

CERUS CORP
Form DEF 14A
April 25, 2008

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CERUS CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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CERUS CORPORATION

2411 Stanwell Drive

Concord, CA 94520

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 2, 2008

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cerus Corporation, a Delaware corporation. The annual meeting will be held on Monday, June 2, 2008 at 9:00 a.m. local time at our principal executive offices at 2411 Stanwell Drive, Concord, California for the following purposes:

1. To elect three directors nominated by the Board of Directors to hold office until the 2011 Annual Meeting of Stockholders.
2. To approve our 2008 Equity Incentive Plan.
3. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2008.
4. To conduct any other business properly brought before the annual meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the annual meeting is April 11, 2008. Only stockholders of record at the close of business on that date may vote at the annual meeting or any adjournment thereof.

By Order of the Board of Directors

Lori L. Roll

Corporate Secretary

Concord, California

May 2, 2008

You are cordially invited to attend the annual meeting in person. Whether or not you expect to attend the annual meeting, please complete, date, sign and return the enclosed proxy, or vote over the telephone or the Internet as instructed in these materials, as promptly as possible in order to ensure your representation at the annual meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience or, if your shares are held of record by a broker, bank or other nominee, you may be able to vote by following the instructions provided by your bank, broker or other nominee. Even if you have voted by proxy, you may still vote in person if you attend the annual meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the annual meeting, you must obtain a proxy issued in your name from that record holder.

CERUS CORPORATION

2411 Stanwell Drive

Concord, CA 94520

PROXY STATEMENT

FOR THE 2008 ANNUAL MEETING OF STOCKHOLDERS

June 2, 2008

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors (the *Board*) of Cerus Corporation (the *Company*) is soliciting your proxy to vote at the 2008 Annual Meeting of Stockholders (the *Annual Meeting*). You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement (the *Proxy Statement*). However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or on the Internet.

We intend to mail this proxy statement and accompanying proxy card on or about May 2, 2008 to all stockholders of record entitled to vote at the Annual Meeting.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on April 11, 2008 will be entitled to vote at the Annual Meeting. On this record date, there were 32,370,580 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on April 11, 2008, your shares were registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on April 11, 2008, your shares were not held in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in *street name* and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are three matters scheduled for a vote:

to elect three directors nominated by the Board to hold office until the 2011 Annual Meeting of Stockholders;

to approve our 2008 Equity Incentive Plan; and

to ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2008.

How do I vote?

You may either vote **For** all of the nominees to the Board or you may **Withhold** your vote for any nominee. For each of the other matters to be voted on, you may vote **For** or **Against** or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone or vote by proxy on the Internet. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

To vote over the telephone, dial toll-free 1-800-560-1965 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 12:00 p.m. (CT), on May 30, 2008 to be counted.

To vote on the Internet, go to **<http://www.eproxy.com/cers/>** to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 12:00 p.m. (CT), on May 30, 2008 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker, bank or other agent. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares on-line, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you owned as of April 11, 2008.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted **For** the election of three directors nominated by the Board to hold office until the 2011 Annual Meeting of Stockholders, **For** approval of our 2008 Equity Incentive Plan and **For** ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2008 (as further described in this Proxy Statement). If any other matter is properly presented at the Annual Meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed proxy card with a later date.

You may send a timely written notice that you are revoking your proxy to our Corporate Secretary at 2411 Stanwell Drive, Concord, California 94520.

You may attend the Annual Meeting and vote in person. However, simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are stockholder proposals due for next year's annual meeting?

Our stockholders may submit proposals on matters appropriate for stockholder action at annual stockholder meetings in accordance with Rule 14a-8 promulgated under the Securities Exchange Act of 1934. For such proposals to be included in our proxy materials relating to our 2009 Annual Meeting of Stockholders, all applicable requirements of Rule 14a-8 must be satisfied and your proposal must be submitted in writing by January 1, 2009 to our Corporate Secretary at 2411 Stanwell Drive, Concord, California 94520. However, if our 2009 Annual Meeting of Stockholders is not held between May 3, 2009 and July 2, 2009, then the deadline will be a reasonable time prior to the time that we begin to print and mail our proxy materials.

Pursuant to our bylaws, if you wish to submit a proposal or nominate a director at our 2009 Annual Meeting of Stockholders, but you are not requesting that your proposal or nomination be included in next year's proxy materials, you must submit your proposal in writing to our Corporate Secretary at 2411 Stanwell Drive, Concord, California 94520 by no earlier than the close of business on March 4, 2009 and no later than the close of business on April 3, 2009. However, if our 2009 Annual Meeting of Stockholders is not held between May 3, 2009 and July 2, 2009, then you must notify our Corporate Secretary, in writing, no earlier than the close of business on the 90th day prior to the date of the 2009 Annual Meeting of Stockholders and no later than the close of business on the later of (i) the 60th day prior to the date of the 2009 Annual Meeting of Stockholders, or (ii) if we publicly announce the date of the 2009 Annual Meeting of Stockholders fewer than 70 days prior to the date of the 2009 Annual Meeting of Stockholders, the 10th day following the day that we first make a public announcement of the date of the 2009 Annual Meeting of Stockholders. We also advise you to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. The chairperson of the 2009 Annual Meeting of Stockholders may determine, if the facts warrant, that a matter has not been properly brought before the annual meeting and, therefore, may not be considered at the annual meeting. In addition, if you do not also comply with the requirements of Rule 14a-4(c)(2) under the Securities Exchange Act

of 1934, as amended (the 1934 Act), our management will have discretionary authority to vote all shares for which we have proxies in opposition to any such stockholder proposal or director nomination.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count For and Withhold and, with respect to proposals other than the election of directors, Against votes, abstentions and broker non-votes. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner (despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions). Abstentions will be counted towards the vote total for each proposal and will have the same effect as Against votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

How many votes are needed to approve each proposal?

The nominees for election of director nominated by the Board will be elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting. Only votes For or Withheld will affect the outcome. Broker non-votes will have no effect.

To be approved, Proposal No. 2, approval of our 2008 Equity Incentive Plan, must receive For votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect.

To be approved, Proposal No. 3, the ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as our independent registered public accounting firm for fiscal year ending December 31, 2008, must receive For votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting. If you Abstain from voting, it will have the same effect as an Against vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid annual meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares entitled to vote are present at the Annual Meeting in person or represented by proxy. On the record date, there were 32,370,580 shares outstanding and entitled to vote. Thus, the holders of 16,185,291 shares must be present in person or represented by proxy at the Annual Meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, either the chairman of the Annual Meeting or the holders of a majority of the shares present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in our quarterly report on Form 10-Q for the second quarter of 2008.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

This Proposal No. 1 is to elect three directors nominated by the Board. The Board is divided into three classes and each class has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including a vacancy created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is elected and qualified.

The Board presently has seven (7) members. There are three (3) directors in the class whose term of office expires in 2008. Proxies will not be voted for a greater number of persons than three nominees named below.

Each of the nominees listed below is currently a director of the Company who was previously elected by the stockholders. If elected at the Annual Meeting, the nominee would serve until the 2011 annual meeting and until his successor is elected and has qualified, or, if sooner, until the director's death, resignation or removal. It is our policy to invite directors and nominees for director to attend our annual meetings of stockholders. All of the then-current directors attended the 2007 Annual Meeting of Stockholders. Ms. Schulze did not attend the 2007 Annual Meeting of Stockholders as she was not a member of the Board at such time.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The three nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by our Nominating and Corporate Governance Committee. Each nominee for election has agreed to serve if elected. Our management has no reason to believe that any of these nominees will be unable to serve.

The following is a brief biography of each of the nominees and each director whose term will continue after the Annual Meeting.

NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT THE 2011 ANNUAL MEETING

Timothy B. Anderson, 61, has served as a member of our Board since 2003. Mr. Anderson was Senior Vice President of Strategy and Business Development of Baxter International, Inc., a pharmaceutical company, from 1999 until 2002, and held various management positions at Baxter International from 1992 until 1999, including President, Biotech Group from 1992 until 1997, Group Vice President from 1993 until 1997 and Chairman, Baxter Europe from 1997 until 1999. Mr. Anderson is currently a director of Lake Forest Hospital and director of PuriCore Plc, a publicly held English company.

Bruce C. Cozadd, 44, has served as a member of our Board since November 2001. Mr. Cozadd serves as Executive Chairman and a Director of Jazz Pharmaceuticals, Inc., a pharmaceutical company that he co-founded in 2003. From 1991 until 2001, he held various positions with ALZA Corporation, a pharmaceutical company now owned by Johnson & Johnson, most recently as its Executive Vice President and Chief Operating Officer, with responsibility for research and development, manufacturing and sales and marketing and prior to that as Chief Financial Officer and Vice President, Corporate Planning and Analysis. Previously, Mr. Cozadd was a member of the health care investment banking team at Smith Barney, Harris Upham & Co. He serves on the boards of Threshold Pharmaceuticals, a biotechnology company, and The Nueva School and Stanford Hospital and Clinics, both non-profit organizations. He received a B.S. from Yale University and an M.B.A. from the Stanford Graduate School of Business.

Claes Glassell, 57, was appointed our President and Chief Executive Officer and was elected as a member of our Board in May 2004. Mr. Glassell was President, Chief Operating Officer and a director of Cambrex Corporation from July 2001 until January 2003, and held management positions at Cambrex Corporation from 1994 until 2001, including Executive Vice President and Chief Operating Officer from 2000 until 2001, and Vice President and Managing Director of Cambrex Limited from 1994 until 2000. Previously, Mr. Glassell was President and Chief Executive Officer of the Pharma Chemistry Business Area of Akzo Nobel and held various international management assignments with Berol in the United States, United Kingdom and Sweden. Mr. Glassell served on the Board of the Swedish Chemical Industry Association from 1993 until 1996 and also was a member of the Responsible Care Committee for the Swedish Chemical Industry Association. Mr. Glassell serves on the board of directors of CMC Biopharmaceuticals A/S, a contract manufacturing organization.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF EACH NAMED NOMINEE.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2009 ANNUAL MEETING

B.J. Cassin, 74, has served as Chairman of the Board since December 1992. Mr. Cassin has been a private venture capitalist since 1979. Previously, Mr. Cassin co-founded Xidex Corporation, a manufacturer of data storage media, in 1969. Mr. Cassin is currently a director of a number of private companies.

William R. Rohn, 64, has served as a member of our Board since March 2002. Mr. Rohn served as Chief Operating Officer of Biogen Idec, the successor company to IDEC Pharmaceuticals, a biotechnology company, from 2003 until 2005. From 1998 until 2003, Mr. Rohn was President and Chief Operating Officer of IDEC Pharmaceuticals, a biotechnology company. Mr. Rohn joined IDEC in 1993 as Senior Vice President, Commercial and Corporate Development and was appointed Senior Vice President, Commercial Operations in 1996. From 1984 until 1993, Mr. Rohn was employed by Adria Laboratories, a pharmaceutical company, most recently as Senior Vice President of Sales and Marketing. Mr. Rohn serves on the boards of directors of Metabasis Therapeutics Inc., a pharmaceutical company, Raven Biotechnologies, a biotechnology company, and Elan Plc, a pharmaceutical company.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2010 ANNUAL MEETING

Dr. Laurence M. Corash, 64, one of our co-founders, has served as a member of our Board since December 2002 and has been our Vice President and Chief Medical Officer since July 1996. In March 2008, he was promoted to Senior Vice President and Chief Medical Officer. From 1996 until July 2005, Dr. Corash also was our Vice President, Medical Affairs. Dr. Corash was a consultant to us from 1991 until 1994, when he joined us as Director, Medical Affairs. Dr. Corash has been a Professor of Laboratory Medicine at the University of California, San Francisco since July 1985 and Chief of the Hematology Laboratory for the Medical Center at the University of California, San Francisco since January 1982. From February 1990 to July 1994, Dr. Corash was a member of the FDA Advisory Panel for Hematology Devices.

Gail Schulze, 55, has served as a member of our Board since 2007. From May 2006 to March 2007 she was the CEO of YM Biosciences US and president, YM Biosciences, Inc., a global biopharmaceutical organization with three late-stage oncology programs. Prior to joining YM Biosciences in 2006, she was president, CEO and director of Eximias Pharmaceutical Corporation, also a late-stage biopharmaceutical company focused on oncology. From 2001 to 2004, Ms. Schulze was COO and deputy CEO of Aventis Behring LLC, a fully independent biologics subsidiary of Aventis, and from 1997 to 2001, was senior executive vice president and chief commercial officer. From 1996 to 1997 she was corporate vice president of Allegiance Healthcare Corporation, where she led the creation and management of the Cost Management Services group of divisions. From 1979 to 1996 Ms. Schulze held multiple positions within Baxter Healthcare Corporation focused on the global development and commercialization of chronic therapies, most recently as president of the US

Managed Care division and president of Renal Division Europe. Ms. Schulze has served on multiple private and public boards. She received a BA with highest honors in psychobiology from the University of California, Santa Cruz, studied neurophysiology at the University of Wisconsin and received her MBA from Stanford Graduate School of Business.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

INDEPENDENCE OF THE BOARD OF DIRECTORS

The Nasdaq Stock Market (Nasdaq) listing standards require that a majority of the members of a listed company s board of directors qualify as independent, as determined by the board of directors. The Board consults with our counsel to ensure that the Board s determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in applicable Nasdaq listing standards, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions and relationships between each director, or any of his or her family members, and us, our senior management and our independent registered public accounting firm, the Board has determined that the following five (5) directors are independent directors within the meaning of the applicable Nasdaq listing standards: Messrs. Cassin, Cozadd, Anderson, Rohn, and Ms. Schulze. In making this determination, the Board found that none of these directors had a material or other disqualifying relationship. Mr. Glassell, our President and Chief Executive Officer, and Dr. Corash, our Senior Vice President and Chief Medical Officer, are not independent directors by virtue of their employment with us.

MEETINGS OF THE BOARD OF DIRECTORS

The Board met seven times during the last fiscal year. Each Board member attended 75% or more of the aggregate number of the meetings held by the Board and of the committees on which he or she served during the period for which he or she was a director or committee member.

As required under applicable Nasdaq listing standards, in fiscal 2007, our independent directors met six times in regularly scheduled executive sessions at which only independent directors were present.

INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS

The Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for fiscal 2007 for each of the Board committees:

Name	Audit	Compensation	Nominating and Corporate Governance
B.J. Cassin		X*	X*
Timothy B. Anderson	X		X
Laurence M. Corash			
Bruce C. Cozadd	X*	X	X
Claes Glassell			
William R. Rohn	X		X
Gail Schulze		X	X
Total meetings in fiscal 2007	4	7	2

* Committee Chairperson

Below is a description of each standing committee of the Board. Each of the committees has authority to engage legal counsel or other experts or consultants as it deems appropriate to carry out its responsibilities. The Board has determined that each member of each committee meets the applicable Nasdaq and Securities and Exchange Commission (SEC) rules and regulations regarding independence and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to us.

Audit Committee

The Audit Committee of the Board was established by the Board in accordance with Section 3(a)(58)(A) of the 1934 Act to oversee our corporate accounting and financial reporting processes and audits of our financial statements. For this purpose, the Audit Committee evaluates the performance of and assesses the qualifications of the independent registered public accounting firm; determines and approves the engagement of the independent registered public accounting firm; determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage new independent registered public accounting firm; reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on our audit engagement team as required by law; confers with management and the independent registered public accounting firm regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints we have received regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; reviews the financial statements to be included in our annual report on Form 10-K; discusses with management and the independent registered public accounting firm the results of the annual audit and the results of our quarterly financial statements; reviews the results of management's efforts to monitor compliance with the Company's programs and policies designed to ensure adherence to applicable laws and rules, as well as to its code of ethics, including review and approval of related-party transactions as required by Nasdaq and reviews and discusses with management and the independent registered public accounting firm our disclosures under the caption Management's Discussion and Analysis of Financial Condition and Results of Operations in periodic reports filed with the SEC. The Audit Committee is composed of three (3) directors: Messrs. Anderson, Cozadd (Chairman) and Rohn. The Audit Committee met four (4) times during the 2007 fiscal year. The Audit Committee has adopted a written charter that is available to stockholders on the Company's Web site at www.cerus.com under the section entitled investors at Corporate Governance.

The Board reviews the Nasdaq listing standards and applicable definitions of independence for Audit Committee members on an annual basis and has determined that all members of our Audit Committee are independent (as independence is currently defined in Rule 4350(d)(2)(A)(i) and (ii) of the Nasdaq listing standards and Rule 10A-3(b)(1) of the 1934 Act). The Board has also determined that Mr. Cozadd qualifies as an audit committee financial expert, as defined in applicable SEC rules. The Board made a qualitative assessment of Mr. Cozadd's level of knowledge and experience based on a number of factors, including his formal education and his service in executive capacities having financial oversight responsibilities. These positions include various management positions at ALZA Corporation, pursuant to which Mr. Cozadd has experience supervising the preparation of financial reports. For further information on Mr. Cozadd's experience, please see his biography under Proposal No. 1 Election of Directors.

Report of the Audit Committee of the Board of Directors

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2007 with our management. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by the Independence

Standards Board Standard No. 1, (*Independence Discussions with Audit Committees*), as adopted by the PCAOB in Rule 3600T and has discussed with the independent registered public accounting firm the independent registered public accounting firm independence. Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in our Annual Report in Form 10-K for the fiscal year ended December 31, 2007.

Audit Committee:

Mr. Bruce C. Cozadd

Mr. Timothy B. Anderson

Mr. William R. Rohn

The material in this Report of the Audit Committee of the Board of Directors is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Cerus Corporation under the Securities Act of 1933 (the 1933 Act) or 1934 Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Compensation Committee

The Compensation Committee of the Board is composed of three (3) directors: Mr. Cassin (chairman), Mr. Cozadd and Ms. Schulze. All members of our Compensation Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). The Compensation Committee met seven (7) times during the 2007 fiscal year. The Compensation Committee has adopted a written charter that is available to stockholders on our Web site at www.cerus.com under the section entitled investors at Corporate Governance.

The Compensation Committee acts on behalf of the Board to review, adopt and oversee our compensation strategy, policies, plans and programs including: establishment of corporate objectives relevant to the compensation of our executive officers and other senior management and evaluation of performance in light of these stated objectives; review and approval of the compensation and other terms of employment or service, including severance and change-in-control arrangements, of our chief executive officer and the other executive officers; and administration of our equity compensation plans, pension and profit-sharing plans, deferred compensation plans and other similar plan and programs.

Beginning in 2007, the Compensation Committee also began to review with management the Compensation Discussion and Analysis and to discuss whether to recommend that it be included in our proxy statements and other filings.

Under its charter, the Compensation Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board, to grant stock awards under our equity incentive plans to persons who are not (a) Covered Employees as defined under Section 162(m) (Section 162(m)) of the Internal Revenue Code of 1986 (the Code), as amended from time to time; (b) individuals with respect to whom we wish to comply with Section 162(m) or (c) then subject to Section 16 of the 1934 Act.

The specific processes, procedures and determinations of the Compensation Committee with respect to executive compensation for fiscal 2007 and fiscal 2008 to date are described in greater detail under the Compensation Discussion and Analysis section of this Proxy Statement.

With respect to director compensation matters, the Compensation Committee determines and sets non-employee director compensation in the manner more fully described under the section of this Proxy Statement entitled Director Compensation.

Compensation Committee Interlocks and Insider Participation

As noted above, our Compensation Committee consists of Messrs. Cassin and Cozadd and Ms. Schulze. No member of the Compensation Committee is, or was, formerly one of our officers or employees. No interlocking relationship exists between the Board or Compensation Committee and the board of directors or compensation committee of any other company, nor has such an interlocking relationship existed in the past.

Indemnification and Limitation of Director and Officer Liability

In July 1996, the Board authorized us to enter into indemnity agreements with each of our directors, executive officers and controller. The form of indemnity agreement provides that we will indemnify against any and all expenses of the indemnified person who incurred such expenses because of his or her status as a director, executive officer or controller, to the fullest extent permitted by our bylaws and Delaware law. In addition, our bylaws provide that we shall indemnify our directors and executive officers to the fullest extent not prohibited by Delaware law, subject to certain limitations, and may also secure insurance, to the fullest extent permitted by Delaware law, on behalf of any director, officer, employee or agent against any expense, liability or loss arising out of his or her actions in such capacity.

Our restated certificate of incorporation contains certain provisions relating to the limitation of liability of directors. Our restated certificate provides that a director shall not be personally liable to our stockholders or us for monetary damages for any breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to our stockholders or us, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payment of dividends or unlawful stock repurchases or redemptions or (iv) for any transaction from which the director derived an improper benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. The provision in the restated certificate does not eliminate the duty of care and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

Report of the Compensation Committee of the Board of Directors

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis section contained in this Proxy Statement. Based on this review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated into our Annual Report on Form 10-K for the fiscal year ended 2007.

Compensation Committee:

Mr. B.J. Cassin

Mr. Bruce C. Cozadd

Ms. Gail Schulze

The material in this Report of the Compensation Committee of the Board of Directors is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Cerus Corporation under the 1933 or 1934 Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board is responsible for identifying, reviewing and evaluating candidates to serve as directors; reviewing, evaluating and considering the recommendation for nomination of incumbent directors; recommending to the Board candidates for election to the Board; considering recommendations for Board nominees and proposals submitted by our stockholders; making recommendations regarding the membership of the committees of the Board; assessing the performance of the Board; overseeing all aspects of our corporate governance functions on behalf of the Board; and making recommendations to the Board regarding corporate governance issues. The Nominating and Corporate Governance Committee is composed of five (5) directors: Messrs. Cassin (Chairman), Anderson, Cozadd, Rohn and Ms. Schulze. All members of the Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). The Nominating and Corporate Governance Committee met two (2) times during the 2007 fiscal year. The Nominating and Corporate Governance Committee has adopted a written charter that is available to stockholders on our Web site at www.cerus.com under the section entitled "investors" at "Corporate Governance."

The Nominating and Corporate Governance Committee has not determined specific minimum criteria that a Board member must possess, but generally a qualified candidate must possess the highest personal and professional integrity, have demonstrated exceptional ability and judgment and have the ability to work effectively with other members of the Board. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee evaluates these directors' overall service to us during their terms, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair the directors' independence. The Nominating and Corporate Governance Committee uses an informal network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. For the directors nominated for re-election for a three-year term expiring at the 2011 annual meeting, the Nominating and Corporate Governance Committee did not pay a fee to any third party to assist in the process of identifying or evaluating director candidates but has in the past, and may again in the future, pay fees to third parties to assist in identifying or evaluating director candidates.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. When considering candidates for membership to the Board that are nominated by stockholders, the Nominating and Corporate Governance Committee employs the same policy that it uses to evaluate candidates recommended by members of the Board. Any stockholder wishing to nominate a director candidate should submit in writing the candidate's name, biographical information, business qualifications, including a description of the proposed nominee's business experience for at least the previous five years, and a representation that the nominating stockholder is a beneficial or record owner of our stock to Mr. Cassin, Chairman of the Nominating and Corporate Governance Committee, Cerus Corporation at 2411 Stanwell Drive, Concord, California 94520. Any such submission also must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. All qualified submissions are reviewed by the Nominating and Corporate Governance Committee at the next appropriate meeting. If a stockholder wishes the Nominating and Corporate Governance Committee to consider a director candidate for nomination at our next annual meeting of stockholders, then our bylaws require that written recommendations be received by us no sooner than 90 and no later than 60 days prior to the first anniversary of the preceding year's annual meeting of stockholders.

To date, the Nominating and Corporate Governance Committee has not rejected a timely director nominee from a stockholder or group of stockholders that beneficially owned more than 5% of our voting stock.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Historically, we have not adopted a formal process for stockholder communications with the Board. However, every effort has been made to ensure that the views of stockholders are heard by the Board or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely

manner. We believe our responsiveness to stockholder communications to the Board has been excellent. Our stockholders may communicate directly with any of our senior managers, the independent members of the Board or any Chairman of a Board Committee, including the Chairman of the Board, by writing directly to those individuals at Cerus Corporation at 2411 Stanwell Drive, Concord, California 94520. Stockholder communications related to director candidate recommendations should be directed to the Chairman of the Nominating and Corporate Governance Committee, Mr. Cassin. In addition, if our stockholders or employees have any concerns related to our financial or accounting practices, we encourage communicating those concerns directly to the Chairman of the Audit Committee, Mr. Cozadd.

CODE OF ETHICS

We have adopted the Code of Business Conduct and Ethics (the Ethics Code) that applies to all of our officers, directors and employees. The Ethics Code is available on our Web site at www.cerus.com. If we make any substantive amendments to the Ethics Code or grant any waiver from a provision of the Ethics Code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver as required by applicable laws. To satisfy our disclosure requirements, we may post any waivers of or amendments to the Ethics Code on our Web site in lieu of filing such waivers or amendments on a Form 8-K.

Our employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Ethics Code. The Audit Committee has established procedures to receive, retain and address complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of related concerns.

PROPOSAL NO. 2

APPROVAL OF 2008 EQUITY INCENTIVE PLAN

Our 2008 Equity Incentive Plan, or the 2008 Plan, was adopted by the Compensation Committee of the Board on April 22, 2008, pursuant to authority delegated by the Board, subject to stockholder approval. The 2008 Plan is the successor to and continuation of our 1999 Equity Incentive Plan and 1998 Non-Officer Stock Option Plan, or the Prior Plans. The 1999 Equity Incentive Plan was originally adopted by the Board on April 30, 1999 and was subsequently originally approved by the stockholders on July 2, 1999. The 1998 Non-Officer Stock Option Plan was originally adopted by the Board on November 5, 1998 and stockholder approval was not required. All outstanding stock awards granted under the Prior Plans will continue to be subject to the terms and conditions as set forth in the agreements evidencing such stock awards and the terms of the Prior Plans.

This Proposal No. 2 seeks an increase in the number of shares that may be issued under the 2008 Plan beyond those reserved for issuance under the Prior Plans by 2,270,000 shares. At April 11, 2008, stock awards (net of cancelled or expired awards) covering an aggregate of 4,698,117 shares were outstanding under the Prior Plans and 1,719,025 shares remained available for future grant under the Prior Plans.

The approval of the 2008 Plan will allow us to continue to grant stock options and other awards at levels determined appropriate by the Board. The 2008 Plan will also provide us with continued flexibility in designing equity incentives in an environment where a number of companies have moved from traditional option grants to other stock-based awards, including stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, and performance cash awards. Accordingly, the 2008 Plan will allow us to utilize a broad array of equity incentives in order to secure and retain the services of our employees, consultants and directors, and to provide incentives for such persons to exert maximum efforts for our success or the success of our affiliates.

In this Proposal No. 2, stockholders are requested to approve the 2008 Plan. The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve the adoption of the 2008 Plan. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted toward a quorum, but are not counted for any purpose in determining whether this matter has been approved.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE 2008 PLAN.

Description of the 2008 Equity Incentive Plan

The material features of the 2008 Plan are outlined below. This summary is qualified in its entirety by reference to the complete text of the 2008 Plan. Stockholders are urged to read the actual text of the 2008 Plan in its entirety, which is appended to this proxy statement as Appendix A.

Background and Purpose

The terms of the 2008 Plan provide for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights, other stock-related awards, and performance awards that may be settled in cash, stock, or other property.

The purpose of the 2008 Plan is to provide a means by which employees, directors, and consultants may be given an opportunity to purchase our common stock to assist us in securing and retaining the services of such persons, to secure and retain the services of persons capable of filling such positions, and to provide incentives for such persons to exert maximum efforts for our success.

Shares Available for Awards

If this Proposal No. 2 is approved, the total number of shares of our common stock reserved for issuance under the 2008 Plan will consist of:

the number of shares remaining available for future grant under the Prior Plans as of June 2, 2008; plus

the number of shares subject to stock awards outstanding under the Prior Plans as of June 2, 2008 that subsequently terminate prior to exercise and would otherwise be returned to the share reserves under the Prior Plans; plus

2,270,000 shares.

We call this aggregate number the Share Reserve. The number of shares available for issuance under the 2008 Plan is reduced by (i) one share for each share of common stock issued pursuant to an option grant or stock appreciation right with a strike price of at least 100% of the fair market value of the underlying common stock on the date of grant, and (ii) one and one-half (1.5) shares for each share of common stock issued pursuant to restricted stock awards, restricted stock unit awards, performance stock awards, or other stock-related awards granted under the 2008 Plan.

As of December 31, 2007, there were 1,728,290 shares of common stock (plus any shares that might in the future be returned to the plan as a result of cancellation or expiration of options) available for future grant under the Prior Plans. In addition, as of such date, options covering an aggregate of 5,173,290 shares were outstanding and awards other than options and stock appreciation rights covering an aggregate of 84,947 shares were outstanding. The 84,947 shares subject to awards other than options and stock appreciation rights include shares underlying restricted stock unit awards that have vested but have not yet been issued in accordance with applicable deferral provisions and excludes shares underlying restricted stock unit awards that were cancelled prior to vesting due to the termination of the service of certain award holders. The weighted average exercise price of all options outstanding as of December 31, 2007 was approximately \$12.13 and the weighted average remaining term of such options was approximately 5.89 years. A total of 32,370,580 shares of our common stock were outstanding as of April 11, 2008. Except as set forth above, as of December 31, 2007, no other shares were subject to issuance upon the conversion of convertible securities.

If a stock award expires or otherwise terminates without having been exercised in full or is settled in cash, such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of the common stock that may be issued pursuant to the 2008 Plan. If any shares of common stock issued pursuant to a stock award are forfeited back to the Company because of the failure to meet a contingency or condition required to vest such shares in the participant, then the shares which are forfeited shall revert to and again become available for issuance under the 2008 Plan. Any shares reacquired by the Company pursuant to its withholding obligations or as consideration for the exercise of an option shall not again become available for issuance under the 2008 Plan. In addition, if the exercise price of any award is satisfied by the tender of shares of common stock to us (whether by actual delivery or attestation), the shares tendered will not again be available for issuance under the 2008 Plan. To the extent there is a share of common stock issued pursuant to a stock award that counted as one and one-half (1.5) shares against the number of shares available for issuance under the 2008 Plan and such share of common stock again becomes available for issuance under the 2008 Plan, then the number of shares of common stock available for issuance under the 2008 Plan shall increase by one and one-half (1.5) shares.

Eligibility

Incentive stock options may be granted under the 2008 Plan only to our employees (including officers) and employees of our affiliates. Our employees (including officers), consultants and directors, and employees (including officers) and consultants of our affiliates, are eligible to receive all other types of awards under the 2008 Plan. All of our approximately 113 employees, 5 directors and 186 consultants are eligible to participate in the 2008 Plan.

Administration

The 2008 Plan is administered by our Board, which may in turn delegate authority to administer the plan to a committee. Our Board has delegated administration of the 2008 Plan to our Compensation Committee. Subject to the terms of the 2008 Plan, our Compensation Committee determines recipients, the numbers and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and vesting. Subject to the limitations set forth below, our Compensation Committee also determines the exercise price of options granted under the 2008 Plan.

Repricing

The 2008 Plan expressly provides that, without the approval of the stockholders within 12 months prior to such event, the Committee shall not have the authority to reduce the exercise price of any outstanding stock awards under the plan, reprice any outstanding stock awards under the plan or cancel and re-grant any outstanding stock awards under the plan.

Stock Options

Stock options will be granted pursuant to stock option agreements. Generally, the exercise price for an option cannot be less than 100% of the fair market value of the common stock subject to the option on the date of grant. Options granted under the 2008 Plan will vest at the rate specified in the option agreement. A stock option agreement may provide for early exercise, prior to vesting, subject to our right to repurchase unvested shares in certain circumstances. Unvested shares of our common stock issued in connection with an early exercise may be repurchased by us.

In general, the term of stock options granted under the 2008 Plan may not exceed ten years. Unless the terms of an optionholder's stock option agreement provide for earlier or later termination, if an optionholder's service relationship with us, or any affiliate of ours, ceases due to disability or death, the optionholder, or his or her beneficiary, may exercise any vested options for up to 12 months in the event of disability or 18 months in the event of death, after the date the service relationship ends. If an optionholder's service relationship with us, or any affiliate of ours, ceases for any reason other than disability or death, the optionholder may exercise any vested options for up to three months after the date the service relationship ends, unless the terms of the stock option agreement provide for a longer or shorter period to exercise the option. In no event may an option be exercised after its expiration date.

Acceptable forms of consideration for the purchase of our common stock issued under the 2008 Plan will be determined by our Compensation Committee and may include cash, common stock previously owned by the optionholder, payment through a broker assisted exercise or a net exercise feature, or other legal consideration approved by our Compensation Committee.

Generally, an optionholder may not transfer a stock option other than by will or the laws of descent and distribution or a domestic relations order. However, to the extent permitted under the terms of the applicable stock option agreement, an optionholder may designate a beneficiary who may exercise the option following the optionholder's death.

Limitations

The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to ISOs that are exercisable for the first time by an optionholder during any calendar year under all of our stock plans may not exceed \$100,000. The options or portions of options that exceed this limit are treated as nonstatutory stock options, or NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any affiliate unless the following conditions are satisfied:

the option exercise price must be at least 110% of the fair market value of the stock subject to the option on the date of grant;

the aggregate maximum number of shares of common stock that may be issued pursuant to the exercise of ISOs shall be equal to the Share Reserve; and

the term of any ISO award must not exceed five years from the date of grant.

In addition, no employee may be granted options or stock appreciation rights under the 2008 Plan covering more than eight hundred thousand (800,000) shares of our common stock in any calendar year.

Restricted Stock Awards

Restricted stock awards will be granted pursuant to restricted stock award agreements. A restricted stock award may be granted in consideration for the recipient's past or future services performed for us or an affiliate of ours. Shares of our common stock acquired under a restricted stock award may be subject to forfeiture to us in accordance with a vesting schedule to be determined by our Compensation Committee. Rights to acquire shares of our common stock under a restricted stock award may be transferred only upon such terms and conditions as are set forth in the restricted stock award agreement.

Restricted Stock Unit Awards

Restricted stock unit awards will be granted pursuant to restricted stock unit award agreements. Payment of any purchase price may be made in any legal form acceptable to the Compensation Committee. We will settle a payment due to a recipient of a restricted stock unit award by delivery of shares of our common stock, by cash, by a combination of cash and stock as deemed appropriate by our Compensation Committee, or in any other form of consideration determined by our Compensation Committee and set forth in the restricted stock unit award agreement. Dividend equivalents may be credited in respect of shares of our common stock covered by a restricted stock unit award. Restricted stock unit awards may be subject to vesting in accordance with a vesting schedule to be determined by our Compensation Committee. Except as otherwise provided in the applicable restricted stock unit award agreement, restricted stock units that have not vested will be forfeited upon the participant's termination of continuous service for any reason.

Stock Appreciation Rights

Stock appreciation rights will be granted pursuant to a stock appreciation rights agreement. Each stock appreciation right is denominated in common stock share equivalents. The strike price of each stock appreciation right will be determined by our Compensation Committee or its authorized committee, but shall in no event be less than 100% of the fair market value of the stock subject to the stock appreciation right at the time of grant. Our Compensation Committee may also impose restrictions or conditions upon the vesting of stock appreciation rights that it deems appropriate. Stock appreciation rights may be paid in our common stock or in cash or any combination of the two, or any other form of legal consideration approved by our Compensation Committee. If a stock appreciation right recipient's relationship with us, or any affiliate of ours, ceases for any reason, the recipient may exercise any vested stock appreciation right up to three months from cessation of service, unless the terms of the stock appreciation right agreement provide that the right may be exercised for a longer or shorter period.

Performance Awards

The 2008 Plan provides for the grant of two types of performance awards: performance stock awards and performance cash awards. Performance awards may be granted, vest or be exercised based upon the attainment during a certain period of time of certain performance goals. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained shall be determined by our Compensation Committee. The maximum amount to be granted to any individual in a calendar year attributable to such performance awards may not exceed five hundred thousand (500,000) shares of our common stock in the case of performance stock awards, or one million dollars (\$1,000,000) in the case of performance cash awards.

Performance goals under the 2008 Plan shall be determined by the our Compensation Committee, based on one or more of the following performance criteria: (i) earnings per share; (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total stockholder return; (v) return on equity; (vi) return on assets, investment, or capital employed; (vii) operating margin; (viii) gross margin; (ix) operating income; (x) net income (before or after taxes); (xi) net operating income; (xii) net operating income after tax; (xiii) pre-tax profit; (xiv) operating cash flow; (xv) sales or revenue targets; (xvi) increases in revenue or product revenue; (xvii) expenses and cost reduction goals; (xviii) improvement in or attainment of working capital levels; (xix) economic value added (or an equivalent metric); (xx) market share; (xxi) cash flow; (xxii) cash flow per share; (xxiii) share price performance; (xxiv) debt reduction; (xxv) implementation or completion of projects or processes; (xxvi) customer satisfaction; (xxvii) stockholders' equity; and (xxviii) to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Compensation Committee.

Other Stock Awards

Other forms of stock awards valued in whole or in part with reference to our common stock may be granted either alone or in addition to other stock awards under the 2008 Plan. Our Compensation Committee will have sole and complete authority to determine the persons to whom and the time or times at which such other stock awards will be granted, the number of shares of our common stock to be granted and all other conditions of such other stock awards. Other forms of stock awards may be subject to vesting in accordance with a vesting schedule to be determined by our Compensation Committee.

Changes to Capital Structure

In the event that there is a specified type of change in our capital structure not involving the receipt of consideration by us, such as a stock split or stock dividend, the class and number of shares reserved under the 2008 Plan (including share limits) and the class and number of shares and exercise price or strike price, if applicable, of all outstanding stock awards will be appropriately adjusted.

Corporate Transactions

In the event of certain corporate transactions, all outstanding stock awards under the 2008 Plan may be assumed, continued or substituted for by any surviving entity. If the surviving entity elects not to assume, continue or substitute for such awards, the vesting of such stock awards held by persons whose service with us has not terminated generally will be accelerated in full and such stock awards will terminate if and to the extent not exercised at or prior to the effective time of the corporate transaction and our repurchase rights will generally lapse.

Plan Amendments

Our Compensation Committee will have the authority to amend or terminate the 2008 Plan. However, no amendment or termination of the plan will adversely affect any rights under awards already granted to a participant unless agreed to by the affected participant. We will obtain stockholder approval of any amendment to the 2008 Plan as required by applicable law.

Plan Termination

Unless sooner terminated by the Board, the 2008 Plan shall automatically terminate on the day before the tenth (10th) anniversary of the date the 2008 Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier.

U.S. Federal Income Tax Consequences

The information set forth below is a summary only and does not purport to be complete. The information is based upon current federal income tax rules and therefore is subject to change when those rules change. Because

the tax consequences to any recipient may depend on his or her particular situation, each recipient should consult the recipient's tax adviser regarding the federal, state, local, and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award. The 2008 Plan is not qualified under the provisions of Section 401(a) of the Code, and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974. Our ability to realize the benefit of any tax deductions described below depends on our generation of taxable income.

Nonstatutory Stock Options

Generally, there is no taxation upon the grant of an NSO where the option is granted with an exercise price equal to the fair market value of the underlying stock on the grant date. On exercise, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the stock over the exercise price. If the optionee is employed by us or one of our affiliates, that income will be subject to withholding tax. The optionee's tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and the optionee's capital gain holding period for those shares will begin on that date.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the optionee.

Incentive Stock Options

The 2008 Plan provides for the grant of stock options that qualify as incentive stock options, as defined in Section 422 of the Code. Under the Code, an optionee generally is not subject to ordinary income tax upon the grant or exercise of an ISO. If the optionee holds a share received on exercise of an ISO for more than two years from the date the option was granted and more than one year from the date the option was exercised, which is referred to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, however, an optionee disposes of a share acquired on exercise of an ISO before the end of the required holding period, which is referred to as a disqualifying disposition, the optionee generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date the ISO was exercised over the exercise price. However, if the sales proceeds are less than the fair market value of the share on the date of exercise of the option, the amount of ordinary income recognized by the optionee will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an ISO exceeds the exercise price of that option generally will be an adjustment included in the optionee's alternative minimum taxable income for the year in which the option is exercised. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an ISO is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the option is exercised.

We are not allowed an income tax deduction with respect to the grant or exercise of an ISO or the disposition of a share acquired on exercise of an ISO after the required holding period. If there is a disqualifying disposition of a share, however, we are allowed a deduction in an amount equal to the ordinary income includible in income by the optionee, subject to Section 162(m) of the Code and provided that amount constitutes an ordinary and necessary business expense for us and is reasonable in amount, and either the employee includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.

Restricted Stock Awards

Generally, the recipient of a restricted stock award will recognize ordinary compensation income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is not vested when it is received (for example, if the employee is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within 30 days of his or her receipt of the stock award, to recognize ordinary compensation income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient in exchange for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from stock awards will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock award.

Stock Appreciation Rights

We may grant under the 2008 Plan stock appreciation rights separate from any other award or in tandem with other awards under the 2008 Plan.

Where the rights are granted with a strike price equal to the fair market value of the underlying stock on the grant date and where the recipient may only receive the appreciation inherent in the stock appreciation rights in shares of our common stock, the recipient will recognize ordinary compensation income equal to the fair market value of the stock received upon such exercise. If the recipient may receive the appreciation inherent in the stock appreciation rights in cash or other property and the stock appreciation right has been structured to conform to the requirements of Section 409A of the Code, then the cash will be taxable as ordinary compensation income to the recipient at the time that the cash is received.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code, and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock appreciation right.

Restricted Stock Units

Generally, the recipient of a stock unit structured to conform to the requirements of Section 409A of the Code or an exception to Section 409A of the Code will recognize ordinary compensation income at the time the stock is delivered equal to the excess, if any, of the fair market value of the shares of our common stock received over any amount paid by the recipient in exchange for the shares of our common stock. To conform to the requirements of Section 409A of the Code, the shares of our common stock subject to a stock unit award may generally only be delivered upon one of the following events: a fixed calendar date (or dates), separation from service, death, disability or a change of control. If delivery occurs on another date, unless the stock units otherwise comply with or qualify for an exception to the requirements of Section 409A of the Code, in addition to the tax treatment described above, the recipient will owe an additional 20% federal tax and interest on any taxes owed.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from stock units, will be the amount paid for such shares plus any ordinary income recognized when the stock is delivered.

Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock award.

Section 162 Limitations

Compensation of persons who are covered employees of the Company is subject to the tax deduction limits of Section 162(m) of the Code. Awards that qualify as performance-based compensation are exempt from Section 162(m), thereby permitting us to claim the full federal tax deduction otherwise allowed for such compensation. The 2008 Plan is intended to enable the Committee to grant awards that will be exempt from the deduction limits of Section 162(m).

New Plan Benefits

We cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to executive officers, directors, and employees under the 2008 Plan. The table below sets forth information about awards granted under our Prior Plans to the Named Executive Officers, all current executive officers as a group, all non-employee directors as a group, and all non-executive employees and consultants as a group in 2007. On April 15, 2008, the closing price of our common stock on NASDAQ was \$6.52 per share.

Awards Granted in 2007 under the Prior Plans

Name	Number of Securities Underlying Awards Granted	Weighted Average Exercise Price Per Share for Options (\$)
Claes Glassell	67,139	8.73
William J. Dawson	35,139	8.73
David N. Cook(1)	35,970	8.73
Laurence M. Corash	36,766	8.73
William M. Greenman	34,958	8.73
Howard G. Ervin	35,432	8.73
Executive Group (6 persons)	245,404	8.73
Non-Executive Director Group (5 persons)	92,500	6.36
Non-Executive Officer Employee and Consultant Group (133 persons)	617,916	7.85

(1) Dr. Cook resigned from his position with the Company in November 2007.

Required Vote and Board of Directors Recommendation

Approval of Proposal No. 2 requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting. Abstentions will be counted toward the tabulation of votes cast on the proposal and will have the same effect as Against votes. Broker non-votes will have no effect on the outcome of the vote.

The Board believes that approval of Proposal No. 2 is in our best interests and the best interests of our stockholders for the reasons stated above.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF PROPOSAL NO. 2.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY INCENTIVE PLANS

The following table provides certain information with respect to all of our equity compensation plans in effect as of December 31, 2007.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,079,330	12.14	2,081,034(1)
Equity compensation plans not approved by security holders	178,907	11.91	10,003
Total	5,258,237	12.13	2,091,037(1)

(1) Includes 362,747 shares authorized for future issuance under the Employee Stock Purchase Plan.

The 1998 Non-Officer Stock Option Plan (the 1998 Plan), which was in effect as of December 31, 2007, was adopted without the approval of our security holders. The 1998 Plan provides for grants of nonstatutory stock options to our employees and consultants who are not officers or directors. An aggregate of 240,000 shares of common stock has been reserved for issuance under the Non-Officer Plan. As of March 31, 2008, options to purchase 162,467 shares were outstanding and 19,193 shares remained available for grant. The exercise price of options granted under the 1998 Plan may not be less than 85% of the fair market value of our common stock on the date of grant. All options granted under the 1998 Plan have a maximum term of ten years and typically vest over a four-year period. Options may be exercised prior to vesting, subject to repurchase rights in our favor that expire over the vesting period. The 1998 Plan and options thereunder may be amended by the Board at any time or from time to time in accordance with the terms of the 1998 Plan and applicable law.

PROPOSAL NO. 3**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors and the Board have selected Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008 and have further directed that management submit the selection of independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Ernst & Young LLP has audited our financial statements since our inception in 1991. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our bylaws nor our other governing documents or law require stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of us and our stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES

In connection with the audit of the 2007 financial statements, we entered into an engagement agreement with Ernst & Young LLP that sets forth the terms by which Ernst & Young LLP will perform audit services for us. That agreement is subject to alternative dispute resolution procedures.

The following table represents aggregate fees billed to us for the fiscal years ended December 31, 2006 and December 31, 2007 by Ernst & Young LLP, our independent registered public accounting firm.

	Fiscal Year Ended (in thousands)	
	2007	2006
Audit Fees	\$ 791.3	\$ 828.7
Tax Fees	52.8	37.8
All Other Fees	2.0	2.0
Total Fees	\$ 846.1	\$ 868.5

Audit Fees. Audit fees include fees for services rendered in connection with the annual audit of our financial statements. This category also includes fees for audits provided in connection with statutory and regulatory filings and engagements or services that generally only the independent registered public accounting firm reasonably can provide to a client.

Tax Fees. Tax fees include tax compliance and international tax advice and planning services.

All Other Fees. All other fees include annual subscription fees for an accounting and tax research tool.

All fees described above were pre-approved by the Audit Committee.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee is responsible for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services provided by the independent registered public accounting firm. On an on-going basis, management communicates specific projects and categories of service for which the advance approval of the Audit Committee is requested. The Audit Committee reviews these requests and advises management if the Audit Committee approves the engagement of the independent registered public accounting firm. On a periodic basis, management reports to the Audit Committee regarding the actual spending for such projects and services compared to the approved amounts. The Audit Committee also may delegate the ability to pre-approve audit and permitted non-audit services to one or more of its members, provided that any such pre-approvals are reported at the next scheduled Audit Committee meeting.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF PROPOSAL NO. 3.

EXECUTIVE OFFICERS

Our executive officers and their ages as of April 27, 2008 are as follows:

Name	Age	Position
Claes Glassell(1)	57	President, Chief Executive Officer and Director
William J. Dawson	53	Vice President, Finance and Chief Financial Officer
William M. Greenman	41	President, Cerus Europe
Laurence M. Corash(1)	64	Senior Vice President, Chief Medical Officer and Director
Howard G. Ervin	60	Vice President, Legal Affairs

(1) For biographical information, see Proposal No. 1 Election of Directors.

William J. Dawson has been our Vice President, Finance and Chief Financial Officer since August 2004. From 2002 until he joined us in 2004, Mr. Dawson was Vice President, Finance and Operations and Chief Financial Officer of Dynavax Technologies Corporation, a biopharmaceutical company. From 1998 until 2001, Mr. Dawson was Corporate Senior Vice President, Business Development, for McKesson Corporation, a pharmaceutical distribution and healthcare services company. He was also acting Chief Financial Officer of iMcKesson, an internet healthcare-related subsidiary of McKesson. Prior to joining McKesson, Mr. Dawson spent 15 years as a senior officer in corporate finance with three investment banking firms. Mr. Dawson serves on the boards of directors of McGrath RentCorp, an equipment finance company, and Wellington Trust Company, a subsidiary of Wellington Management Company LLP, a private institutional fund management company.

William M. Greenman was appointed our President, Cerus Europe in September 2006. From 1999 to 2006, Mr. Greenman served as our Vice President, Business Development after returning to the Company from a brief time in the venture capital business. Prior to joining us in 1995 as Director of Business Development, Mr. Greenman worked in various marketing and business development positions in Baxter's Biotech Division from 1991 to 1995.

Howard G. Ervin was appointed our Vice President, Legal Affairs in June 1999. From 1979 until 1999, Mr. Ervin was a partner of the law firm of Cooley Godward LLP, formerly Cooley Godward Castro Huddleson & Tatum, practicing corporate and intellectual property law, and was an associate of such firm from 1973 until 1979.

SECURITY OWNERSHIP OF

CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our common stock as of March 1, 2008 (except as noted) by: (i) each director and nominee for director; (ii) each of the executive officers named in the Summary Compensation Table; (iii) all our executive officers and directors as a group; and (iv) all those known by us to be beneficial owners of more than five percent of our common stock.

Beneficial Owner(2)	Beneficial Ownership(1)	
	Number of Shares	Percent of Total
AXA Financial, Inc. and related entities	4,308,941	13.4
1290 Avenue of the Americas		
New York, NY 10104(3)		
Royce & Associates LLC	3,237,400	10.0
1414 Avenue of the Americas		
New York, NY 10019(4)		
David M. Knott (dba Knott Partners)	2,206,260	6.8
485 Underhill Boulevard, Suite 205		
Syosset, NY 11791(5)		
Claes Glassell(6)	733,566	2.3
William J. Dawson(7)	222,524	*
David N. Cook(8)	313,424	1.0
Laurence M. Corash(9)	660,342	2.0
William M. Greenman(10)	372,615	1.2
Howard G. Ervin(11)	305,743	1.0
B.J. Cassin(12)	700,262	2.2
Bruce C. Cozadd(13)	101,260	*
William R. Rohn(14)	97,808	*
Timothy B. Anderson(15)	86,273	*
Gail Schulze(16)	27,794	*
All executive officers and directors as a group (10 persons)(17)	3,308,187	9.6

* Less than one percent.

- (1) This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13D and 13G filed with the SEC. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Beneficial ownership also includes shares of common stock subject to options currently exercisable or exercisable within 60 days of the date of this table and shares of common stock into which preferred stock is currently convertible or convertible within 60 days of the date of this table. Applicable percentages are based on 32,238,580 shares outstanding on March 1, 2008, adjusted as required by rules promulgated by the SEC.
- (2) Unless otherwise provided, the address for each of the beneficial owners listed is c/o Cerus Corporation, 2411 Stanwell Drive, Concord, California 94520.
- (3) Based upon information contained in Schedule 13G Amendment No. 6, effective as of December 31, 2007, as filed with the SEC on February 14, 2008, pursuant to Rule 13(d) of the Securities Exchange Act, on behalf of AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle, AXA and AXA Financial, Inc. (AXF). AXA Equitable Life Insurance Company (Equitable), a subsidiary of AXF, has sole voting power with respect to 230,025 shares and sole dispositive power with respect to 302,507 shares. AllianceBernstein L.P. (Alliance), a subsidiary of AXF, has sole voting power

- with respect to 2,544,219 shares and sole dispositive power with respect to 4,006,434 shares. Equitable and Alliance s shares are acquired solely for investment purposes on behalf of client discretionary investment advisory accounts.
- (4) Based upon information contained in Schedule 13G, effective as of June 30, 2007, as filed with the SEC on January 28, 2008, Royce & Associates LLC. has sole voting and dispositive power with respect to 3,237,400 shares.
 - (5) Based upon information contained in Schedule 13G, effective as of December 7, 2006, as filed with the SEC on December 15, 2006, David M. Knott and Dorset Management Corporation have sole voting power with respect to 2,078,360 shares, shared voting power with respect to 103,600 shares, and sole dispositive power with respect to 2,206,260 shares.
 - (6) Includes 648,566 shares underlying stock options which are exercisable within 60 days.
 - (7) Includes 177,524 shares underlying stock options which are exercisable within 60 days.
 - (8) Includes 279,591 shares underlying stock options which are exercisable within 60 days. Dr. Cook resigned as our Corporate Senior Vice President on November 16, 2007.
 - (9) Includes 393,975 shares underlying stock options which are exercisable within 60 days.
 - (10) Includes 287,125 shares underlying stock options which are exercisable within 60 days.
 - (11) Includes 268,350 shares underlying stock options which are exercisable within 60 days.
 - (12) Includes 387,921 shares held by Brendan Joseph Cassin and Isabel B. Cassin, Trustees of the Cassin Family Trust, 69,841 shares held by Cassin Family Partners, a California Limited Partnership and 85,000 shares held by the Cassin Educational Initiative Foundation. Includes 157,500 shares underlying stock options which are exercisable within 60 days. If exercised in full within 60 days of the date of this table, 16,875 shares would be subject to a right of repurchase in our favor.
 - (13) Includes 101,260 shares underlying stock options which are exercisable within 60 days. If exercised in full within 60 days of the date of this table, 11,250 shares would be subject to a right of repurchase in our favor.
 - (14) Includes 97,808 shares underlying stock options which are exercisable within 60 days. If exercised in full within 60 days of the date of this table, 11,250 shares would be subject to a right of repurchase in our favor.
 - (15) Includes 82,091 shares underlying stock options which are exercisable within 60 days. If exercised in full within 60 days of the date of this table, 11,250 shares would be subject to a right of repurchase in our favor.
 - (16) Includes 27,794 shares underlying stock options which are exercisable within 60 days. If exercised in full within 60 days of the date of this table, 23,971 shares would be subject to a right of repurchase in our favor.
 - (17) Includes 2,241,993 shares underlying stock options which are exercisable within 60 days. If exercised in full within 60 days of the date of this table, 74,596 shares would be subject to a right of repurchase in our favor.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the 1934 Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of ours. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2007, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with, except that the filing for Ms. Schulze's October, 2007 option grant was filed in January, 2008 at the time her 2008 option grant was reported .

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Our executive compensation program is designed to align our executive officers' interests with those of our stockholders by rewarding achievements of established goals that contribute to increased long-term stockholder value. Its purpose is to attract and retain exceptional talent, reward past performance, and establish measurable objectives for future performance and reward our executive officers, through cash and equity incentives, for meeting those objectives. We believe the most effective compensation program is one that is designed to reward the achievement of our specific annual, long-term and strategic goals.

Executive Compensation Program Design

The Compensation Committee (for purposes of this analysis, the Committee) of the Board has the responsibility for establishing, implementing and monitoring the compensation of all of our executive officers, including our named executive officers, and the members of the Board. For purposes of this analysis, when we refer to our named executive officers, we are referring to our chief executive officer, chief financial officer, our three most highly compensated executive officers at December 31, 2007 and David Cook, who, but for his resignation in November 2007, would have been one of our three most highly compensated executive officers. The Committee designed the executive compensation program to ensure that the total compensation paid to the executive officers is fair, reasonable and competitive relative to the compensation paid to similarly situated executive officers for our industry and size and is aligned with our goals and objectives. The Committee obtains market data regarding similarly situated executive officers for life sciences companies with an employee population of between 50 and 149 employees from the Radford Biotechnology Survey (the Radford Survey) published annually by Radford Surveys + Consulting, a global life sciences and technology industry compensation consulting firm. In addition, part of our executive officers' compensation is directly tied to identifiable, annual objective goals by which performance can be measured. The Committee reviews the market data from the Radford Survey and uses its judgment to determine the appropriate level and mix of compensation on an annual basis to ensure that compensation is competitive and that we are able to attract and retain capable executives. For the fiscal year ended December 31, 2007, the principal components of compensation for our named executive officers were:

Annual base salary;

Short-term performance-based incentive compensation consisting of an annual cash bonus and restricted stock units; and

Long-term equity incentive compensation in the form of common stock option grants.

The Committee has determined that these three elements, with a significant percentage of total compensation allocated to at-risk performance-based incentives, best aligns the interests of our executive officers with our stockholders. By rewarding achievement of short to medium term goals with annual cash bonuses and restricted stock units, we believe our executive compensation program directly ties an executive's short-term performance to stockholder value. Similarly, we believe our long-term equity incentive compensation recognizes and rewards our achievement of long-term growth and our sustained financial health, thereby tying the executive officers' long-term performance to stockholder value.

Pursuant to our Bonus Plan for Senior Management of Cerus Corporation (the Bonus Plan), which is discussed in greater detail below, executives may receive annual short-term performance-based compensation based on their performance for the applicable year. Once the amounts of short-term performance-based compensation awards under the Bonus Plan are determined, executive officers are paid 70% of the award in cash and 30% in restricted stock units, which vest annually over a three-year period.

Our executive officers are also eligible to receive change of control and severance benefits, to participate, along with all other eligible employees, in our 401(k) plan and employee stock purchase plan and to receive other benefits generally available to all employees, each as more fully discussed below.

Compensation Consultant

The Committee has the authority to retain compensation consultants to assist in its evaluation of executive officer and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. From time to time, we have sought the advice of a compensation consultant to obtain general market data to allow the Committee to set executive and director compensation. However, we did not engage a compensation consultant with respect to 2007 or 2008 compensation. The Committee also routinely utilizes market data obtained from the most recently published Radford Survey as a tool for assessing compensation for executive officers. The survey allows the Committee to compare each element of total compensation against other life sciences companies throughout the United States, based on certain factors, including company size in terms of employee headcount.

Process of Setting and Approving Executive Compensation; Role of Chief Executive Officer

Typically, the Committee meets at least four times per year, with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Committee, in consultation with our chief executive officer and our vice president, administration. The Committee meets regularly in executive session. However, from time to time, various members of management and other employees, as well as outside advisors or consultants, may be invited by the Committee to make presentations, provide financial or other background information or advice or otherwise participate in Committee meetings. The charter of the Committee grants the Committee full access to all of our books, records, facilities and personnel, as well as authority to obtain, at our expense, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Committee considers necessary or appropriate in the performance of its duties. For all executive officers, as part of its deliberations, the Committee may review and consider, as appropriate, materials such as financial reports and projections, operational data, tax and accounting information, tally sheets that set forth the total compensation that may become payable to executive officers in various hypothetical scenarios, executive and director stock ownership information, company stock performance data, analyses of historical executive compensation levels and current company-wide compensation levels. In determining 2007 and 2008 compensation for our executive officers, the Committee used a combination of financial reports and projections, the Radford Survey market data, tally sheets and a review of historical and current compensation levels for our executive officers.

Shortly after the end of each year, our chief executive officer reviews the performance of each of the other executive officers and shares such review with each executive officer. All executive officers are evaluated against meeting our corporate objectives. After discussing their annual review with our chief executive officer, some of our executive officers set personal objectives for the upcoming year based on the input from and discussion with our chief executive officer. For all executive officers (other than the chief executive officer), the chief executive officer provides recommendations to the Committee regarding the allocation of compensation between base salary, short-term performance-based compensation and long-term equity incentive compensation, and the amounts thereof, and assists in the determination of target levels for the year's performance-based compensation. If the Committee determines that additional factors should be taken into consideration, the Committee has the ability to exercise its discretion to modify any recommended adjustments or awards. The chief executive officer provides input to the committee during the course of the year as to the performance of the executive officers. For the chief executive officer, the allocation of base salary, short-term performance-based compensation and long-term equity incentive compensation, and the applicable performance target levels as a percentage of base salary related to the short-term performance-based compensation, are determined by the Committee. The Committee ultimately approves the compensation packages for the executive officers, including the chief executive officer. The chief executive officer has no role in setting his compensation and is specifically

excluded from any discussions or deliberations related to his compensation package. The chief executive officer's compensation package is directly tied to Company performance, with some adjustment, if any, based on the Committee's assessment of his personal performance for the performance year.

Generally, the Committee's process comprises two related elements: the determination of compensation levels, including equity awards, and the establishment of performance objectives for the current year. These performance objectives are then approved by the full board of directors. Historically, the Committee has made its most significant adjustments to annual compensation, determined cash and equity awards and established new performance objectives at one or more meetings held during the first and fourth quarters of the year. Generally, adjustments to the base salary of our executive officers is determined by the Committee in February of each year, with the adjustments becoming effective March 1st. Annual short-term performance-based awards are generally made in January of the following year in which services are performed, while long-term equity incentive compensation is determined during the last quarter of each year. The Committee also considers matters related to individual compensation, such as compensation for new executive hires, as well as high-level strategic issues, such as the efficacy of our compensation strategy, potential modifications to that strategy and new trends, plans or approaches to compensation, at various meetings throughout the year.

Based on its review of the market data set forth in the Radford Survey, the Committee determines on an annual basis for each executive officer, (1) a target total compensation package, (2) the appropriate allocation of the total compensation package between base salary, short-term performance-based compensation and long-term equity incentive compensation and (3) whether there should be any changes to the compensation packages to better align our executive officers' interests with those of our stockholders. The elements of an executive's compensation package are determined individually, though the Committee reviews each package as a whole to ensure that the total compensation package is consistent with our compensation philosophy and objectives.

2007 Executive Compensation Elements

Annual Base Salary

Base salary levels are reviewed on an annual basis, typically as part of the Committee's performance review process, as well as upon promotion or other change in job responsibility. During its review of base salaries for our executive officers, the Committee primarily considers:

market data provided by the Radford Survey;

internal review of the executive's compensation, both individually and relative to our other officers; and

individual performance and long-term value to us of the executive officer.

The base salary paid to our executive officers and other employees is intended to compensate them for their services rendered in the fiscal year. Base salary ranges for executive officers are determined for each executive based on his or her position and responsibility by using market data from the Radford Survey. Generally, base salary ranges are targeted so that they approximate the 75th percentile or higher of the range of market salaries for each comparable position according to the market data in the Radford Survey. We have a complex business model that requires our executives to perform at a high level in a variety of capacities with limited internal resources. In addition, competition for executives in our industry and geographic area is intense. We believe that setting our base salary at the 75th percentile or higher enables us to attract and retain talented executives and to pursue our corporate objectives.

Based on its evaluation of the Radford Survey market data, in 2007 and 2008, the Committee approved salaries for each of Claes Glassell, our Chief Executive Officer, David N. Cook, our Corporate Senior Vice President in 2007, William M. Greenman, our President of Cerus Europe, and Howard G. Ervin, our Vice President, Legal Affairs, that are under the 90th percentile of similarly situated life sciences companies. The base

salary for William J. Dawson, our Chief Financial Officer, is within the 75th percentile of those life sciences companies. Laurence M. Corash, then our Vice President and Chief Medical Officer, holds a position that did not have a comparable model in the Radford Survey market data, so determination regarding the appropriate base pay level for Dr. Corash is made based on a comparison of his salary relative to that of our chief executive officer and other executive officers.

The 2007 and 2008 base salaries for our named executive officers are set forth in the table below, along with the percentage increase from the prior year

Name	2007 Base Salary	Percentage Increase From	2008 Base Salary	Percentage Increase From
	(\$)(1)	Prior Year (%) (2)	(\$)(3)	Prior Year (%)
Claes Glassell	471,818	4.50	490,000	3.85
William J. Dawson	281,993	4.50	293,273	4.00
David N. Cook(4)	335,000	6.35		
Laurence M. Corash	364,140	2.00	375,000	2.98
William M. Greenman	300,000	14.68	312,000	4.00
Howard G. Ervin	299,549	4.50	311,531	4.00

(1) Base salary rate effective as of March 1, 2007.

(2) Based on the base salary rate effective as of March 1, 2006.

(3) Base salary rate effective as of March 1, 2008.

(4) Dr. Cook resigned from his position with the Company in November 2007.

Merit increases to the salaries of our executive officers (other than the chief executive officer) are based on the chief executive officer's and Committee's assessment of the individual's performance in his or her annual performance review. The Committee reviews the chief executive officer's base salary and any merit increases on an independent basis based on the Radford Survey market data, the chief executive officer's self-assessment and the Committee's assessment of the chief executive's performance over the past year. Because base salary forms the basis upon which short and long-term incentive compensation are determined, the Committee places considerable emphasis in its deliberations with respect to setting and modifying base salaries for the executive officers, keeping our overall compensation philosophy in mind.

Increases in the base salary paid to our named executive officers in 2007 from the prior year were targeted at 4.5% and were largely based upon adjustments to reflect cost of living increases and a review of the Radford Survey market data. The increase in the base salary paid to Mr. Greenman exceeded the target increase due to his promotion to president of a business unit and the desire to bring his base salary in line with the base salaries paid to similarly situated executives, both internally and externally based on the Committee's review of market data from the Radford Survey. The base salary for Dr. Corash has historically been significantly above the levels of our other executive officers. In recent years, the Committee has given Dr. Corash lower increases to his base salary in order to minimize the disparity between his base salary and the base salaries paid to our other executive officers. The increase in the base salary paid to Dr. Cook in 2007 was primarily due to his promotion to corporate senior vice president.

Increases in the base salary paid to our named executive officers in 2008 from the prior year were targeted at 4.0% and were largely based upon adjustments to reflect cost of living increases and a review of market data from the Radford Survey. Mr. Glassell's increase in base salary was slightly less than 4.0% in the interest of arriving at a round number and was not due to any other factor. Dr. Corash's increase in base salary was limited to a cost of living adjustment due to the factors discussed above.

Short-Term Performance-Based Incentive Compensation

Short-term performance-based incentive compensation is awarded to our executive officers under the Bonus Plan. Annual bonuses are intended to reward our executive officers based on achievement of specified corporate goals, motivate the executive officers with respect to future performance and provide pay-for-performance cash compensation opportunities.

At the beginning of each year, we establish certain measurable corporate goals to be achieved within the coming year. Corporate goals are generally submitted, and for 2007 and 2008 were submitted, to the Committee in writing by the chief executive officer for approval by the Committee and the entire board of directors before the end of the first month of each year. During the first quarter of the following year, the Committee determines, in its sole discretion, whether and to what extent the corporate goals were met. In determining the percentage level at which the corporate goals are achieved, the Committee looks at actual performance relative to each goal and exercises its discretion as to any goal that is achieved at a level short of target or is achieved subsequent to the period in which achievement was targeted to be achieved, based on the goal's strategic importance. We must achieve at least 50% of the approved corporate goals before any bonus payout will be made, unless otherwise approved by the Committee.

Under the Bonus Plan, the Committee, with input from the chief executive officer (except with respect to his own bonus target percentage), determines the bonus target percentages for each executive officer and provides each executive officer with his or her bonus target percentage in writing at the beginning of the year. For each year since 2005, the Committee has assigned a bonus target percentage of 50% of the annual base salary for each executive officer other than the chief executive officer. The Committee has set the bonus target percentage at 50% for our executive officers (other than the chief executive officer) because at this level the resulting cash component of the bonus payment falls within the 75th percentile of the Radford Survey market data. Based on the difficulty of obtaining the corporate goals, the Committee believes that a bonus target percentage of 50% is attainable if our executive officers perform consistent with our operating plan for the year. The bonus target percentage set by the Committee for our chief executive officer was 100% in 2007, the same as the bonus target percentage set for 2006. The bonus target for the chief executive officer is set at 100%, rather than the 50% applicable to the other executive officers, because the market data from the Radford Survey that the Committee reviews in connection with setting bonus targets supports this higher target for the chief executive officer, and the Committee believes that the chief executive officer plays an instrumental role in setting and executing our strategy.

At the end of the fiscal year, a bonus pool for payouts under the Bonus Plan is calculated by multiplying each executive's base salary as in effect at the end of the fiscal year by the applicable bonus target percentage set by the Committee, which, in turn, is then multiplied by the percentage of the corporate goals that the Committee determines were achieved during the fiscal year. After the bonus pool is determined, the chief executive officer makes a recommendation to the Committee regarding the distribution of the bonus pool among the executive officers. Whether the executive officers receive a bonus, and the amount of any such bonus, is entirely within the discretion of the chief executive officer and the Committee. Actual bonus payments may be at percentages of targets greater or less than the percentage of corporate goals achieved, depending on the executive's overall contribution.

Of the amounts paid out under the Bonus Plan, 70% is awarded in cash and 30% is awarded in the form of restricted stock units. We use restricted stock units as short-term incentive compensation to augment our executive officers' long-term incentive compensation and to tie additional portions of total executive officer compensation to stock price performance, consistent with increased alignment with our stockholders' interests. The total value of the short-term incentive awards for executive officers is reviewed by the Committee and compared against market data available through the Radford Survey to ensure that we fairly compensate and are able to attract and retain our executive officers. The number of restricted stock units that are awarded is determined based upon the prior day's closing price of our common stock on the date the units are granted, which

is generally the date on which bonus amounts are determined. The restricted stock units vest annually in three equal annual installments beginning on the first anniversary of the date of grant, subject to the employee's continued service with us. However, vested units cannot be sold, transferred or otherwise disposed of until the entire grant is vested, whether or not the employee has left our employment while the units are still subject to vesting. Upon termination of employment, the units cease vesting. The terms and conditions of any such grants are governed by the applicable plan documents and restricted stock unit agreement.

For fiscal year 2007, the goals for our immunotherapy business included: completing enrollment of patients at a specific dosing regimen in the CRS-100 Phase I clinical trial; initiation of a Phase I clinical trial for CRS-207 by year end; and the initiation of a new pre-clinical development program. Goals for the blood safety business included: reaching 2007 sales and year-end sales run-rate targets for the INTERCEPT Blood System in Europe; achieving a measurable customer base; and reaching certain clinical development milestones for the Red Blood Cell system. General corporate goals included entering into a partnership deal structured to include a specified minimum upfront cash component; successfully passing our ISO 13485 audit; and implementing project specific financing involving our immunotherapy business. The Committee met in January 2008 to determine what, if any, of the corporate objectives were met. After reviewing the Company's performance in 2007 relative to the goals set at the beginning of the year, the Committee determined that a 70% bonus target percentage for our executive officers was appropriate.

The short-term performance-based incentives paid to our named executive officers on January 10, 2008 for performance in 2007 are set forth in the table below.

Name	2007 Incentive Payments (\$)(1)	Percentage of Target Bonus (%)
Claes Glassell	330,000	70
William J. Dawson	84,598	60
David N. Cook(2)		
Laurence M. Corash	127,449	70
William M. Greenman	105,000	70
Howard G. Ervin	108,587	72

- (1) Includes (i) the fair value of restricted stock units granted based upon the closing price of our common stock on January 9, 2008 and (ii) the cash incentive payment made on January 10, 2008. Restricted stock units comprise 30% of the incentive payments. The remaining 70% is paid in cash.
- (2) Dr. Cook resigned from his position with the Company in November 2007. As set forth in the Bonus Plan, no short-term performance-based incentive payment was made to Dr. Cook because he was not employed by the Company at the time such payments were made.

In determining the allocations of the bonus pool for 2007, our chief executive officer recommended, and the Committee approved, reduced incentive payments to Mr. Dawson in relation to other officers based on Mr. Dawson's performance relative to the individual goals he set for himself at the beginning of 2007. Mr. Ervin's incentive payments were slightly higher than 70% in recognition of his contribution to a key strategic initiative, the spin-off of the immunotherapy business.

For fiscal year 2008, we will no longer have goals specific to the immunotherapy business which was spun-off to Anza Therapeutics, Inc. in November 2007. Corporate goals and goals for the blood safety business for fiscal 2008 pertain to sales levels, customer agreements, clinical development goals, inventory and supply management and fundraising activities.

Long-Term Incentive Compensation

Long-term incentive compensation is designed to focus the efforts of our executive officers on our long-term goals, which include, among other things, the commercial success in our blood safety business and, prior to

the November 2007 spin-off of our immunotherapy business, the clinical and preclinical progress in such business, and to maximize the total return on the investment of our stockholders. The Committee believes that equity-based incentives have been effective in our recruitment and retention of key employees. For this reason, we grant restricted stock units as part of short-term incentive compensation to our executive officers and key employees, to increase our employees' interest in the long-term value of our equity. In addition, the Committee believes that the use of equity-based incentives is an effective means of aligning the interests of our executive officers and our stockholders by providing value through stock price appreciation. Long-term incentives have typically been in the form of stock options. Historically, stock options have been issued to our executive officers under the 1999 Plan and generally have a ten-year term. Subject to stockholder approval of Proposal No. 2, future stock option grants will be made pursuant to the 2008 Plan and are expected to generally continue to have a ten-year term. These stock options typically vest monthly over 48 months, and are fully exercisable within four years of the grant date. For more information regarding these stock option grants, please see Proposal No. 2 Approval of 2008 Equity Incentive Plan. We typically grant options at the commencement of employment and annually thereafter, usually in October. The annual grants are typically made in October so that the Committee has another opportunity to review the overall compensation package for our executive officers and can, if necessary, make adjustments based on developing market trends and other information. In awarding stock options, the Committee considers individual performance, overall contribution, executive officer retention, the number of unvested stock options and restricted stock units currently held by the employee and the total number of stock options and stock units available for grant.

When Dr. Cook resigned from his position with us in November 2007, the Committee extended the post-termination exercise period for his vested stock option grants beyond the normal three month period, to December 31, 2008. Any unvested stock option grants that Dr. Cook held at the time of his resignation were cancelled upon his resignation.

The number of shares granted in 2007 to our named executive officers in the form of option grants are set forth in the table below. To date, no options have been granted to our named executive officers in 2008.

Name	Option Awards Granted in 2007:	
	Number of Shares Underlying Options (#)	
Claes Glassell		50,025
William J. Dawson		30,025
David N. Cook(1)		30,000
Laurence M. Corash		30,000
William M. Greenman		30,000
Howard G. Ervin		30,000

(1) Dr. Cook resigned from his position with the Company in November 2007 and these options terminated unvested.

The Committee considers many factors in determining the number of options to award our executive officers, including past individual performance, contribution to our long-term value, each executive's position within the Company, the percentage ownership of the Company that the options represent on a fully-diluted basis, the executive's percentage ownership in the Company as compared to the executive's peers both internally and externally at other comparable companies in the biotechnology industry and the vesting status of options already held by the executive, if any.

Based on the foregoing, the grants made in 2007 are consistent with the grants made in the prior year. The options granted to the chief executive officer are higher than the grants to the other executive officers because the market data from comparable companies in the biotechnology industry that the Committee reviews in connection with determining option grants support this higher grant for the chief executive officer, and the Committee believes that the chief executive officer plays an instrumental role in setting and executing our strategy.

In addition to the annual grants, we also provide all our employees, including our executive officers, with token grants to award years of service to the Company. These grants are generally awarded on the first day of the quarter in which the executive officer's anniversary with us occurs and fully vest at the end of that quarter. These services awards are awarded as follows:

Years of Service	Option Award Granted: Number of Shares Underlying Options
(#)	(#)
3	25
5	50
7	75
10	100
15	150

In 2007, Mr. Glassell and Mr. Dawson each reached their three year service mark with us and were each awarded an option grant for 25 shares. Due to scheduling reasons, the Committee did not award Mr. Dawson's service award until the quarter following the quarter in which it was scheduled to be made. As such, Mr. Dawson's award was fully vested at the time of grant.

Change of Control and Severance Plans

We have employment agreements with certain of our executive officers that provide for severance benefits in the event of involuntary termination without cause. In addition, effective September 2005, we adopted a change of control severance benefit plan (the "Severance Plan") that provides for severance benefits as a result of termination of employment in particular circumstances in connection with a change of control. In adopting the Severance Plan, the Committee sought uniformity of results among the executive officers with respect to severance benefits. At the time the Severance Plan was put in place, each of our executive officers with an individually negotiated agreement providing for severance benefits was given the option of participating in the Severance Plan or continuing to receive the severance benefits provided for in his agreement. All of our executive officers, with the exception of Messrs. Glassell, Dawson and Ervin, opted to participate in the Severance Plan. Each of these arrangements is described in more detail in the section entitled: "Employment, Severance and Change of Control Agreements" of this Proxy Statement.

The Committee believes that the amounts payable under these severance arrangements are reasonable when compared with similar arrangements adopted by other companies in our industry that are of similar size. In addition, the Committee believes that the severance benefits payable under these severance arrangements in connection with a change of control align executive and stockholder interests by enabling the executive officers to consider corporate transactions that are in the best interests of our stockholders without undue concern over whether the transactions may jeopardize the officers' own employment.

In November 2007, Dr. Cook resigned from his position with us to join Anza Therapeutics, Inc. in connection with the spin-off of our immunotherapy business to Anza. No severance benefits were paid upon his resignation. However, the Committee extended the post-termination exercise period for his vested stock option grants beyond the normal three month period, to December 31, 2008. Any unvested stock option grants that Dr. Cook held at the time of his resignation were cancelled upon his resignation.

Employee Stock Purchase Plan

We maintain an Employee Stock Purchase Plan (the "Purchase Plan") which provides a means by which our employees (and those of any affiliate designated by the Board) may be given an opportunity to purchase our common stock through payroll deductions, to assist us in retaining the services of our employees, to secure and retain the services of new employees, and to provide incentives for such persons to exert maximum efforts for our success. The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of

Section 423(b) of the Internal Revenue Code. As of March 31, 2008, an aggregate of 473,674 shares of common stock had been purchased under the Purchase Plan, and 346,826 shares of common stock remained available for future grant under the Purchase Plan. The Purchase Plan is implemented by offerings of rights to all eligible employees from time to time by the Board. Generally, each such offering is six months in duration. The purchase price per share at which shares are sold in an offering under the Purchase Plan is the lower of (i) 85% of the fair market value of a share of common stock on the date of commencement of the offering or (ii) 85% of the fair market value of a share of common stock on the purchase date. If rights granted under the Purchase Plan expire, lapse or otherwise terminate without being exercised, the common stock not purchased under such rights again becomes available for issuance under such plan. In the event of our dissolution or liquidation or the consummation of a specified type of merger, the surviving corporation either will assume the rights under the Purchase Plan or substitute similar rights, or the exercise date of any ongoing offering will be accelerated such that the outstanding rights may be exercised immediately prior to any such event. The Board may suspend, terminate or amend the Purchase Plan at any time.

401(k) Plan

The Company 401(k) Profit Sharing Plan (the Plan) enables eligible employees to save for retirement. As well as retirement benefits, the Plan provides certain benefits in the event of death, disability, or other termination of employment. The Plan is for the exclusive benefit of eligible employees and their beneficiaries. The Plan allows employees to shelter a percentage of their income from taxes and choose from a number of investment funds while saving for retirement. All employees who are not residents of Puerto Rico, covered by a collective bargaining agreement for which retirement benefits have been the subject of good faith negotiations, a Leased Employee or a nonresident alien with no income from a U.S. source are eligible to participate in the Plan on the first day of the month following their date of hire. Enrollments are effective and contributions can begin on the first day of the month after hire. The Plan has a rollover feature and also allows for borrowing against the balance in the account. Employees can make pre-tax dollar contributions of up to 60% of their eligible pay up to a maximum cap established by the IRS unless their participation level is limited by IRS non-discrimination testing requirements.

A variety of investment funds are available and money can be allocated among them as employees wish, in any percentage increments. Deferral amount elections may be made and/or changed on a monthly basis. With some limitations, employees may change their investment choices daily.

Risk-Hedging Policies

Pursuant to our Insider Trading Policy, our executive officers are prohibited from engaging in certain transactions with respect to our common stock, such as puts, calls and other exchange traded derivatives without prior consent of our compliance officer. These transactions reduce or cancel the risk of an investment in our common stock, particularly in the short-term. Therefore, they may create the appearance that the executive officers are trading on inside information. Additionally, certain forms of hedging or monetization transactions allow a stockholder to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the holder to continue to own the covered securities, but without full risks and rewards of ownership. Therefore, our executive officers are also prohibited from hedging transactions without prior consent of our compliance officer. None of our executive officers has been approved for any transaction described in this paragraph.

Perquisites and Other Personal Benefits

Executive officers are entitled to and eligible only for the same fringe benefits for which all of our employees are eligible. We do not have programs in place to provide personal perquisites for any employee, however, in 2007, Mr. Greenman received a car allowance and a living allowance in the aggregate amount of \$18,106 and \$26,916, respectively, to cover his expenses while he is on temporary assignment in Europe. Our

healthcare and other insurance programs, including the program's participation costs, are the same for all eligible employees.

Tax and Accounting Implications

Deductibility of Executive Compensation

The Section 162(m) Limitation limits us to a deduction for federal income tax purposes of no more than \$1 million of compensation paid to executive officers in a taxable year. Compensation above \$1 million may be deducted if it is performance-based compensation within the meaning of the Code. The Committee has determined that stock options granted under our 1996 Plan and 1999 Plan with an exercise price at least equal to the fair market value of our common stock on the date of grant shall be treated as performance-based compensation.

Accounting for Stock-Based Compensation

We accrue our named executive officers' salaries and incentive awards as an expense when earned, assuming vesting requirements have been met, by the officer. For our stock options, Statement of Financial Accounting Standards 123R, *Share-Based Payment* (SFAS 123R), requires us to recognize compensation expense within our income statement for all share-based payment arrangements, which includes employee stock option plans. The expense is based on the grant-date fair value of the options granted, and is recognized ratably over the requisite service period. We adopted SFAS 123R under the modified prospective method. Under the modified prospective method, SFAS 123R applies to new awards and to awards modified, repurchased, or cancelled after January 1, 2006, as well as to the unvested portion of awards outstanding as of January 1, 2006. Our stock options are accounted for as equity awards.

SUMMARY COMPENSATION TABLE

The following table shows for the fiscal years ended December 31, 2006 and 2007, compensation awarded to or paid to, or earned by, our named executive officers.

Summary Compensation Table for Fiscal 2007

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)	Total (\$)
Claes Glassell	2007	468,432	31,604	245,691	231,000	2,322(5)	979,049
President and Chief Executive Officer(8)	2006	447,917	36,550	334,494	221,238	2,322(4)	1,042,521
William J. Dawson	2007	279,969	9,444	94,110	59,219	1,242(5)	443,984
Vice President, Finance and Chief Financial Officer	2006	267,708	10,599	107,680	66,116	1,250(5)	453,353
David N. Cook, Ph.D.	2007	289,792	11,025	111,912		32,274(11)	445,003
Senior Corporate Vice President(9)	2006	312,500	13,874	164,589	77,176	8,093(6)	576,232
Laurence M. Corash, M.D.	2007	362,950	12,495	100,556	89,214	3,564(5)	568,779
Senior Vice President and Chief Medical Officer(10)	2006	355,834	13,560	141,901	87,466	11,871(6)	610,632
William M. Greenman	2007	293,600	9,156	140,681	73,500	45,562(7)	562,499
President, Cerus Europe	2006	258,000	11,097	166,123	64,093	544(5)	499,857
Howard G. Ervin	2007	297,399	10,031	95,050	76,011	3,564(5)	482,055
Vice President, Legal Affairs							

- (1) Represents the dollar amount recognized for financial statement reporting purposes with respect to the 2006 and 2007 fiscal years for the fair value of grants made to each executive, in accordance with SFAS 123R, and therefore include amounts for grants made in 2003 through 2007 that vested in 2007. The amounts shown exclude the impact of estimated forfeiture related to service-based vesting conditions. For additional information on the valuation assumptions with respect to these grants, refer to Note 10 Stock-Based Compensation in our Form 10-K for the year ended December, 31, 2007.
- (2) This compensation cost reflects grants of restricted stock units made pursuant to our Bonus Plan. One third of such restricted stock unit will vest on the first anniversary of the grant date, one-third will vest on the second anniversary of the grant date and one-third will vest on the third anniversary of the grant date. See the discussion in the section entitled *Short-term Incentive Based Compensation* in the Compensation Discussion and Analysis section of this Proxy for further details about these awards.
- (3) These amounts reflect payments made in January 2007 and January 2008 pursuant to our Bonus Plan for compensation earned based on performance in fiscal years 2006 and 2007 and payments made for fractional shares of stock. See the discussion in the section entitled *Short-term Incentive Based Compensation* in the Compensation Discussion and Analysis section of this Proxy for further details about these awards.
- (4) Mr. Glassell received other compensation in connection with group-term life insurance premiums that we have paid.
- (5) Messrs. Glassell, Dawson, Greenman, Ervin and Dr. Corash received other compensation in connection with group-term life insurance premiums that we have paid.
- (6) Drs. Cook and Corash received other compensation in connection with group-term life insurance premiums that we have paid and payments made for accrued vacation balances of each respectively, in excess of 120 hours for the year, pursuant to our policy for accruing vacation time.

- (7) Mr. Greenman received other compensation in connection with group-term life insurance premiums in the amount of \$540 that we have paid. Mr. Greenman also receives a car allowance in the amount of \$18,106 and living allowance in the amount of \$26,916 as described in more detail in the section entitled Perquisites and Other Personal Benefits.
- (8) Mr. Glassell is not compensated for his role as a director. The amount shown reflects salary earned as an employee only.
- (9) Dr. Cook resigned from his position with the Company in November 2007.
- (10) Dr. Corash is not compensated for his role as a director. The amount shown reflects salary earned as an employee only.
- (11) Dr. Cook received other compensation in connection with group-term life insurance premiums that we have paid and payments made for accrued vacation balances paid to him upon his resignation.

GRANTS OF PLAN-BASED AWARDS

The following table shows for the fiscal year ended December 31, 2007, certain information regarding grants of plan-based awards to the named executive officers:

Grants of Plan-Based Awards in Fiscal 2007

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Closing Market Price on Grant Date (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)					
Claes Glassell Bonus/1999 Plan	1/5/2007							17,114				94,812
1999 Plan	4/13/2007								25	7.46	7.47	104
1999 Plan	10/1/2007								50,000	8.73	8.81	268,000
Bonus Plan	1/10/2008	165,136	330,273	330,273								
Bonus/1999 Plan	1/10/2008				70,773	141,545	141,545					
William J. Dawson Bonus/1999 Plan	1/5/2007							5,114				28,332
1999 Plan	10/1/2007								25	8.73	8.81	134
1999 Plan	10/1/2007								30,000	8.73	8.81	160,800
Bonus Plan	1/10/2008	49,349	98,698	98,698								
Bonus/1999 Plan	1/10/2008				21,149	42,299	42,299					
David N. Cook Bonus/1999 Plan	1/5/2007							5,970				33,074
1999 Plan	10/1/2007								30,000	8.73	8.81	160,800
Laurence M. Corash Bonus/1999 Plan	1/5/2007							6,766				37,484
1999 Plan	10/1/2007								30,000	8.73	8.81	160,800
Bonus Plan	1/10/2008	63,724	127,449	127,449								
Bonus/1999 Plan	1/10/2008				27,310	54,621	54,621					
William M. Greenman Bonus/1999 Plan	1/5/2007							4,958				27,467
1999 Plan	10/1/2007								30,000	8.73	8.81	160,800
Bonus Plan	1/10/2008	52,500	105,000	105,000								
Bonus/1999 Plan	1/10/2008				22,500	45,000	45,000					
Howard G. Ervin Bonus/1999 Plan	1/5/2007							5,432				30,093
1999 Plan	10/1/2007								30,000	8.73	8.81	160,800
Bonus Plan	1/10/2008	52,421	104,842	104,842								
Bonus/1999 Plan	1/10/2008				22,466	44,932	44,932					

- (1) Reflects estimated maximum payments to be made under our Bonus Plan for services rendered in 2007 if minimum target thresholds are met. Actual payments made in January 2008 under our Bonus Plan are reflected in the Summary Compensation Table above. Equity Incentive Plan awards are calculated in dollar amounts and payable in the number of restricted stock units equal to the applicable dollar amount at the time of payout, based on the prior day's closing price per share on the date that such units are granted. We calculate awards paid under our Bonus Plan based on the salary at the time the compensation is paid to the executive officer.
- (2) We granted restricted stock units to our principal executive officer, principal financial officer and each Named Executive Officer in January 2007 for performance in 2006 pursuant to our Bonus Plan. One-third of such restricted stock units vested on the first anniversary of the grant date, one-third will vest on the second anniversary of the grant date and one-third will vest on the third anniversary of the grant date.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table shows for the fiscal year ended December 31, 2007, certain information regarding outstanding equity awards at fiscal year end for the named executive officers.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2007

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(4)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(5)
Claes Glassell	123,076	30,769(3)	3.25	4/30/2014	24,197	157,522
	324,840	21,315(3)	3.25	4/30/2014		
	75,000	25,000	2.89	12/9/2014		
	40,625	34,375	8.86	10/2/2015		
	17,500	42,500	5.55	10/1/2016		
	25		7.46	4/12/2017		
	50,000(3)	8.73	9/30/2017			
William J. Dawson	83,333	16,667(3)	2.05	8/8/2014	7,168	46,664
	40,447	8,334(3)	2.05	8/8/2014		
	1,219		2.05	8/8/2014		
	21,666	18,334	8.86	10/2/2015		
	8,750	21,250	5.55	10/1/2016		
	25		8.73	9/30/2017		
	30,000(3)	8.73	9/30/2017			
David N. Cook	7,545		66.25	6/17/2011	-(6)	0
	47,455		66.25	6/17/2011		
	1,975		50.18	3/19/2012		
	33,025		50.18	3/19/2012		
	8,335		21.06	12/19/2012		
	8,332		6.75	2/28/2013		
	30,000		7.00	3/18/2013		
	8,333		7.52	6/30/2013		
	36,500		4.25	12/8/2013		
	25		2.43	6/29/2014		
	89,750		2.28	6/28/2014		
	26,041		8.86	10/2/2015		
	50		8.56	4/2/2016		
	8,125		5.55	10/1/2016		
		8.73	9/30/2017(3)			
Laurence M. Corash	24,809		15.50	11/17/2008	9,394	61,155
	15,191		15.50	11/17/2008		
	4,698		24.88	1/2/2010		
	27,802		24.88	1/2/2010		
	50		40.56	3/28/2011		
	4,795		38.19	3/20/2011		
	65,205		38.19	3/20/2011		
	75		45.05	9/26/2011		
	1,975		50.18	3/19/2012		
	45,525		50.18	3/19/2012		
	11,669		21.06	12/19/2012		
	11,665		6.75	2/28/2013		
	11,666		7.52	6/30/2013		
	35,000		4.25	12/8/2013		
	93,750	31,250(2)	2.28	6/28/2014		
	100		2.51	11/15/2014		
21,666	18,334	8.86	10/2/2015			

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8,750	21,250	5.55	10/1/2016
	30,000(3)	8.73	9/30/2017

Name	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(4)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(5)
William M. Greenman	10,000		22.75	3/18/2009	7,108	46,273
	12,446		16.25	5/10/2009		
	17,554		16.25	5/10/2009		
	3,343		24.88	1/2/2010		
	21,657		24.88	1/2/2010		
	3,529		38.19	3/20/2011		
	16,471		38.19	3/20/2011		
	2,751		50.18	3/19/2012		
	24,749		50.18	3/19/2012		
	5,751		21.06	12/19/2012		
	5,750		6.75	2/28/2013		
	5,749		7.52	6/30/2013		
	17,250		4.25	11/13/2013		
	50		3.52	3/30/2014		
	75,000	25,000(2)	2.28	6/28/2014		
	35,208	29,792	8.86	10/2/2015		
	75		10.15	1/2/2016		
16,041	38,959	5.55	10/1/2016			
	30,000(3)	8.73	9/30/2017			
Howard G. Ervin	20,805		21.00	6/24/2009	7,614	49,567
	28,195		21.00	6/24/2009		
	209		24.875	1/2/2010		
	9,791		24.875	1/2/2010		
	3,576		38.19	3/20/2011		
	13,924		38.19	3/20/2011		
	2,869		50.18	3/19/2012		
	24,631		50.18	3/19/2012		
	25		32.47	6/27/2012		
	8,202		21.06	12/19/2012		
	8,199		6.75	2/28/2013		
	8,199		7.52	6/30/2013		
	24,600		4.25	12/8/2013		
	50		2.43	6/29/2014		
	75,000	25,000(2)	2.28	6/28/2014		
	21,666	18,334	8.86	10/2/2015		
	75		8.56	4/2/2016		
8,750	21,250	5.55	10/1/2016			
	30,000(3)	8.73	9/30/2017			

- (1) Except as otherwise noted, options become exercisable ratably every month from the date of grant over four years. The options expire ten (10) years from the date of grant or earlier upon termination of service as an employee, director or consultant. Any unvested portion of any of these options will immediately vest upon a change of control of us.
- (2) Options vest in annual installments over four years, commencing in the year following the year of grant.
- (3) (1/8th) of the shares vest six months after the date of grant and 1/48th of the shares vest each month thereafter. Fully vested after four years.
- (4) Restricted stock units were granted to our executive officers on January 5, 2007 pursuant to the Bonus Plan for performance in 2006. One third of such restricted stock unit vested on the first anniversary of the grant date, one-third will vest on the second anniversary of the grant date and one-third will vest on the third anniversary of the grant date.
- (5) Reflects the price per share of our common stock as of December 31, 2007, \$6.51, multiplied by the number of units that had not vested as of December 31, 2007.
- (6) Dr. Cook resigned from his position with the Company in November 2007. Upon his resignation, all of his unvested option grants and unvested restricted stock units were cancelled.

OPTION EXERCISES AND STOCK VESTED

The following table shows for the fiscal year ended December 31, 2007, certain information regarding option exercises and stock vested during the last fiscal year with respect to the named executive officers:

Option Exercises and Stock Vested in Fiscal 2007

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting #(3)	Value Realized on Vesting (\$)
Claes Glassell				
William J. Dawson				
David N. Cook	4,000	18,192	(2)	
Laurence M. Corash				
William M. Greenman				
Howard G. Ervin				

- (1) Based on fair market value of our Common Stock on the date of exercise minus the exercise price.
- (2) Dr. Cook resigned from his position with the Company in November 2007. Dr. Cook's restricted stock units that had vested in 2007 prior to his resignation will become issuable on the third anniversary of the grant date.
- (3) No shares were acquired upon vesting of restricted stock units that vested in 2007 as the shares subject to such restricted stock units do not become issuable until the entire grant is vested. See the discussion in the section entitled *Short-term Incentive Based Compensation* in the Compensation Discussion and Analysis section of this Proxy for further details about these awards.

EMPLOYMENT, SEVERANCE AND CHANGE OF CONTROL AGREEMENTS

Claes Glassell, our current President and Chief Executive Officer, is a party to an agreement with us, dated as of August 5, 2004, that provides that in the event Mr. Glassell's employment with us is terminated for any reason other than for cause, he will continue to receive his base salary and paid COBRA premiums for continuation coverage for one year from such termination and vesting of his stock options will be accelerated. In the event of Mr. Glassell's involuntary termination of employment, or voluntary termination for good reason, within 12 months following a change of control, he will continue to receive his base salary and paid COBRA premiums for continuation coverage for 18 months from the date of such termination and the vesting of his stock options will be accelerated.

William J. Dawson, our Vice President, Finance and Chief Financial Officer, is a party to an agreement with us, dated as of July 22, 2004, that provides that in the event Mr. Dawson's employment with us is terminated for any reason other than for cause, he will continue to receive his base salary and paid COBRA premiums for continuation coverage for one year from such termination and vesting of his stock options will be accelerated. In the event of Mr. Dawson's involuntary termination of employment, or voluntary termination for good reason, within 12 months following a change of control, he will continue to receive his base salary and paid COBRA premiums for continuation coverage for 18 months from the date of such termination and vesting of his stock options will be accelerated.

Howard G. Ervin, our Vice President, Legal Affairs, is a party to an agreement with us, dated as of May 28, 1999, that provides that in the event Mr. Ervin's employment with us is terminated for any reason other than for cause, he will continue to receive his base salary for nine months from such termination. In the event of Mr. Ervin's involuntary termination of employment, or voluntary termination for good reason, within 12 months following a change of control, vesting of his stock options will be accelerated.

Established effective September 2005, our Severance Plan provides for the payment of certain benefits to certain eligible employees, which include the named executive officers that do not have individually negotiated agreements providing severance benefits or change of control benefits, in exchange for an effective release of claims in the event of a Constructive Termination or Involuntary Termination Without Cause (as such terms are defined in the Severance Plan). Laurence M. Corash, our Senior Vice President and Chief Medical Officer, and William M. Greenman, our President, Cerus Europe, are participants in the Severance Plan. Prior to his resignation in November 2007, David N. Cook, our Corporate Senior Vice President prior to such resignation, also participated in the Severance Plan. The severance compensation includes a cash severance payment equal to 12 months of the participant's annual base pay (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation) as in effect during the last regularly scheduled payroll period immediately preceding the termination event. The Severance Plan provides the Company with the flexibility of paying these cash severance payments in lump sum or in installments, at its discretion. Additionally, the Severance Plan provides for paid COBRA premiums for continuation coverage (including coverage for his eligible dependents) for 12 months and accelerated vesting and exercisability of all of his or her then-outstanding equity awards. Upon Dr. Cook's resignation, no severance benefits were paid pursuant to the Severance Plan, however, the Committee extended the post-termination exercise period of his vested stock options beyond the normal three month period to December 31, 2008.

2007 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

Except as noted with respect to Dr. Cook, the following table provides information on severance benefits that would become payable under the existing employment, severance and change in control agreements if the employment of our named executive officers had terminated on December 31, 2007.

Name and Principal Position	Voluntary Termination for Good Reason or Involuntary Termination After a Change of Control			Involuntary Termination Without Cause		
	Health Care Benefits (\$)	Salary (\$)	Equity Acceleration (\$)	Health Care Benefits (\$)	Salary (\$)	Equity Acceleration (\$)
Claes Glassell President and Chief Executive Officer	15,872(1)	707,727(2)	301,094(3)	10,581(4)	471,818(5)	301,094(3)
William J. Dawson Vice President, Finance and Chief Financial Officer	22,791(1)	422,990(2)	131,904(3)	15,194(4)	281,993(5)	131,904(3)
David N. Cook Corporate Senior Vice President (8)						
Laurence M. Corash Senior Vice President and Chief Medical Officer	5,364(6)	364,140(2)	152,588(3)			
William M. Greenman President, Cerus Europe	5,364(6)	300,000(2)	143,151(3)			
Howard G. Ervin Vice President, Legal Affairs			126,150(3)		224,662(7)	

- (1) Represents the aggregate amount of our share of the cost of 18 months of COBRA premiums. The executive officer remains responsible for paying the employee share of such COBRA coverage.
- (2) Represents the aggregate amount of the executive's base salary as of December 31, 2007 payable over the 18 month period following a voluntary termination for good reason or involuntary termination after a change in control.
- (3) Represents the excess of fair market value of those shares subject to outstanding options with accelerated vesting that were exercisable on December 31, 2007 and were in the money, calculated based on the closing price of \$5.86 of our common stock on December 29, 2007, the last trading day of fiscal 2007, over the aggregate exercise price of such options.
- (4) Represents the aggregate amount of our share of the cost of 12 months of health benefits following the involuntary termination of the executive's employment by us other than for cause. The executive officer remains responsible for paying the employee share of such benefits.
- (5) Represents the aggregate amount of the executive's base salary as of December 31, 2007 payable over the 12 month period following the involuntary termination of the executive's employment by us other than for cause.
- (6) Represents the aggregate amount of our share of the cost of COBRA premiums. The executive officer remains responsible for paying the employee share of such COBRA coverage.
- (7) Represents the aggregate amount of the executive's base salary as of December 31, 2007 payable over the 9 month period following the involuntary termination of the executive's employment by us other than for cause.
- (8) In November 2007, Dr. Cook resigned from his position with us to join Anza Therapeutics, Inc. in connection with the spin-off of our immunotherapy business to Anza. No severance benefits were paid upon his resignation, however, the Compensation Committee extended Dr. Cook's post-termination exercise period of his vested stock options until December 31, 2008.

DIRECTOR COMPENSATION

The Compensation Committee reviews director compensation on a periodic basis; the last review was performed in December 2005. The Compensation Committee utilized data obtained from the most recently published Radford Survey as a tool for establishing compensation for non-employee directors. The Radford Survey compares each element of total compensation against other life sciences companies throughout the United States, based on company size in terms of employee headcount. The Committee generally sets the total compensation for non-employee directors at or above the 75th percentile of compensation paid to similarly situated peer group non-employee directors. The 2007 compensation described below was approved by the Board based on recommendations of the Compensation Committee.

For the year ended December 31, 2007, each director who served on the Board for the entire year and who was not also one of our officers or employees, other than the Chairman of the Board, was compensated for his services as a director at the rate of \$20,000 per year. The Chairman of the Board received an annual retainer of \$32,500 per year. Gail Schulze, who joined the Board in October, 2007, was compensated \$7,216 for her services as a director. In addition to the annual retainers, the Chairs of the Audit Committee and Compensation Committee received an additional annual retainer of \$26,000 and \$10,000, respectively. Each other member of the Audit Committee and Compensation Committee who is not one of our employees received an annual retainer of \$13,000 and \$8,000, respectively. All directors, including those who are our officers or employees, were reimbursed for expenses incurred in connection with attending Board or committee meetings.

For fiscal year 2008, each director who is not also one of our officers or employees, other than the Chairman of the Board, will receive an annual retainer of \$20,000. The Chairman of the Board will receive an annual retainer of \$32,500 per year. In addition to the annual retainers, the Chairs of the Audit Committee and Compensation Committee will receive an additional annual retainer of \$26,000 and \$10,000, respectively. Each other member of the Audit Committee and Compensation Committee who is not one of our employees will receive an annual retainer of \$13,000 and \$8,000, respectively.

In addition to cash compensation, each of our non-employee directors receives an annual stock option grant at the beginning of each year under and within the limits set forth in the 1999 Non-Employee Directors Stock Option Sub-Plan (the Directors Sub-Plan) or, for awards granted after the date of this Annual Meeting and if the 2008 Plan is approved at the Annual Meeting, under the terms of our Non-Employee Director Compensation Policy (the Policy) and pursuant to the terms of the 2008 Plan. Pursuant to the Directors Sub-Plan and the Policy, each of our non-employee directors receives a non-qualified stock option covering 25,000 shares of our common stock upon his or her initial election to the Board, and a non-qualified stock option covering 15,000 shares, or 22,500 shares in the case of the Chairman of the Board, of our common stock each calendar year thereafter on the first trading day of the year, with the number of shares subject to the director's first annual award pro-rated based on the number of days he or she served in his or her first year of service. The initial stock option vests over four years, and the annual stock option vests over 12 months, in each case subject to continued service. In the event of certain corporate transactions such as a merger in which Cerus is not the surviving company or in a sale of all or substantially all of our assets, the directors' awards will become fully vested. Stock options granted to our directors have an exercise price equal to the fair market value of our common stock on the date of grant and a term of ten years.

Under the Directors Sub-Plan for year ended December 31, 2007, each of Mr. Cassin, Mr. Anderson, Mr. Cozadd and Mr. Rohn received a non-qualified stock option for the purchase of 22,500, 15,000, 15,000 and 15,000 shares, respectively, of our common stock at an exercise price of \$5.86 per share. When Ms. Schulze joined the Board in October 2007, she received a non-qualified stock option for the purchase 25,000 shares of our common stock at an exercise price of \$7.72 per share which vests in forty-eight equal monthly installments.

The following table shows for the fiscal year ended December 31, 2007 certain information with respect to the compensation of all of our non-employee directors:

Director Compensation for Fiscal 2007

Name	Fees Earned or			Total (\$)
	Paid in Cash (\$)	Option Awards \$(1)(2)	All Other Compensation (\$)	
B.J. Cassin	58,750	74,282(3)		133,032
Timothy B. Anderson	46,000	53,750(4)		99,750
Bruce C. Cozadd	67,000	49,521(5)		116,521
William R. Rohn	46,000	49,521(6)		95,521
Gail Schulze	7,216	5,420(7)		12,636

- (1) Represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of stock options granted to each director, in accordance with SFAS 123R. The amounts shown exclude the impact of estimated forfeiture related to service-based vesting conditions. For additional information on the valuation assumptions with respect to these grants, refer to Note 10 Stock-Based Compensation in our Form 10-K for the year ended December, 31, 2007.
- (2) Options granted to our non-employee directors become vested and exercisable in twelve (12) equal monthly installments. The vesting of each installment occurs on the last day of each month beginning with the month in which the option was granted, so long as the director's service is not interrupted during the period preceding each vesting date.
- (3) Reflects the compensation costs recognized by Cerus in fiscal 2007 for stock option grants with the following fair values as of the grant date: (a) \$74,282 for a stock option grant to purchase 22,500 shares of common stock made on January 2, 2007 at an exercise price of \$5.86 per share. Mr. Cassin had options to purchase an aggregate of 135,000 shares of our common stock as of December 31, 2007.
- (4) Reflects the compensation costs recognized by Cerus in fiscal 2007 for stock option grants with the following fair values as of the grant date: (a) \$49,521 for a stock option grant to purchase 15,000 shares of common stock made on January 2, 2007 at an exercise price of \$5.86 per share; and (b) \$145,726 for a stock option grant to purchase 25,000 shares of common stock on May 16, 2003 at an exercise price of \$9.50 per share. Mr. Anderson had options to purchase an aggregate of 67,091 shares of our common stock as of December 31, 2007.
- (5) Reflects the compensation costs recognized by Cerus in fiscal 2007 for stock option grants with the following fair values as of the grant date: (a) \$49,521 for a stock option grant to purchase 15,000 shares of common stock made on January 2, 2007 at an exercise price of \$5.86 per share. Mr. Cozadd had options to purchase an aggregate of 86,260 shares of our common stock as of December 31, 2007.
- (6) Reflects the compensation costs recognized by Cerus in fiscal 2007 for stock option grants with the following fair values as of the grant date: (a) \$49,521 for a stock option grant to purchase 15,000 shares of common stock made on January 2, 2007 at an exercise price of \$5.86 per share. Mr. Rohn had options to purchase an aggregate of 82,808 shares of our common stock as of December 31, 2007.
- (7) Reflects the compensation costs recognized by Cerus in fiscal 2007 for stock option grants with the following fair values as of the grant date: (a) \$118,658 for a stock option grant to purchase 25,000 shares of common stock made on December 3, 2007 at an exercise price of \$7.72 per share. Ms. Schulze had options to purchase an aggregate of 25,000 shares of our common stock as of December 31, 2007.

TRANSACTIONS WITH RELATED PERSONS

RELATED-PERSON TRANSACTIONS POLICY AND PROCEDURES

We have not yet adopted a written related-person transactions policy. However, our Audit Committee has been delegated the authority to review management's efforts to monitor compliance with our programs and policies that are generally designed to ensure compliance with applicable laws and rules, including our code of ethics, and approve related-party transactions as required by Nasdaq. During the upcoming year, the Audit Committee will give full consideration to the adoption of a formal policy regarding related-person transactions and, if adopted, promptly post it on our website.

CERTAIN RELATED-PERSON TRANSACTIONS

Since January 1, 2007, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or are to be a party in which the amount involved exceeds \$120,000 and in which any current director, executive officer or holder of more than 5% of our common stock had or will have a direct or indirect interest other than compensation arrangements described under the caption "Executive Compensation" and the transactions described below.

Indemnification and Limitation of Director and Officer Liability

In July 1996, the Board authorized us to enter into indemnity agreements with each of our directors, executive officers and controller. The form of indemnity agreement provides that we will indemnify against any and all expenses of the indemnified person who incurred such expenses because of his or her status as a director, executive officer or controller, to the fullest extent permitted by our bylaws and Delaware law. In addition, our bylaws provide that we shall indemnify our directors and executive officers to the fullest extent not prohibited by Delaware law, subject to certain limitations, and may also secure insurance, to the fullest extent permitted by Delaware law, on behalf of any director, officer, employee or agent against any expense, liability or loss arising out of his or her actions in such capacity.

Our restated certificate of incorporation contains certain provisions relating to the limitation of liability of directors. Our restated certificate provides that a director shall not be personally liable to our stockholders or us for monetary damages for any breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to our stockholders or us, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payment of dividends or unlawful stock repurchases or redemptions or (iv) for any transaction from which the director derived an improper benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. The provision in the restated certificate does not eliminate the duty of care and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

Executive Employment Agreements and Severance Plan

We have entered into employment agreements with certain of our executive officers and maintain the Severance Plan for certain of our other executive officers, each of which, among other things, provide for certain severance and change of control benefits to our respective executive officers as more fully discussed in the section entitled "Employment, Severance and Change of Control Agreement."

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will be householding our proxy materials. A single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please notify your broker directly or direct your written request to: Corporate Secretary, Cerus Corporation, 2411 Stanwell Drive, Concord, CA 94520 or contact Corporate Secretary, Cerus Corporation at (925) 288-6000. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

Lori L. Roll

Secretary

April 25, 2008

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 is available without charge upon written request to: Corporate Secretary, Cerus Corporation, 2411 Stanwell Drive, Concord, CA 94520.

CERUS CORPORATION

2008 EQUITY INCENTIVE PLAN

APPROVED BY COMPENSATION COMMITTEE ON: APRIL 22, 2008

APPROVED BY STOCKHOLDERS: , 2008

TERMINATION DATE: APRIL 21, 2018

1. GENERAL.

(a) Successor and Continuation of Prior Plans. The Plan is intended as the successor to and continuation of the Cerus Corporation 1999 Equity Incentive Plan, as amended and the Cerus Corporation 1998 Non-Officer Stock Option Plan (the *Prior Plans*). Following the Effective Date, no additional stock awards shall be granted under the Prior Plans. Any shares remaining available for future awards under the Prior Plans as of the Effective Date (the *Prior Plans Available Reserve*) shall become available for issuance pursuant to Awards granted hereunder. From and after the Effective Date, all outstanding stock awards granted under the Prior Plans shall remain subject to the terms of the Prior Plans; however, any shares subject to outstanding stock awards granted under the Prior Plans that expire or terminate for any reason prior to exercise or settlement (the *Returning Shares*) shall become available for issuance pursuant to Awards granted hereunder. All Awards granted on or after the Effective Date of this Plan shall be subject to the terms of this Plan.

(b) Eligible Award Recipients. The persons eligible to receive Awards are Employees, Directors and Consultants.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Restricted Stock Awards, (iv) Restricted Stock Unit Awards, (v) Stock Appreciation Rights, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(d) General Purpose. The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Awards as set forth in Section 1(a), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Stock Awards.

2. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) which of the persons eligible under the Plan shall be granted Awards; (B) when and how each Award shall be granted; (C) what type or combination of types of Award shall be granted; (D) the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; and (E) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Awards, and to establish, amend and revoke rules and regulations for the Plan's administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards.

(iv) To accelerate the time at which a Stock Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

(v) To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and to bring the Plan and/or Stock Awards into compliance therewith, subject to the limitations, if any, of applicable law. However, except as provided in Section 9(a) relating to Capitalization Adjustments, stockholder approval shall be required for any amendment of the Plan that either (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (D) materially extends the term of the Plan, or (E) expands the types of Awards available for issuance under the Plan, but only to the extent required by applicable law or listing requirements. Except as provided above, rights under any Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 162(m) of the Code and the regulations thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to Covered Employees, (B) Section 422 of the Code regarding incentive stock options or (C) Rule 16b-3.

(viii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that the Participant's rights under any Award shall not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Awards if necessary to maintain the qualified status of the Award as an Incentive Stock Option or to bring the Award into compliance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the Effective Date.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated to the Committee, Committees, subcommittee or subcommittees.

(ii) Section 162(m) and Rule 16b-3 Compliance. In the sole discretion of the Board, the Committee may consist solely of two (2) or more Outside Directors, in accordance with Section 162(m) of the Code, or solely of two (2) or more Non-Employee Directors, in accordance with Rule 16b-3. In addition, the Board or the Committee, in its sole discretion, may (A) delegate to a Committee which need not consist of Outside Directors the authority to grant Awards to eligible persons who are either (1) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award, or (2) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code, or (B) delegate to a Committee which need not consist of Non-Employee Directors the authority to grant Stock Awards to eligible persons who are not then subject to Section 16 of the Exchange Act.

(d) Delegation to an Officer. The Board may delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however,* that the Board resolutions regarding such delegation shall specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Notwithstanding anything to the contrary in this Section 2(d), the Board may not delegate to an Officer authority to determine the Fair Market Value pursuant to Section 13(v)(ii) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

(f) Cancellation and Re-Grant of Stock Awards. Neither the Board nor any Committee shall have the authority to: (i) effect the reduction of the exercise price of any outstanding Option or Stock Appreciation Rights under the Plan (other than pursuant to Section 9 relating to adjustments upon changes in stock), or (ii) cancel any outstanding Options or Stock Appreciation Rights with an exercise price that is greater than the Fair Market Value on the date of cancellation in exchange for the grant in substitution therefore of cash or new Stock Awards under the Plan with an exercise price that is less than the original exercise price of the Options or Stock Appreciation Rights, unless the stockholders of the Company have approved such an action within twelve (12) months prior to such an event.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 9 relating to adjustments upon changes in stock, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards from and after the Effective Date shall not exceed [] shares (the *Share Reserve*), which number is the sum of (i) the number of shares subject to the Prior Plans Available Reserve, (ii) an additional 2,270,000 new shares, plus (iii) an additional number of shares in an amount not to exceed [] shares (which number consists of

the Returning Shares, if any, as such shares become available from time to time). For clarity, the Share Reserve is a limitation in the number of shares of the Common Stock that may be issued pursuant to the Plan and does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by NASD Rule 4350(i)(1)(A)(iii) or, if applicable, NYSE Listed Company Manual Section 303A.08, or AMEX Company Guide Section 711 and such issuance shall not reduce the number of shares available for issuance under the Plan. Furthermore, if a Stock Award (i) expires or otherwise terminates without having been exercised in full or (ii) is settled in cash (*i.e.*, the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of the Common Stock that may be issued pursuant to the Plan.

(b) Subject to subsection 3(c), the number of shares available for issuance under the Plan shall be reduced by: (i) one (1) share for each share of stock issued pursuant to (A) an Option granted under Section 5, or (B) a Stock Appreciation Right granted under subsection 6(c) with respect to which the strike price is at least one hundred percent (100%) of the Fair Market Value of the underlying Common Stock on the date of grant; and (ii) one and five tenths (1.5) shares for each share of Common Stock issued pursuant to a Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award or Other Stock Award.

(c) Reversion of Shares to the Share Reserve.

(i) Shares Available For Subsequent Issuance. If any shares of common stock issued pursuant to a Stock Award are forfeited back to the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares which are forfeited shall revert to and again become available for issuance under the Plan. Notwithstanding the provisions of this Section 3(c)(i), any such shares shall not be subsequently issued pursuant to the exercise of Incentive Stock Options. To the extent there is issued a share of Common Stock pursuant to a Stock Award that counted as one and five tenths (1.5) shares against the number of shares available for issuance under the Plan pursuant to Section 3(b) and such share of Common Stock again becomes available for issuance under the Plan pursuant to this Section 3(c), then the number of shares of Common Stock available for issuance under the Plan shall increase by one and five tenths (1.5) shares.

(ii) Shares Not Available For Subsequent Issuance. If any shares subject to a Stock Award are not delivered to a Participant because the Stock Award is exercised through a reduction of shares subject to the Stock Award (*i.e.*, net exercised), the number of shares that are not delivered to the Participant shall not remain available for issuance under the Plan. Also, any shares reacquired by the Company pursuant to Section 8(g) or as consideration for the exercise of an Option shall not again become available for issuance under the Plan.

(d) Incentive Stock Option Limit. Notwithstanding anything to the contrary in this Section 3(d), subject to the provisions of Section 9(a) relating to Capitalization Adjustments the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options shall be the Share Reserve.

(e) Section 162(m) Limitation on Annual Grants. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, at such time as the Company may be subject to the applicable provisions of Section 162(m) of the Code, no Employee shall be eligible to be granted during any calendar year Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least one hundred percent (100%) of the Fair Market Value on the date the Stock Award is granted (that is, Options or Stock Appreciation Rights) covering more than eight hundred thousand (800,000) shares of Common Stock.

(f) Source of Shares. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a parent corporation or subsidiary corporation (as such terms are defined in Sections 424(e) and (f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants.

(b) Ten Percent Stockholders. A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Consultants. A Consultant shall be eligible for the grant of a Stock Award only if, at the time of grant, a Form S-8 Registration Statement under the Securities Act (*Form S-8*) is available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, because the Consultant is a natural person, or because of any other rule governing the use of Form S-8.

5. OPTION PROVISIONS.

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options need not be identical; *provided, however*, that each Option Agreement shall include (through incorporation of provisions hereof by reference in the Option Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Option Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise price of each Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option if such Option is granted pursuant to an assumption of or substitution for another option in a manner consistent with the provisions of Section 424(a) of the Code (whether or not such options are Incentive Stock Options).

(c) Consideration. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The methods of payment permitted by this Section 6(c) are:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) by a net exercise arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; *provided, further*, that shares of Common Stock will no longer be outstanding under an Option and will not be exercisable thereafter to the extent that (A) shares are used to pay the exercise price pursuant to the net exercise, (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board.

(d) Transferability of Options. The Board may, in its sole discretion, impose such limitations on the transferability of Options as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options shall apply:

(i) Restrictions on Transfer. An Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option in a manner consistent with applicable tax and securities laws upon the Optionholder's request.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, an Option may be transferred pursuant to a domestic relations order, *provided, however*, that an Incentive Stock Option may be deemed to be a Nonqualified Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be the beneficiary of an Option with the right to exercise the Option and receive the Common Stock or other consideration resulting from an Option exercise.

(e) Vesting Generally. The total number of shares of Common Stock subject to an Option may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this Section 5(e) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(f) Termination of Continuous Service. Except as otherwise provided in the applicable Option Agreement or other agreement between the Optionholder and the Company, in the event that an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within the time specified herein or in the Option Agreement (as applicable), the Option shall terminate.

(g) Extension of Termination Date. Unless otherwise provided in an Optionholder's Option Agreement, if the exercise of the Option following the termination of the Optionholder's Continuous Service would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration

requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of a period equal to the original post-termination exercise period applicable to such Award during which the exercise of the Option would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option as set forth in the Option Agreement. In addition, unless otherwise provided in an Optionholder's Option Agreement, if the sale of the Common Stock received upon exercise of an Option following the termination of the Optionholder's Continuous Service would violate the Company's insider trading policy, then the Option shall terminate on the earlier of (i) the expiration of a period equal to the original post-termination exercise period applicable to such Award during which the exercise of the Option would not be in violation of the Company's insider trading policy, (ii) the 15th day of the third month after the date on which the Option would cease to be exercisable but for this Section 5(g), or such longer period as would not cause the Option to become subject to Section 409A(a)(1) of the Code; or (iii) the expiration of the term of the Option as set forth in the Option Agreement.

(h) Disability of Optionholder. In the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within the time specified herein or in the Option Agreement (as applicable), the Option shall terminate.

(i) Death of Optionholder. In the event that (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death, or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated as the beneficiary of the Option upon the Optionholder's death, but only within the period ending on the earlier of (A) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement), or (B) the expiration of the term of such Option as set forth in the Option Agreement. If, after the Optionholder's death, the Option is not exercised within the time specified herein or in the Option Agreement (as applicable), the Option shall terminate. If the Optionholder designates a third party beneficiary of the Option in accordance with Section 5(d)(iii), then upon the death of the Optionholder such designated beneficiary shall have the sole right to exercise the Option and receive the Common Stock or other consideration resulting from an Option exercise.

(j) Non-Exempt Employees. No Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act shall be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option will be exempt from his or her regular rate of pay.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; *provided, however*, that each

Restricted Stock Award Agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) past or future services actually or to be rendered to the Company or an Affiliate, or (B) any other form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. In the event a Participant's Continuous Service terminates, the Company may receive via a forfeiture condition, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board shall determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical; *provided, however*, that each Restricted Stock Unit Award Agreement shall include (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all the terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award.

(c) Stock Appreciation Rights. Each Stock Appreciation Right Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. Stock Appreciation Rights may be granted as stand-alone Stock Awards or in tandem with other Stock Awards. The terms and conditions of Stock Appreciation Right Agreements may change from time to time, and the terms and conditions of separate Stock Appreciation Right Agreements need not be identical; *provided, however*, that each Stock Appreciation Right Agreement shall include (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Term. No Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Appreciation Right Agreement.

(ii) Strike Price. Each Stock Appreciation Right will be denominated in shares of Common Stock equivalents. The strike price of each Stock Appreciation Right shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock equivalents subject to the Stock Appreciation Right on the date of grant.

(iii) Calculation of Appreciation. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right.

(iv) Vesting. At the time of the grant of a Stock Appreciation Right, the Board may impose such restrictions or conditions to the vesting of such Stock Appreciation Right as it, in its sole discretion, deems appropriate.

(v) Exercise. To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(vi) Payment. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(vii) Termination of Continuous Service. In the event that a Participant's Continuous Service terminates, the Participant may exercise his or her Stock Appreciation Right (to the extent that the Participant was entitled to exercise such Stock Appreciation Right as of the date of termination) but only within such period of time ending on the earlier of (A) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the Stock Appreciation Right Agreement), or (B) the expiration of the term of the Stock Appreciation Right as set forth in the Stock Appreciation Right Agreement. If, after termination, the Participant does not exercise his or her Stock

Appreciation Right within the time specified herein or in the Stock Appreciation Right Agreement (as applicable), the Stock Appreciation Right shall terminate.

(viii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Stock Appreciation Rights granted under the Plan that are not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Stock Appreciation Rights will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(d) Performance Awards.

(i) Performance Stock Awards. A Performance Stock Award is a Stock Award that may be granted, may vest, or may be exercised based upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be conclusively determined by the Committee in its sole discretion. The maximum number of shares that may be granted to any Participant in a calendar year attributable to Stock Awards described in this Section 6(d)(i) shall not exceed five hundred thousand (500,000) shares of Common Stock. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards. A Performance Cash Award is a cash award that may be granted upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be conclusively determined by the Committee in its sole discretion. The maximum value that may be granted to any Participant in a calendar year attributable to Performance Cash Awards described in this Section 6(d)(ii) shall not exceed one million dollars (\$1,000,000). The Board may provide for or, subject to such terms and conditions as the Board may specify, may permit a Participant to elect for, the payment of any Performance Cash Award to be deferred to a specified date or event. The Committee may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that Common Stock authorized under this Plan may be used in payment of Performance Cash Awards, including additional shares in excess of the Performance Cash Award as an inducement to hold shares of Common Stock.

(e) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board shall have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue

and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained.

(c) No Obligation to Notify. The Company shall have no duty or obligation to any holder of a Stock Award to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.

(c) Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until such Participant has exercised the Stock Award pursuant to its terms and the Participant shall not be deemed to be a stockholder of record until the issuance of the Common Stock pursuant to such exercise has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or other instrument executed thereunder or in connection with any Award granted pursuant to the Plan shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars (\$100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(f) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the

Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(g) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; or (iv) by such other method as may be set forth in the Award Agreement.

(h) Electronic Delivery. Any reference herein to a written agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

(i) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of employment or retirement, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(j) Compliance with Section 409A of the Code. To the extent that the Board determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Board determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Board may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Board determines are necessary or appropriate to (i) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the Effective Date.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the

class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(d), (iii) the class(es) and maximum number of securities that may be awarded to any person pursuant to Section 3(d) and 6(d)(i), and (iv) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase option may be repurchased by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions shall apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award.

(i) Stock Awards May Be Assumed. Except as otherwise stated in the Stock Award Agreement, in the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Stock Awards outstanding under the Plan or may substitute similar stock awards for Stock Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Stock Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of a Stock Award or substitute a similar stock award for only a portion of a Stock Award. The terms of any assumption, continuation or substitution shall be set by the Board in accordance with the provisions of Section 2.

(ii) Stock Awards Held by Current Participants. Except as otherwise stated in the Stock Award Agreement, in the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the *Current Participants*), the vesting of such Stock Awards (and, with respect to Options and Stock Appreciation Rights, the time at which such Stock Awards may be exercised) shall be accelerated in full to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective time of the Corporate Transaction), and such Stock Awards shall terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Stock Awards shall lapse (contingent upon the effectiveness of the Corporate Transaction).

(iii) Stock Awards Held by Persons other than Current Participants. Except as otherwise stated in the Stock Award Agreement, in the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards

that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Stock Awards shall terminate if not exercised (if applicable) prior to the effective time of the Corporate Transaction; *provided, however*, that any reacquisition or repurchase rights held by the Company with respect to such Stock Awards shall not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Stock Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event a Stock Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Stock Award may not exercise such Stock Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (A) the fair market value of the property the holder of the Stock Award would have received upon the exercise of the Stock Award (including, at the discretion of the Board, any unvested portion of such Stock Award), over (B) any exercise price payable by such holder in connection with such exercise.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration shall occur.

10. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. Unless sooner terminated by the Board pursuant to Section 2, the Plan shall automatically terminate on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

11. EFFECTIVE DATE OF PLAN.

This Plan shall become effective on the Effective Date.

12. CHOICE OF LAW.

The law of the State of California shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the definitions contained in this Section 13 shall apply to the capitalized terms indicated below:

(a) Affiliate means, at the time of determination, any parent or subsidiary of the Company as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which parent or subsidiary status is determined within the foregoing definition.

(b) Award means a Stock Award or a Performance Cash Award.

(c) Board means the Board of Directors of the Company.

(d) Capitalization Adjustment means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the

receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company. Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a transaction without receipt of consideration by the Company.

(e) **Cause** means with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause shall be made by the Company in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated by reason of dismissal without Cause for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(f) **Change in Control** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any Exchange Act Person (the *Subject Person*) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the

outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date this Plan is adopted by the Board, are members of the Board (the Incumbent Board) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

For clarity, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

Notwithstanding the foregoing or any other provision of this Plan, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(g) **Code** means the Internal Revenue Code of 1986, as amended.

(h) **Committee** means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(i) **Common Stock** means the common stock of the Company.

(j) **Company** means Cerus Corporation, a Delaware corporation.

(k) **Consultant** means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a Consultant for purposes of the Plan.

(l) **Continuous Service** means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, shall not terminate a Participant's Continuous Service. For example, a change in status from an employee of the Company to a consultant to an Affiliate or to a Director shall not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(m) **Corporate Transaction** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

- (ii) a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;
- (iii) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or
- (iv) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.
- (n) **Covered Employee** shall have the meaning provided in Section 162(m)(3) of the Code and the regulations promulgated thereunder.
- (o) **Director** means a member of the Board.
- (p) **Disability** means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, as provided in Section 22(e)(3) and 409A(a)(2)(c)(i) of the Code.
- (q) **Effective Date** means the effective date of this Plan document, which is the date of the annual meeting of stockholders of the Company held in 2008 provided this Plan is approved by the Company's stockholders at such meeting.
- (r) **Employee** means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an Employee for purposes of the Plan.
- (s) **Entity** means a corporation, partnership, limited liability company or other entity.
- (t) **Exchange Act** means the Securities Exchange Act of 1934, as amended.
- (u) **Exchange Act Person** means any natural person, Entity or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that Exchange Act Person shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date of the Plan as set forth in Section 11, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.
- (v) **Fair Market Value** means, as of any date, the value of the Common Stock determined as follows:
- (i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price (or closing bid if no sales were reported) for the Common Stock on

the date of determination, then the Fair Market Value shall be the closing selling price (or closing bid if no sales were reported) on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined by the Board in good faith.

(w) **Incentive Stock Option** means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(x) **Non-Employee Director** means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (**Regulation S-K**)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a non-employee director for purposes of Rule 16b-3.

(y) **Nonstatutory Stock Option** means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(z) **Officer** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(aa) **Option** means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(bb) **Option Agreement** means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(cc) **Optionholder** means a person to whom an Option is granted pursuant to the Plan or, if permitted under the terms of this Plan, such other person who holds an outstanding Option.

(dd) **Other Stock Award** means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(ee) **Other Stock Award Agreement** means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(ff) **Outside Director** means a Director who either (i) is not a current employee of the Company or an affiliated corporation (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an affiliated corporation who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an affiliated corporation, and does not receive remuneration from the Company or an affiliated corporation, either directly or indirectly, in any capacity other than as a Director, or (ii) is otherwise considered an outside director for purposes of Section 162(m) of the Code.

(gg) **Own, Owned, Owner, Ownership** A person or Entity shall be deemed to Own, to have Owned, to be the Owner of, or to have acquired Ownership of securities if such person or Entity, directly

or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(hh) Participant means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ii) Performance Cash Award means an award of cash granted pursuant to the terms and conditions of Section 6(d)(ii).

(jj) Performance Criteria means the one or more criteria that the Board shall select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that shall be used to establish such Performance Goals may be based on any one of, or combination of, the following: (i) earnings per share; (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total stockholder return; (v) return on equity; (vi) return on assets, investment, or capital employed; (vii) operating margin; (viii) gross margin; (ix) operating income; (x) net income (before or after taxes); (xi) net operating income; (xii) net operating income after tax; (xiii) pre-tax profit; (xiv) operating cash flow; (xv) sales or revenue targets; (xvi) increases in revenue or product revenue; (xvii) expenses and cost reduction goals; (xviii) improvement in or attainment of working capital levels; (xix) economic value added (or an equivalent metric); (xx) market share; (xxi) cash flow; (xxii) cash flow per share; (xxiii) share price performance; (xxiv) debt reduction; (xxv) implementation or completion of projects or processes; (xxvi) customer satisfaction; (xxvii) stockholders' equity; and (xxviii) to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award. The Board shall, in its sole discretion, define the manner of calculating the Performance Criteria it selects to use for such Performance Period.

(kk) Performance Goals means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. At the time of the grant of any Award, the Board is authorized to determine whether, when calculating the attainment of Performance Goals for a Performance Period: (i) to exclude restructuring and/or other nonrecurring charges; (ii) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated net sales and operating earnings; (iii) to exclude the effects of changes to generally accepted accounting standards required by the Financial Accounting Standards Board; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; and (v) to exclude the effects of any extraordinary items as determined under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals.

(ll) Performance Period means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(mm) Performance Stock Award means a Stock Award granted under the terms and conditions of Section 6(d)(i).

(nn) Plan means this Cerus Corporation 2008 Equity Incentive Plan.

(oo) Restricted Stock Award means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

- (pp) Restricted Stock Award Agreement** means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.
- (qq) Restricted Stock Unit Award** means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).
- (rr) Restricted Stock Unit Award Agreement** means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.
- (ss) Rule 16b-3** means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.
- (tt) Securities Act** means the Securities Act of 1933, as amended.
- (uu) Stock Appreciation Right** means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 6(c).
- (vv) Stock Appreciation Right Agreement** means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.
- (ww) Stock Award** means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.
- (xx) Stock Award Agreement** means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.
- (yy) Subsidiary** means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital) of more than fifty percent (50%).
- (zz) Ten Percent Stockholder** means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

CERUS CORPORATION

ANNUAL MEETING OF STOCKHOLDERS

Monday, June 2, 2008

9:00 a.m. (local time)

CERUS CORPORATION

2411 Stanwell Drive

Concord, CA 94520

Cerus Corporation

2411 Stanwell Drive

Concord, CA 94520

proxy

The proxy is solicited by the Board of Directors for use at the Annual Meeting of Stockholders to be held on June 2, 2008.

The undersigned hereby appoints HOWARD G. ERVIN and LORI L. ROLL, and each of them, as attorneys and proxies of the undersigned, with full power of substitution, to vote all of the shares of stock of Cerus Corporation (the Company) which the undersigned may be entitled to vote at the Annual Meeting of Stockholders of Cerus Corporation to be held at the Company's administrative offices, located at 2411 Stanwell Drive, Concord, California 94520 on Monday, June 2, 2008 at 9:00 a.m. (local time), and at any and all postponements, continuations and adjournments thereof, with all powers that the undersigned would possess if personally present, upon and in respect of the following matters and in accordance with the following instructions, with discretionary authority as to any and all other matters that may properly come before the meeting.

See reverse for voting instructions.

COMPANY #

There are three ways to vote your Proxy

Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK <<<< EASY <<<< IMMEDIATE

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 30, 2008. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.

VOTE BY INTERNET www.eproxy.com/cers QUICK <<<< EASY <<<< IMMEDIATE

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on May 30, 2008. Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to Cerus Corporation, c/o Shareowner ServicesSM, P.O. Box 64873, St. Paul, MN 55164-0873.

If you vote by Phone or Internet, please do not mail your Proxy Card

ò Please detach here ò

Management Recommends a Vote FOR the Nominees for Director Listed Below.

1. To elect three directors to hold office until the 2011 Annual Meeting of Stockholders.	01 Timothy B. Anderson	•• Vote FOR the nominees (except as marked)	•• Vote WITHHELD from the nominees
	02 Bruce C. Cozadd		
	03 Claes Glassell		

(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)