 Amended and Restated Employment Agreement, by and between the Company and William J. Dawson, dated December 23, 2008.
- 10.3 Amended and Restated Employment Agreement, by and between the Company and Howard G. Ervin, dated December 22, 2008.

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: December 23, 2008

By: /s/ William J. Dawson

William J. Dawson

Vice President, Finance and Chief Financial Officer

3.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Amended and Restated Employment Agreement, by and between the Company and Claes Glassell, dated December 19, 2008.
10.2	Amended and Restated Employment Agreement, by and between the Company and William J. Dawson, dated December 23, 2008.
10.3	Amended and Restated Employment Agreement, by and between the Company and Howard G. Ervin, dated December 22, 2008.

[CERUS LETTERHEAD]

December 19, 2008

Mr. Claes Glassell
[Home address omitted]

Dear Claes,

As we discussed, this amended and restated letter agreement (the “Agreement”) sets forth the terms and conditions of your continued employment with Cerus Corporation (“Cerus” or the “Company”). This Agreement supersedes and replaces the letter agreement dated July 12, 2004, which shall have no further force or effect.

Position, Duties, Reporting Relationship and Board Membership

You will continue to serve in an executive capacity and shall perform the duties of the President and Chief Executive Officer (“CEO”). In this position, you report to the Company’s Board of Directors (the “Board”), and you have full responsibility for all activities of the Company and are required to undertake the duties and responsibilities assigned to you by the Board. Your overall mandate includes improvement of commercial performance of the Company’s existing products, completion of clinical trials on new products, and providing vision and focused resources on development and implementation of new applications of the Company’s technologies with the highest potential for success and profitability. If your employment with the Company terminates for any reason, you agree to tender your resignation as a director of the Board, if requested by the Company, to be effective as of your last day of your employment with the Company or any earlier date specified by the Company.

Base Salary and Bonus Compensation

Your annual base salary is currently \$490,000, less standard payroll deductions and withholdings and paid semi-monthly in accordance with the Company’s normal payroll schedule.

You are eligible to participate in the Company’s Cash Bonus Plan for Senior Management of Cerus Corporation (the “Bonus Plan”), in accordance with the terms, conditions and limitations of the plan. Annual bonuses are not guaranteed and such bonuses, if any, are awarded at the sole discretion of the Board based on its assessment of your performance and the Company’s performance with respect to corporate and personal objectives. As provided in the Bonus Plan, you must remain employed through the date the bonus is paid in order to earn and be eligible to receive a bonus; no pro rata or partial bonuses will be provided. The Board shall have the sole discretion to change or eliminate the annual bonus program at any time, and to determine the amount of bonus earned, if any.

The Board may modify your compensation from time to time as it deems necessary.

Equity Awards

In addition to any equity awards you have previously received, you shall be eligible to receive additional equity awards under the Company's 2008 Equity Incentive Plan and various equity incentive and bonus programs that may be approved from time to time by the Board in its sole discretion.

Employee Benefits and Vacation Accrual Rate

Subject to the terms, conditions and limitations of the Company's benefit plans, you are eligible to participate in Cerus' standard employee benefits plans which include employer-subsidized medical, dental and vision care coverage, long term disability insurance, life insurance, a 401 (k) plan, and Employee Stock Purchase Plan. The Employee Stock Purchase Plan gives employees an opportunity to obtain an equity position in Cerus Corporation at a favorable price. You currently accrue paid vacation at an annual rate of four (4) weeks per completed year of active employment. Cerus may modify benefits and vacation accrual rate from time to time as it deems necessary.

Compliance with Company Policies; Proprietary Information and Inventions Agreement

As a Company employee, you are expected to abide by Company policies and procedures and acknowledge in writing that you have read and will comply with the Company's Employee Handbook. Furthermore, you must read, sign and comply with the enclosed Employee Proprietary Information and Inventions Agreement (the "Proprietary Information Agreement") as a condition of your employment.

Third Party Information

In your work for the Company, you are expected not to use or disclose any confidential information, including trade secrets, of any former employer or other third party to whom you have an obligation of confidentiality. Rather, you are expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises or use in your work for the Company, any unpublished documents or property belonging to any former employer or other third party that you are not authorized to use or disclose. By accepting employment with the Company, you represent that you will be able to perform your job duties within these guidelines and that you are not subject to any contractual or other obligations that could restrict your activities on behalf of the Company.

Outside Activities

Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder or present a conflict of interest with the Company. You may not engage in other employment or undertake any other business activities unless you obtain the prior written consent of the Board.

During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by you to compete directly with the Company, anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended.

At-Will Employment Relationship

Your employment relationship is terminable at-will. This means that either you or the Company can terminate your employment at any time, with or without Cause (defined below), and with or without advance notice. In the event that you resign from your employment, we request that you provide at least two (2) weeks advance written notice. This at-will employment relationship can only be changed in a written agreement approved by the Board and signed by you and a duly authorized member of the Board.

Severance Benefits

In the event that the Company terminates your employment without Cause (and other than as a result of your death or Disability (as defined below)) and such termination constitutes a “separation from service” (as defined under Treasury Regulation Section 1.409A-1(h)), and subject to your delivery to the Company of an executed release and waiver of claims in the form as the Company may require (the “Release”), within the time period set forth therein, but in no event later than forty-five days following your termination, and permitting such Release to become effective in accordance with its terms, then you will receive the following severance benefits, as your sole severance benefits (collectively, the “Severance Benefits”):

(a) twelve (12) months of your base salary in effect as of the termination date, less required deductions and withholdings, paid in the form of salary continuation on the Company’s standard payroll dates following termination; provided, however, no such payments will be made prior to the effective date of the Release, and on the first regular payroll date following the effective date of the Release, the Company will pay you in a lump sum the amount of the salary continuation you would have otherwise received on and prior to such date but for the delay due to the Release, with the balance paid thereafter on the original schedule;

(b) provided that you timely elect continued group health insurance coverage through federal COBRA law, the Company will pay your COBRA premiums sufficient to continue your group health insurance coverage at the same level in effect as of your termination date for twelve (12) months after your termination or until you become eligible for group health insurance coverage through a new employer or otherwise cease to be eligible for COBRA coverage, whichever occurs first; and

(c) accelerated vesting of any unvested shares subject to any outstanding stock option grants such that all shares subject to your stock options will be fully vested and immediately exercisable effective as of the employment termination date.

For the purposes of this Agreement, "Cause" for termination shall mean the Company's termination of your employment for any of the following reasons: (a) you are convicted of any felony or of any crime involving moral turpitude (including a no contest or guilty plea); (b) you participate in any fraud or act of dishonesty against the Company; (c) you willfully breach your duties to the Company, including insubordination, misconduct, excessive absenteeism, or persistent unsatisfactory performance of job duties; (d) you intentionally damage or willfully misappropriate any property of the Company; (e) you materially breach any written agreement with the Company (including, but not limited to, your Proprietary Information Agreement); or (f) you engage in conduct that demonstrates unfitness to serve as reasonably determined by the Board. Notwithstanding the foregoing, prior to a termination for Cause falling within (c) and (f) of the foregoing Cause definition, the Board must provide you with written notice of your unsatisfactory conduct and a period of thirty (30) days to cure such conduct, except that such written notice and opportunity to cure are not required if the conduct is not capable of being cured. In the event that your employment is terminated for Cause or your employment terminates at your request for any reason, Cerus shall have no obligation to pay any Severance Benefits.

For purposes of this Agreement, "Disability" shall mean your inability to perform your duties under this Agreement, even with reasonable accommodation, because you have become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when you become disabled, the term "Disability" shall mean your inability to perform your duties under this Agreement, whether with or without reasonable accommodation, by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated you from satisfactorily performing all of your usual services for the Company, with or without reasonable accommodation, for a period of at least nine (9) consecutive months during any twelve (12) month period. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Disability for purposes of this Agreement.

Change of Control Benefits

If, on or within twelve (12) months after a Change of Control (defined below), your employment is terminated without Cause (and other than as a result of your death or Disability (as defined above)) by the Company or terminated by you due to your Good Reason Resignation (defined below) and provided such termination constitutes a “separation from service” (as defined above), and subject to your delivery to the Company of an executed Release, within the time period set forth therein, but in no event later than forty-five days following your termination, and permitting such Release to become effective in accordance with its terms, then you will receive the following severance benefits, as your sole benefits (collectively, the “Change of Control Benefits”):

(a) eighteen (18) months of your base salary in effect as of the termination date (ignoring any reduction in salary that is the basis for a Good Reason Resignation), less required deductions and withholdings, paid in the form of a lump sum on the first regular payroll date following the effective date of the Release;

(b) provided that you timely elect continued group health insurance coverage through federal COBRA law, the Company will pay your COBRA premiums sufficient to continue your group health insurance coverage at the same level in effect as of your termination date for eighteen (18) months after your termination or until you become eligible for group health insurance coverage through a new employer or otherwise cease to be eligible for COBRA coverage, whichever occurs first; and

(c) accelerated vesting of any unvested shares subject to any outstanding stock option grants such that all shares subject to your stock options will be fully vested and immediately exercisable effective as of the employment termination date.

For the purposes of this Agreement, a “Change of Control” shall mean: (a) a sale, lease or other disposition of all or substantially all of the assets of the Company; (b) a merger or consolidation in which the Company is not the surviving corporation; or (c) a reverse merger in which the Company is the surviving corporation but the holders of the Company’s outstanding voting stock immediately prior to such transaction own, immediately after the closing of the transaction, securities representing less than fifty percent (50%) of the voting stock of the Company or other surviving entity.

For the purposes of this Agreement, your “Good Reason Resignation” shall mean your resignation within twelve (12) months after a Change of Control because the Change of Control resulted, without your consent, in: (a) a relocation of your assigned office more than thirty-five (35) miles from its location immediately prior to the Change of Control; (b) a material decrease in your base salary (except for salary decreases generally applicable to the Company’s other executive employees); or (c) a material reduction in the scope of your duties and responsibilities from your duties and responsibilities in effect immediately prior to the Change of Control. Notwithstanding the foregoing, a “Good Reason Resignation” shall only occur if: (a) you notify the Company in writing, within sixty (60) days after the occurrence of one of the foregoing events, specifying the

event(s) constituting “good reason” and that you intend to terminate your employment no earlier than thirty (30) days after providing such notice; (b) the Company does not cure such condition within thirty (30) days following its receipt of such notice or states unequivocally in writing that it does not intend to attempt to cure such condition; and (c) you resign from employment within thirty (30) days following the end of the period within which the Company was entitled to remedy the condition constituting “good reason” but failed to do so.

Section 409A

It is intended that each installment of the severance payments and benefits provided under this Agreement (the “Severance Benefits”) is a separate “payment” for purposes Section 1.409A-2(b)(2)(i) of the Treasury Regulations. For the avoidance of doubt, it is intended that payments of the Severance Benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code and the Treasury Regulations and other guidance thereunder and any state law of similar effect (collectively “Section 409A”) provided under Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9) of the Treasury Regulations. However, if the Company determines that the Severance Benefits constitute “deferred compensation” under Section 409A and you are, on your separation from service, a “specified employee” of the Company (as such term is defined in Section 409A(a)(2)(B)(i) of the Code) then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of the Severance Benefits shall be delayed so that on the earlier to occur of: (i) the date that is six months and one day after your separation from service and (ii) the date of your death (such applicable date, the “Specified Employee Initial Payment Date”), the Company shall (A) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this paragraph and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Miscellaneous

This Agreement, together with your Proprietary Information Agreement, forms the complete and exclusive statement of your employment agreement with Cerus. It supersedes any other agreements or promises made to you by anyone, whether oral or written, including but not limited to the April 27, 2004 offer letter and the July 12, 2004 letter agreement. Changes in your employment terms, other than those changes expressly reserved to the Company’s or Board’s discretion in this letter, require a written modification approved by the Board and signed by you and a duly authorized director of the Board. Each party has carefully read this Agreement, has been afforded the opportunity to be advised of its meaning and consequences by your or its respective attorneys, and signs the same of your or its own free will. This Agreement can be signed in counterparts, and facsimile signatures shall be deemed equivalent to original signatures. As required by law, your employment is subject to satisfactory proof of your right to work in the United States.

Please sign below to indicate your acceptance of these terms and conditions of your employment relationship. We look forward to your favorable reply and to a productive and exciting work relationship.

Sincerely,

/s/ BJ Cassin

BJ Cassin
Chairman of the Board
Cerus Corporation

Accepted:

/s/ Claes Glassell
Claes Glassell

Date December 19, 2008

Enclosure: Employee Proprietary Information and Inventions Agreement

[CERUS LETTERHEAD]

December 23, 2008

William J. Dawson
[Home address omitted]

Dear Bill,

As we discussed, this amended and restated letter agreement (the "Agreement") sets forth the terms and conditions of your continued employment with Cerus Corporation ("Cerus" or the "Company"). This Agreement supersedes and replaces the letter agreement dated July 22, 2004, which shall have no further force or effect.

Position, Duties and Reporting Relationship

You will continue to serve in an executive capacity and shall perform the duties of Vice President, Finance and Chief Financial Officer ("CFO"). You work out of the Company's headquarters in Concord, California. In this position, you report to Claes Glassell, President and Chief Executive Officer. As CFO, your responsibilities will include, but are not limited to, investor relations, financial community relations, financial analysis, planning and long range projections, other business financings and overall financial responsibilities. The Company may modify your position, duties, reporting relationship and work location from time to time at its discretion.

Base Salary and Bonus Compensation

Your annual base salary is currently \$293,273, less standard payroll deductions and withholdings and paid semi-monthly in accordance with the Company's normal payroll schedule.

You are eligible to participate in the Company's Cash Bonus Plan for Senior Management of Cerus Corporation (the "Bonus Plan"), in accordance with the terms, conditions and limitations of the plan. Annual bonuses are not guaranteed and such bonuses, if any, are awarded at the sole discretion of the Company's Board of Directors ("Board"). As provided in the Bonus Plan, you must remain employed through the date the bonus is paid in order to earn and be eligible to receive a bonus; no pro rata or partial bonuses will be provided. The Board shall have the sole discretion to change or eliminate the annual bonus program at any time, and to determine the amount of bonus earned, if any.

The Company may modify your compensation from time to time as it deems necessary.

Equity Awards

In addition to any equity awards you have previously received, you shall be eligible to receive additional equity awards under the Company's 2008 Equity Incentive Plan and various equity incentive and bonus programs that may be approved from time to time by the Board in its sole discretion.

Employee Benefits and Vacation Accrual Rate

Subject to the terms, conditions and limitations of the Company's benefit plans, you are eligible to participate in Cerus' standard employee benefits plans which include employer-subsidized medical, dental and vision care coverage, long term disability insurance, life insurance, a 401(k) plan, and Employee Stock Purchase Plan. The Employee Stock Purchase Plan gives employees an opportunity to obtain an equity position in Cerus Corporation at a favorable price. You currently accrue paid vacation at an annual rate of four (4) weeks per completed year of active employment. Cerus may modify benefits and vacation accrual rate from time to time as it deems necessary.

Compliance with Company Policies; Proprietary Information and Inventions Agreement

As a Company employee, you are expected to abide by Company policies and procedures and acknowledge in writing that you have read and will comply with the Company's Employee Handbook. Furthermore, you must read, sign and comply with the enclosed Employee Proprietary Information and Inventions Agreement (the "Proprietary Information Agreement") as a condition of your employment.

Third Party Information

In your work for the Company, you are expected not to use or disclose any confidential information, including trade secrets, of any former employer or other third party to whom you have an obligation of confidentiality. Rather, you are expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises or use in your work for the Company, any unpublished documents or property belonging to any former employer or other third party that you are not authorized to use or disclose. By accepting employment with the Company, you represent that you will be able to perform your job duties within these guidelines and that you are not subject to any contractual or other obligations that could restrict your activities on behalf of the Company.

Outside Activities

Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder or present a conflict of interest with the Company. You may not engage in other employment or undertake any other business activities unless you obtain the prior written consent of the Board.

During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by you to compete directly with the Company, anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended.

At-Will Employment Relationship

Your employment relationship is terminable at-will. This means that either you or the Company can terminate your employment at any time, with or without Cause (defined below), and with or without advance notice. In the event that you resign from your employment, we request that you provide at least two (2) weeks advance written notice. This at-will employment relationship can only be changed in a written agreement approved by the Board and signed by you and a duly authorized member of the Board.

Severance Benefits

In the event that the Company terminates your employment without Cause, (and other than as a result of your death or Disability (as defined below)) and such termination constitutes a “separation from service” (as defined under Treasury Regulation Section 1.409A-1(h)), and subject to your delivery to the Company of an executed release and waiver of claims in the form as the Company may require (the “Release”), within the time period set forth therein, but in no event later than forty-five days following your termination, and permitting such Release to become effective in accordance with its terms, then you will receive the following severance benefits, as your sole severance benefits (collectively, the “Severance Benefits”):

(a) twelve (12) months of your base salary in effect as of the termination date, less required deductions and withholdings, paid in the form of salary continuation on the Company’s standard payroll dates following termination; provided, however, no such payments will be made prior to the effective date of the Release, and on the first regular payroll date following the effective date of the Release, the Company will pay you in a lump sum the amount of the salary continuation you would have otherwise received on and prior to such date but for the delay due to the Release, with the balance paid thereafter on the original schedule;

(b) provided that you timely elect continued group health insurance coverage through federal COBRA law, the Company will pay your COBRA premiums sufficient to continue your group health insurance coverage at the same level in effect as of your termination date for twelve (12) months after your termination or until you become eligible for group health insurance coverage through a new employer or otherwise cease to be eligible for COBRA coverage, whichever occurs first; and

(c) accelerated vesting of any unvested shares subject to any outstanding stock option grants such that all shares subject to your stock options will be fully vested and immediately exercisable effective as of the employment termination date.

For the purposes of this Agreement, "Cause" for termination shall mean the Company's termination of your employment for any of the following reasons: (a) you are convicted of any felony or of any crime involving moral turpitude (including a no contest or guilty plea); (b) you participate in any fraud or act of dishonesty against the Company; (c) you willfully breach your duties to the Company, including insubordination, misconduct, excessive absenteeism, or persistent unsatisfactory performance of job duties; (d) you intentionally damage or willfully misappropriate any property of the Company; (e) you materially breach any written agreement with the Company (including, but not limited to, your Proprietary Information Agreement); or (f) you engage in conduct that demonstrates unfitness to serve as determined by the Company. Notwithstanding the foregoing, prior to a termination for Cause falling within (c) and (f) of the foregoing Cause definition, the Company must provide you with written notice of your unsatisfactory conduct and a period of thirty (30) days to cure such conduct, except that such written notice and opportunity to cure are not required if the conduct is not capable of being cured. In the event that your employment is terminated for Cause or your employment terminates at your request for any reason, Cerus shall have no obligation to pay any Severance Benefits.

For purposes of this Agreement, "Disability" shall mean your inability to perform your duties under this Agreement, even with reasonable accommodation, because you have become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when you become disabled, the term "Disability" shall mean your inability to perform your duties under this Agreement, whether with or without reasonable accommodation, by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated you from satisfactorily performing all of your usual services for the Company, with or without reasonable accommodation, for a period of at least nine (9) consecutive months during any twelve (12) month period. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Disability for purposes of this Agreement.

Change of Control Benefits

If, on or within twelve (12) months after a Change of Control (defined below), your employment is terminated without Cause (and other than as a result of your death or Disability (as defined above)) by the Company or terminated by you due to your Good Reason Resignation (defined below) and provided such termination constitutes a “separation from service” (as defined above), and subject to your delivery to the Company of an executed Release, within the time period set forth therein, but in no event later than forty-five days following your termination, and permitting such Release to become effective in accordance with its terms, then you will receive the following severance benefits, as your sole benefits (collectively, the “Change of Control Benefits”):

(a) eighteen (18) months of your base salary in effect as of the termination date (ignoring any reduction in salary that is the basis for a Good Reason Resignation), less required deductions and withholdings, paid in the form of a lump sum on the first regular payroll date following the effective date of the Release;

(b) provided that you timely elect continued group health insurance coverage through federal COBRA law, the Company will pay your COBRA premiums sufficient to continue your group health insurance coverage at the same level in effect as of your termination date for eighteen (18) months after your termination or until you become eligible for group health insurance coverage through a new employer or otherwise cease to be eligible for COBRA coverage, whichever occurs first; and

(c) accelerated vesting of any unvested shares subject to any outstanding stock option grants such that all shares subject to your stock options will be fully vested and immediately exercisable effective as of the employment termination date.

For the purposes of this Agreement, a “Change of Control” shall mean: (a) a sale, lease or other disposition of all or substantially all of the assets of the Company; (b) a merger or consolidation in which the Company is not the surviving corporation; or (c) a reverse merger in which the Company is the surviving corporation but the holders of the Company’s outstanding voting stock immediately prior to such transaction own, immediately after the closing of the transaction, securities representing less than fifty percent (50%) of the voting stock of the Company or other surviving entity.

For the purposes of this Agreement, your “Good Reason Resignation” shall mean your resignation within twelve (12) months after a Change of Control because the Change of Control resulted, without your consent, in: (a) a relocation of your assigned office more than thirty-five (35) miles from its location immediately prior to the Change of Control; or (b) a material decrease in your base salary (except for salary decreases generally applicable to the Company’s other executive employees). Notwithstanding the foregoing, a “Good Reason Resignation” shall only occur if: (a) you notify the Company in writing, within sixty (60) days after the occurrence of one of the foregoing events, specifying the event(s) constituting “good reason” and that you intend to terminate your employment no earlier than thirty (30) days after providing such notice; (b) the Company does not cure

such condition within thirty (30) days following its receipt of such notice or states unequivocally in writing that it does not intend to attempt to cure such condition; and (c) you resign from employment within thirty (30) days following the end of the period within which the Company was entitled to remedy the condition constituting “good reason” but failed to do so.

Section 409A

It is intended that each installment of the severance payments and benefits provided under this Agreement (the “Severance Benefits”) is a separate “payment” for purposes Section 1.409A-2(b)(2)(i) of the Treasury Regulations. For the avoidance of doubt, it is intended that payments of the Severance Benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code and the Treasury Regulations and other guidance thereunder and any state law of similar effect (collectively “Section 409A”) provided under Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9) of the Treasury Regulations. However, if the Company determines that the Severance Benefits constitute “deferred compensation” under Section 409A and you are, on your separation from service, a “specified employee” of the Company (as such term is defined in Section 409A(a)(2)(B)(i) of the Code) then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of the Severance Benefits shall be delayed so that on the earlier to occur of: (i) the date that is six months and one day after your separation from service and (ii) the date of your death (such applicable date, the “Specified Employee Initial Payment Date”), the Company shall (A) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this paragraph and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Miscellaneous

This Agreement, together with your Proprietary Information Agreement, forms the complete and exclusive statement of your employment agreement with Cerus. It supersedes any other agreements or promises made to you by anyone, whether oral or written, including but not limited to the July 22, 2004 letter agreement. Changes in your employment terms, other than those changes expressly reserved to the Company’s or Board’s discretion in this letter, require a written modification signed by a duly authorized officer of the Company. Each party has carefully read this Agreement, has been afforded the opportunity to be advised of its meaning and consequences by your or its respective attorneys, and signs the same of your or its own free will. This Agreement can be signed in counterparts, and facsimile signatures shall be deemed equivalent to original signatures. As required by law, your employment is subject to satisfactory proof of your right to work in the United States.

Please sign below to indicate your acceptance of these terms and conditions of your employment relationship. We look forward to your favorable reply and to a productive and exciting work relationship.

Sincerely,

/s/ Claes Glassell

Claes Glassell
President and Chief Executive Officer
Cerus Corporation

Accepted:

/s/ William J. Dawson

William J. Dawson

Date December 23, 2008

Enclosure: Employee Proprietary Information and Inventions Agreement

[CERUS LETTERHEAD]

December 22, 2008

Howard Ervin
[Home address omitted]

Dear Howard:

As we discussed, this amended and restated letter agreement (the "Agreement") sets forth the terms and conditions of your continued employment with Cerus Corporation ("Cerus" or the "Company") as Vice President, Legal Affairs. This Agreement supersedes and replaces the letter agreement dated May 28, 1999, which shall have no further force or effect.

As Vice President, Legal Affairs, you report directly to Claes Glassell, President and Chief Executive Officer of Cerus and you have responsibilities including, but not limited to, those listed on the attached Schedule 1. You work at our facility located in Concord. Of course, Cerus may change your responsibilities and duties and your work location from time to time as it deems necessary, provided that the responsibilities and duties are consistent with the position of Vice President, Legal Affairs and the work location is within the counties of Alameda, Contra Costa or San Francisco.

Your annual base salary is currently \$311,531, less standard payroll deductions and withholdings and paid semi-monthly in accordance with the Company's normal payroll schedule. In addition, you are eligible for the standard Cerus employee benefit plan which includes employer subsidized medical, dental and vision premiums, long term disability, life insurance, a 401(k) plan, and Employee Stock Purchase Plan. The Employee Stock Purchase Plan gives employees an opportunity to obtain an equity position in Cerus Corporation at a favorable price. You should also note that Cerus may modify salaries and benefits from time to time as it deems necessary. You are eligible for 20 days of vacation per year. Finally, you are eligible to participate in Bonus Plan for Senior Management of Cerus (the "Bonus Plan"). Annual bonuses are not guaranteed and such bonuses, if any, are awarded at the sole discretion of the Board based on its assessment of your performance and the Company's performance with respect to corporate and personal objectives. As provided in the Bonus Plan, you must remain employed through the date the bonus is paid in order to earn and be eligible to receive a bonus; no pro rata or partial bonuses will be provided. The Board shall have the sole discretion to change or eliminate the annual bonus program at any time, and to determine the amount of bonus earned, if any.

As a Cerus employee you are expected to abide by company rules and regulations. You are specifically required to sign an acknowledgment that you have read and understand the company rules of conduct included in the Cerus Employee Handbook. You are

expected to sign and comply with a proprietary information and nondisclosure agreement that requires, among other provisions, the assignment of patent rights to any invention made during your employment at Cerus and nondisclosure of proprietary information. Such agreements will not preclude you from providing occasional legal or business advice to third parties, so long as the interests of such third parties in no way conflict with the interests of Cerus and such activity does not interfere with the performance of your responsibilities and duties to Cerus. Normal working hours are from 8 a.m. to 5 p.m., Monday through Friday.

In addition to any equity awards you have previously received, you shall be eligible to receive additional equity awards under the Company's 2008 Equity Incentive Plan and various equity incentive and bonus programs that may be approved from time to time by the Board in its sole discretion.

As an employee you may terminate employment at any time and for any reason whatsoever with notice to Cerus. We request that, in the event of resignation, you give the company at least two weeks notice. Similarly, Cerus may terminate your employment at any time and for any reason whatsoever, with or without cause (involuntary termination). In the event your employment is terminated by the Company without "Cause" (as defined on Schedule 2) or by you as a "Good Reason Resignation" (and in either case other than as a result of your death or disability), and provided your termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h)) (any such qualifying termination, a "Covered Termination"), and subject to your execution of a fully effective release of claims, Cerus agrees to provide you with a cash severance payment in an aggregate amount equal to nine months of your base salary. See Schedule 2 for the additional terms and conditions of this severance package. A "Good Reason Resignation" means your resignation from all positions you then hold with the Company following any of the following changes that is not consented to by you in writing: (a) material reduction in your base salary, (b) a material adverse change in your job responsibilities in a manner inconsistent with the position of Vice President, Legal Affairs, (c) a material adverse change in your job location including relocation to a location outside of the counties stated above or (d) a material adverse change in your line of reporting, including requiring you to report to an officer other than the Chief Executive Officer or Chief Operating Officer of the Company. Notwithstanding the foregoing, a "Good Reason Resignation" shall only occur if: (a) you notify the Company in writing, within sixty (60) days after the occurrence of one of the foregoing events, specifying the event(s) constituting "good reason" and that you intend to terminate your employment no earlier than thirty (30) days after providing such notice; (b) the Company does not cure such condition within thirty (30) days following its receipt of such notice or states unequivocally in writing that it does not intend to attempt to cure such condition; and (c) you resign from employment within thirty (30) days following the end of the period within which the Company was entitled to remedy the condition constituting "good reason" but failed to do so.

If a Covered Termination occurs immediately prior to, on or within 12 months following a "change of control" (as defined below), and subject to your execution of a fully effective release of claims, then in addition to the severance provided above, any stock

options held by you shall, as of the date of the Covered Termination will immediately vest and become exercisable. As used in this agreement, "change of control" means (x) the sale by Cerus of all or substantially all of its assets, or (y) any merger, consolidation or other transaction (or series of related transactions) where the stockholders of Cerus immediately prior to such transaction(s) do not have the collective ability, immediately following such transaction(s), to elect a majority of the directors of Cerus or the surviving corporation, as the case may be.

It is intended that each installment of the severance payments and benefits provided under this Agreement (the "Severance Benefits") is a separate "payment" for purposes Section 1.409A-2(b)(2)(i) of the Treasury Regulations. For the avoidance of doubt, it is intended that payments of the Severance Benefits satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code and the Treasury Regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A") provided under Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9) of the Treasury Regulations. However, if the Company determines that the Severance Benefits constitute "deferred compensation" under Section 409A and you are, on your separation from service, a "specified employee" of the Company (as such term is defined in Section 409A(a)(2)(B)(i) of the Code) then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payment of the Severance Benefits shall be delayed so that on the earlier to occur of: (i) the date that is six months and one day after your separation from service and (ii) the date of your death (such applicable date, the "Specified Employee Initial Payment Date"), the Company shall (A) pay to you a lump sum amount equal to the sum of the Severance Benefits that you would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this paragraph and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

This Agreement, including the Schedules attached hereto, form the entire agreement between the Company and you on these subjects and supersede all our prior written and oral communication with you, including but not limited to the May 28, 1999 letter agreement and can only be modified by written agreement signed by you and Cerus.

Please sign and date this letter, and return it to me by December 22, 2008. We look forward to your favorable reply and to a productive and exciting work relationship.

Sincerely,

/s/ Claes Glassell

Claes Glassell
President and Chief Executive Officer

Approved and Accepted /s/ Howard Ervin
Howard Ervin

Date December 22, 2008

Schedule 1

Responsibilities of Vice President, Legal Affairs

Contract Management

Business Negotiations

Strategic Planning and Guidance

- organization, partnerships, growth, positioning, new opportunities

Leadership and Mentoring

- play an active leadership role in organization

Trademark and Tradename Development

- registration, maintenance and prosecution

Public Relations Team Member

- develop and implement plan to communicate to customers, regulators, patients, payors, hospital administrators

Investor Relations

- monitor for legal compliance

Corporate Communications Team Member

- press releases, annual report, fact sheets

Intellectual Property

- provide oversight to patent and other intellectual property activity

Management of External Legal Support

- usage, billing and payment, disputes

Market Intelligence

- monitor activities of competitors and industry trends

Schedule 2

Cerus Corporation

Severance Pay Agreement

Effective on December 22, 2008, I, Howard Ervin, hereby agree to the following terms and conditions with respect to the payment of severance to me by Cerus Corporation ("Cerus" or the "Company") upon a Covered Termination (all capitalized terms not defined herein have the meaning set forth in the letter to me dated December 22, 2008):

1. In the event I suffer a Covered Termination, and subject to my delivery to the Company of an executed release and waiver of claims in the form as the Company may require (the "Release"), within the time period set forth therein, but in no event later than forty-five days following my termination, and permitting such Release to become effective in accordance with its terms, then I will receive the following severance benefits, as my sole severance benefits (collectively, the "Severance Benefits"):
 - a. nine (9) months of my base salary in effect as of the termination date (ignoring, however, any reduction in my base salary that forms the basis for my Resignation for Good Reason, as applicable), less required deductions and withholdings, paid in the form of salary continuation on the Company's standard payroll dates following termination; provided, however, no such payments will be made prior to the effective date of the Release, and on the first regular payroll date following the effective date of the Release, the Company will pay me in a lump sum the amount of the salary continuation I would have otherwise received on and prior to such date but for the delay due to the Release, with the balance paid thereafter on the original schedule.
2. In the event that I suffer a Covered Termination immediately prior to, on or within 12 months following a "change of control" (as defined above), and subject to my delivery to the Company of an executed Release within the time period set forth therein, but in no event later than forty-five days following my termination, and permitting such Release to become effective in accordance with its terms, then I will receive the Severance Benefits paid in the form of a lump sum on the first regular payroll date following the effective date of the Release.
3. I understand that Cerus may terminate my employment for "Cause" if, in the reasonable determination of the Company's Board of Directors, I am convicted of any felony or of any crime involving moral turpitude, or participate in any fraud against the Company, or willfully breach my duties to the Company, or wrongfully disclose any trade secrets or other confidential information of the Company, or materially breach the proprietary information and nondisclosure agreement between me and the Company. In the event that my employment is terminated For Cause, Cerus shall have no obligation to pay any severance to me.

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4. I understand that for purposes of this Agreement, "Disability" shall mean my inability to perform my duties under this Agreement, even with reasonable accommodation, because I have become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when I become disabled, the term "Disability" shall mean my inability to perform my duties under this Agreement, whether with or without reasonable accommodation, by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated me from satisfactorily performing all of my usual services for the Company, with or without reasonable accommodation, for a period of at least nine (9) consecutive months during any twelve (12) month period. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Disability for purposes of this Agreement.
 5. I understand that other than as set forth in this Severance Pay Agreement, Cerus shall have no obligation to compensate me for anything other than my accrued salary and my accrued and unused vacation time earned through my termination date upon the termination of my employment with the Company.
 6. I understand that nothing in this Severance Pay Agreement assures me of a continuing position with the Company, or in any way changes the Company's right to terminate my employment at any time and for any reason, with or without advance notice or cause.

/s/ Howard G. Ervin

Howard G. Ervin

December 22, 2008

Date