

CORNERSTONE THERAPEUTICS INC

Form DEF 14A

April 26, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

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

CORNERSTONE THERAPEUTICS INC.
(Name of Registrant as Specified In Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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**CORNERSTONE THERAPEUTICS INC.
1255 CRESCENT GREEN DRIVE, SUITE 250
CARY, NORTH CAROLINA 27518**

April 26, 2010

Dear Fellow Stockholders:

I am pleased to invite you to join us for the Cornerstone Therapeutics Inc. 2010 Annual Meeting of Stockholders to be held on May 20, 2010 at 2:00 p.m., local time, at our offices at 1255 Crescent Green Drive, Suite 250, Cary, NC 27518. Details about the meeting, the nominees for the Board of Directors and other matters to be acted on are presented in the Notice of 2010 Annual Meeting of Stockholders and Proxy Statement that follow.

In addition to Annual Meeting formalities, we will report to stockholders generally on Cornerstone Therapeutics Inc. s business, and will be pleased to answer stockholders questions relating to Cornerstone Therapeutics.

We hope you plan to attend the Annual Meeting. Please exercise your right to vote by signing, dating and returning the enclosed proxy card as described in the Proxy Statement, even if you plan to attend the meeting. You may also vote by proxy over the Internet or by telephone.

On behalf of Cornerstone Therapeutics Board of Directors and management, it is my pleasure to express our appreciation for your continued support.

Yours sincerely,

Craig A. Collard
President and Chief Executive Officer

**YOUR VOTE IS IMPORTANT
PLEASE TAKE TIME TO VOTE AS SOON AS POSSIBLE. BY DOING SO, YOU MAY SAVE
CORNERSTONE THERAPEUTICS THE EXPENSE OF ADDITIONAL SOLICITATION.**

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**CORNERSTONE THERAPEUTICS INC.
1255 CRESCENT GREEN DRIVE, SUITE 250
CARY, NORTH CAROLINA 27518**

**NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 20, 2010**

To our stockholders:

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Stockholders of Cornerstone Therapeutics Inc. will be held on May 20, 2010 at 2:00 p.m., local time, at our offices at 1255 Crescent Green Drive, Suite 250, Cary, NC 27518. At the annual meeting, stockholders will consider and vote on the following matters:

1. The election of eight (8) members to our board of directors to serve as directors until the sooner of the election and qualification of their successors or the next Annual Meeting of our Stockholders.
2. The approval of the 2004 Stock Incentive Plan, as amended and restated, to increase the number of shares authorized for issuance thereunder.
3. The ratification of the selection by the Audit Committee of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

Stockholders also will consider and vote on any other matters as may properly come before the annual meeting or any adjournment thereof. Our board of directors has no knowledge of any other matters which may come before the meeting.

Stockholders of record on April 1, 2010 are entitled to notice of, and to vote at, the annual meeting or any adjournment thereof. Your vote is important regardless of the number of shares you own. Our stock transfer books will remain open for the purchase and sale of our common stock.

We hope that all stockholders will be able to attend the annual meeting in person. However, in order to ensure that a quorum is present at the meeting, please complete, date, sign and promptly return the enclosed proxy card whether or not you expect to attend the annual meeting. A postage-paid envelope, addressed to BNY Mellon Shareowner Services, our transfer agent and registrar, has been enclosed for your convenience. You may also vote by proxy over the Internet or by telephone. If you attend the meeting, your proxy will, upon your written request, be returned to you and you may vote your shares in person.

All stockholders are cordially invited to attend the meeting.

By order of the Board of Directors,

Andrew K. W. Powell, Esq.

Secretary

Cary, North Carolina
April 26, 2010

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, YOUR VOTE IS IMPORTANT. IN ORDER TO ASSURE THE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING, PLEASE VOTE AS SOON AS POSSIBLE OVER THE INTERNET, BY TELEPHONE OR BY MAIL.

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**CORNERSTONE THERAPEUTICS INC.
1255 CRESCENT GREEN DRIVE, SUITE 250
CARY, NORTH CAROLINA 27518**

PROXY STATEMENT

**For the 2010 Annual Meeting of Stockholders
To Be Held on May 20, 2010**

This proxy statement and the enclosed proxy card are being furnished in connection with the solicitation of proxies by the board of directors of Cornerstone Therapeutics Inc. for use at the 2010 Annual Meeting of Stockholders to be held on May 20, 2010 at 2:00 p.m., local time, at our offices at 1255 Crescent Green Drive, Suite 250, Cary, NC 27518, and any adjournment thereof.

All proxies will be voted in accordance with your instructions. If no choice is specified, the proxies will be voted in favor of the matters set forth in the accompanying Notice of Meeting. Any proxy may be revoked by a stockholder at any time before it is exercised by attending the meeting and voting in person, delivering written notice of revocation of your proxy to our Secretary at any time before voting is closed or timely submitting another signed proxy card bearing a later date or new voting instructions by telephone or over the Internet as described below.

Our Annual Report to Stockholders for the fiscal year ended December 31, 2009 is being mailed to stockholders with the mailing of these proxy materials on or about April 26, 2010.

**Important Notice Regarding the Availability of Proxy Materials
For the Stockholder Meeting to Be Held on May 20, 2010**

**The annual report and proxy statement will also be available on the Internet at
*www.proxydocs.com/crtx***

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission, or SEC, except for exhibits, will be furnished without charge to any stockholder upon written or oral request to Cornerstone Therapeutics Inc., Attention of Andrew K. W. Powell, Executive Vice President, General Counsel, and Secretary, 1255 Crescent Green Drive, Suite 250, Cary, North Carolina 27518; telephone: (888) 466-6505.

Voting Securities and Votes Required

Stockholders of record on April 1, 2010 will be entitled to notice of and to vote at the annual meeting. On that date, 25,601,668 shares of our common stock were issued, outstanding and entitled to vote. Each share of common stock entitles the holder to one vote with respect to all matters submitted to stockholders at the meeting. We have no other securities entitled to vote at the meeting.

The representation in person or by proxy of at least a majority of the shares of common stock issued, outstanding and entitled to vote at the annual meeting is necessary to establish a quorum for the transaction of business. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

Directors are elected by a plurality of votes cast by stockholders entitled to vote at the meeting. To be approved, any other matter submitted to our stockholders, including the amendment and restatement of our 2004 Stock Incentive Plan and the ratification of Grant Thornton LLP as our independent registered public accounting firm, requires the affirmative vote of the majority of shares present in person or represented by proxy and voting on such matter at the annual meeting. The votes will be counted, tabulated and certified by a representative of BNY Mellon Shareowner Services, who will serve as the inspector of elections at the annual meeting.

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Shares which abstain from voting as to a particular matter, and shares held in street name by banks, brokers or other nominees who indicate on their proxy cards that they do not have discretionary authority to vote such shares as to a particular matter, which we refer to as broker non-votes, will be counted for the purpose of determining whether a quorum exists but will not have any effect upon the outcome of voting with respect to any matters voted on at the annual meeting.

Stockholders may vote in person or by proxy. Voting by proxy will not in any way affect a stockholder's right to attend the meeting and vote in person. Any stockholder voting by proxy has the right to revoke the proxy at any time before the polls close at the annual meeting by attending the meeting and voting in person, delivering written notice of revocation of your proxy to our Secretary at any time before voting is closed, timely submitting another signed proxy card bearing a later date or timely submitting new voting instructions by telephone or over the Internet as described below. The shares represented by all properly executed proxies received in time for the meeting or voted by proxy over the Internet or by telephone will be voted as specified. If the shares you own are held in your name and you do not specify in the proxy card how your shares are to be voted, they will be voted in favor of the election as directors of those persons named as nominees in this proxy statement, in favor of the amendment and restatement of our 2004 Stock Incentive Plan and in favor of the ratification of Grant Thornton LLP as our independent registered public accounting firm. If any other matters properly come before the meeting, the persons named in the accompanying proxy will vote the shares represented by such proxy on such matters as determined by a majority in voting power of our directors. If the shares you own are held in street name, the bank, broker or other nominee, as the record holder of your shares, is required to vote your shares in accordance with your instructions. In order to vote your shares held in street name, you will need to follow the directions your bank, broker or other nominee provides you.

If your shares are registered directly in your name, you may vote:

Over the Internet. Go to the web site of our tabulator, BNY Mellon Shareowner Services, at <http://www.proxyvoting.com/CRTX> and follow the instructions you will find there. You must specify how you want your shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions.

By Telephone. Call (866) 540-5760 toll-free from the United States or Canada and follow the instructions. You must specify how you want your shares voted and confirm your vote at the end of the call or your telephone vote cannot be completed. Your shares will be voted according to your instructions.

By Mail. Complete, date and sign the enclosed proxy card and mail it in the enclosed postage-paid envelope to BNY Mellon Shareowner Services. Your proxy will be voted according to your instructions. If you do not specify how you want your shares voted, they will be voted as recommended by our board of directors.

In Person at the Meeting. If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If your shares are held in street name for your account by a bank, broker or other nominee, you may vote:

Over the Internet or By Telephone. You will receive instructions from your broker or other nominee if you are permitted to vote over the Internet or by telephone.

By Mail. You will receive instructions from your broker or other nominee explaining how to vote your shares.

In Person at the Meeting. Contact the broker or other nominee that holds your shares to obtain a broker's proxy card and bring it with you to the meeting. **A broker's proxy is *not* the form of proxy enclosed with this**

proxy statement. You will not be able to vote shares you hold in street name at the meeting unless you have a proxy from your broker issued in your name giving you the right to vote the shares.

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Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement and Annual Report to Stockholders may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you upon written or oral request to Cornerstone Therapeutics Inc., Attention of Andrew K. W. Powell, Executive Vice President, General Counsel, and Secretary, 1255 Crescent Green Drive, Suite 250, Cary, North Carolina 27518; telephone: (888) 466-6505. If you want to receive separate copies of the proxy statement or Annual Report to Stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

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The following table sets forth information regarding beneficial ownership of our common stock as of April 12, 2010 by:

each person, entity or group of affiliated persons or entities known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock;

each of our directors and nominees for director;

our President and Chief Executive Officer as of December 31, 2009, our two most highly compensated executive officers during 2009 other than our President and Chief Executive Officer who were serving as executive officers on December 31, 2009, and one additional former executive officer who would have been among our most highly compensated executive officers if he had been serving as an executive officer on December 31, 2009, whom we refer to herein as our named executive officers ; and

all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the applicable rules of the SEC and includes voting or investment power with respect to shares of our common stock. Shares of common stock issuable under stock options and warrants that are currently exercisable or exercisable within 60 days of April 12, 2010 are deemed to be beneficially owned by the person holding the option or warrant for purposes of calculating the percentage ownership of that person but are not deemed outstanding for purposes of calculating the percentage ownership of any other person. The information set forth below is not necessarily indicative of beneficial ownership for any other purpose, and the inclusion of any shares deemed beneficially owned in this table does not constitute an admission of beneficial ownership of those shares. Unless otherwise indicated, to our knowledge, all persons named in the table have sole voting and investment power with respect to the shares of common stock beneficially owned by them, except, where applicable, to the extent authority is shared by spouses under community property laws.

Name and Address of Beneficial Owner(1)	Number of Outstanding Shares Beneficially Owned	Shares Underlying Options Exercisable within 60 Days	Total Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned
	5% Stockholders			
Chiesi Farmaceutici S.p.A. Via Palermo 26/A 43122 Parma, Italy	13,772,425		13,772,425	53.8%
Craig A. Collard(2) President and Chief Executive Officer and Director	3,396,138	298,199	3,694,337	14.3%
Cornerstone Biopharma Holdings, Ltd.	1,952,225		1,952,225	7.6%
Carolina Pharmaceuticals Ltd.	1,443,913		1,443,913	5.6%

Carolina Pharmaceuticals Holdings, Ltd.(3)	1,443,913	1,443,913	5.6%
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Name and Address of Beneficial Owner(1)	Number of Outstanding Shares Beneficially Owned	Shares Underlying Options Exercisable within 60 Days	Total Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned
	<i>Directors, Director Nominees and Named Executive Officers</i>			
Christopher Codeanne <i>Director</i>		9,861	9,861	*
Michael Enright <i>Director</i>		9,861	9,861	*
Michael Heffernan <i>Director</i>		13,432	13,432	*
Alessandro Chiesi <i>Director</i>				*
Maria Paola Chiesi <i>Director</i>				*
Anton Giorgio Failla <i>Director</i>				*
Robert Stephan <i>Director</i>				*
Marco Vecchia <i>Director Nominee</i>				*
Joshua B. Franklin <i>Vice President, Sales and Marketing</i>	50,000	69,575	119,575	*
Alan Roberts <i>Vice President, Scientific Affairs</i>	64,100		64,100	*
Brian Dickson, M.D. <i>Former Chief Medical Officer</i>	166,299		166,299	*
All executive officers and directors as a group (13 persons, consisting of 6 executive officers and 7 non-employee directors)	4,124,719	657,462	4,782,181	18.2%

* Represents beneficial ownership of less than one percent of common stock.

- (1) Unless otherwise indicated, the address of each beneficial owner is care of Cornerstone Therapeutics Inc., 1255 Crescent Green Drive, Suite 250, Cary, North Carolina 27518.
- (2) Consists of 1,952,225 shares of common stock held by Cornerstone Biopharma Holdings, Ltd., and 1,443,913 shares of common stock held by Carolina Pharmaceuticals Ltd., or Carolina Pharmaceuticals, received in connection with the conversion of the outstanding principal amount of \$9.0 million under a promissory note Cornerstone BioPharma, Inc. (one of our indirect wholly owned subsidiaries) executed in favor of Carolina Pharmaceuticals to borrow up to \$15.0 million for five years with an annual interest rate of 10%, which we refer

to as the Carolina Note. Carolina Pharmaceuticals Holdings, Ltd., or Carolina Pharmaceuticals Holdings, owns 100% of Carolina Pharmaceuticals outstanding shares. Mr. Collard is the controlling shareholder and a director of Cornerstone Biopharma Holdings, Ltd. and by virtue of such positions exercises voting and investment power with respect to the Cornerstone Therapeutics Inc. shares owned by Cornerstone Biopharma Holdings, Ltd. Mr. Collard is the chief executive officer and chairman of the boards of Carolina Pharmaceuticals and Carolina Pharmaceuticals Holdings and by virtue of such positions exercises voting and investment power with respect to the Cornerstone Therapeutics Inc. shares beneficially owned by these entities. Mr. Collard disclaims beneficial ownership of the shares held by Cornerstone Biopharma Holdings, Ltd. and Carolina Pharmaceuticals, except to the extent of his pecuniary interest therein.

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- (3) Carolina Pharmaceuticals Holdings disclaims beneficial ownership of the shares held by Carolina Pharmaceuticals, except to the extent of its pecuniary interest therein.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and the holders of more than 10% of our common stock to file with the SEC initial reports of ownership of our common stock and other equity securities on a Form 3 and reports of changes in such ownership on a Form 4 or Form 5. Officers, directors and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely upon a review of the copies of such forms furnished to us for the year ended December 31, 2009, and the information provided to us by those persons required to file such reports, no such person failed to file the forms required by Section 16(a) of the Exchange Act on a timely basis during the year ended December 31, 2009.

Change in Control

On May 6, 2009, we and certain of our stockholders entered into a series of transactions and agreements with Chiesi Farmaceutici S.p.A, or Chiesi, which we refer to as the Chiesi Transaction. These agreements include (1) a stock purchase agreement between us and Chiesi, which we refer to as the Stock Purchase Agreement ; (2) a separate stock purchase agreement among Chiesi, Cornerstone Biopharma Holdings, Ltd., an entity controlled by Craig A. Collard, our President and Chief Executive Officer, and the Lutz Family Limited Partnership, an entity controlled by Steven M. Lutz, our Executive Vice President, Manufacturing and Trade, which we refer to as the Selling Stockholder Stock Purchase Agreement ; (3) a governance agreement among us, Chiesi and, with respect to certain sections, certain of our stockholders, which we refer to as the Governance Agreement ; (4) a license and distribution agreement between us and Chiesi, which we refer to as the U.S. CUROSURF[®] Agreement ; and (5) a stockholders agreement, as subsequently amended, among Chiesi, Mr. Collard, Mr. Lutz, Cornerstone Biopharma Holdings, Ltd., the Lutz Family Limited Partnership and Carolina Pharmaceuticals, an entity controlled by Mr. Collard, which we refer to as the Stockholders Agreement.

Pursuant to the Stock Purchase Agreement, we agreed to issue and sell 11.9 million shares of our common stock to Chiesi on the closing date and to issue additional shares within 90 days following the closing so that Chiesi would own 51% of our outstanding shares on a fully diluted basis (as defined in the Stock Purchase Agreement) as of the closing date. We refer to our sale of common stock to Chiesi as the Company Stock Sale. Pursuant to the Stock Purchase Agreement, we also agreed to submit certain amendments to our certificate of incorporation, or the Charter Amendments, to our stockholders for approval. In addition, certain of our executive officers entered into new employment agreements with us, and certain of our executive officers and entities controlled by them entered into voting agreements with Chiesi requiring them to vote in favor of the Charter Amendments. Concurrently with the execution of the Stock Purchase Agreement, the parties entered into the Governance Agreement, which is discussed more fully below.

Pursuant to the Selling Stockholder Stock Purchase Agreement, Cornerstone Biopharma Holdings, Ltd. and the Lutz Family Limited Partnership agreed to sell an aggregate of 1.25 million and 350,000 shares, respectively, of our common stock to Chiesi. We refer to their sale of common stock to Chiesi as the Initial Stock Sale. At the time they agreed to sell their shares, Cornerstone Biopharma Holdings, Ltd. and the Lutz Family Limited Partnership beneficially owned approximately 23.8% and 5.0% of our common stock, respectively. Mr. Collard owns 100% of the outstanding common stock of Cornerstone Biopharma Holdings, Ltd. and is a director of that entity, and Mr. Lutz is the general partner of the Lutz Family Limited Partnership. Concurrently with the execution of the Selling Stockholder Stock Purchase Agreement, Mr. Collard, Mr. Lutz, Cornerstone Biopharma Holdings, Ltd., the Lutz Family Limited Partnership and Carolina Pharmaceuticals entered into the Stockholders Agreement, which is

discussed more fully below. Carolina Pharmaceuticals (along with its parent company, Carolina Pharmaceuticals Holdings) beneficially owned approximately 10.7% of our common stock on May 6, 2009. Mr. Collard serves as the chief executive officer and chairman of both Carolina Pharmaceuticals and Carolina Pharmaceuticals Holdings and owns a controlling interest in Carolina Pharmaceuticals Holdings. In addition, Mr. Lutz serves as a director of each of Carolina Pharmaceuticals and

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Carolina Pharmaceuticals Holdings, and one of our former executive officers, Chenyqua M. Baldwin, served as a director of these entities at the time the parties entered into the Chiesi Transaction.

Pursuant to these agreements, Chiesi agreed to (1) grant us, pursuant to the U.S. CUROSURF Agreement, an exclusive 10-year license to distribute Chiesi's CUROSURF product in the United States; (2) grant us, pursuant to the Governance Agreement, a right of first offer, for a period of two years following the closing of the transaction, on all products and technology that it wishes to market in the United States; and (3) pay us \$15.5 million in cash. Chiesi also agreed to purchase the shares sold in the Initial Stock Sale by Cornerstone Biopharma Holdings, Ltd. and the Lutz Family Limited Partnership for \$5.50 per share, or an aggregate of \$8.8 million. The source of the funds for the cash consideration Chiesi paid us and the selling stockholders was its general working capital.

Our stockholders approved the Company Stock Sale on July 27, 2009, and the Initial Stock Sale and the Company Stock Sale closed on July 28, 2009. On August 27, 2009, our stockholders approved the Charter Amendments, which became effective on August 28, 2009. On October 14, 2009, we issued Chiesi an additional 269,684 shares as required by the Stock Purchase Agreement. As a result of the Chiesi Transaction, as of April 12, 2010, Chiesi beneficially owns 53.8% of our common stock.

In connection with the closing of the Company Stock Sale, the Governance Agreement became effective, and our board of directors approved the amendment and restatement of our bylaws pursuant to its provisions. Among other things, the Governance Agreement (1) contains certain governance provisions related to the structure and composition of our board of directors; (2) provides Chiesi with certain majority stockholder rights that are incorporated in our amended and restated bylaws and in the Charter Amendments; (3) requires us to take or cause to be taken all lawful action necessary to ensure that our certificate of incorporation and bylaws are not at any time inconsistent with the Governance Agreement's provisions; (4) imposes certain restrictions on Chiesi, including restrictions on its purchases and transfers of our common stock; and (5) requires Chiesi, Mr. Collard, Mr. Lutz and the entities controlled by them to vote their shares in favor of the directors nominated for election in accordance with the Governance Agreement and otherwise in a manner consistent with the Governance Agreement. The provisions of the Governance Agreement are effective through July 28, 2011 (two years following the closing of the Company Stock Sale).

As a result of the provisions we agreed to in the Governance Agreement, the Charter Amendments and our amended and restated bylaws as a result of the Chiesi Transaction, among other things:

our board of directors was reconstituted to consist of eight members divided into two classes, with our Class A directors consisting of our Chief Executive Officer and three independent directors and our Class B directors consisting of four directors designated by Chiesi; thereafter, the number of directors Chiesi may nominate for election to our board of directors will be based upon Chiesi's percentage level of beneficial ownership of our common stock;

a quorum at any meeting of our board of directors will require a majority of the total authorized number of directors (including at least one Class B director when there is one);

our Compensation Committee must approve, and the board of directors must ratify, all executive compensation;

for so long as Chiesi and its affiliates beneficially own more than 50% of the outstanding shares of our common stock on a fully diluted basis, as defined in our bylaws, certain actions are subject to the approval of our board of directors;

for so long as Chiesi and its affiliates beneficially own at least 50% of the outstanding shares of our common stock on a fully diluted basis, as defined in our certificate of incorporation, the Class B directors present at a meeting will have equal voting power with the Class A directors present at a meeting; and

for so long as Chiesi and its affiliates beneficially own at least 40% of the outstanding shares of our common stock on a fully diluted basis, as defined in our certificate of incorporation, certain significant actions specified in our certificate of incorporation are subject to Chiesi's approval.

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For further information about the Charter Amendments and the Governance Agreement as they relate to the election of directors, see Corporate Governance Director Nomination Process below.

Also in connection with the closing of the Company Stock Sale, the Stockholders Agreement became effective. Among other things, the Stockholders Agreement generally requires Mr. Collard, Mr. Lutz and the entities controlled by them to (1) refrain, through July 28, 2011, from purchasing and transferring our common stock beneficially owned by them except in accordance with the agreement and (2) vote in favor of a transaction whereby Chiesi or its affiliates will acquire all of our outstanding common stock.

The Stockholders Agreement also grants Chiesi an option to purchase, at \$12.00 per share in cash, a certain number of shares of common stock beneficially owned (as defined in the agreement) by Mr. Collard, Mr. Lutz and the entities controlled by them during the 30-day period following July 28, 2011, referred to as the covered shares. Mr. Collard, Cornerstone Biopharma Holdings, Ltd., Carolina Pharmaceuticals, Mr. Lutz and the Lutz Family Limited Partnership have 228,559, 1,561,780, 947,207, 195,227 and 261,878 covered shares, respectively, under the Stockholders Agreement. Because Mr. Collard and Mr. Lutz do not own any shares of common stock directly, their covered shares were based on the number of vested options (with exercise prices ranging from \$0.43 per share to \$3.90 per share) held by them.

If Chiesi exercises its option, Mr. Collard, Cornerstone Biopharma Holdings, Ltd., Carolina Pharmaceuticals, Mr. Lutz and the Lutz Family Limited Partnership would receive proceeds of approximately \$2.4 million, \$18.7 million, \$11.4 million, \$2.0 million and \$3.1 million, respectively. Proceeds received by the entities controlled by Mr. Collard or Mr. Lutz are not included in the amounts attributable to these individuals. In addition, for Mr. Collard and Mr. Lutz, these amounts are net of the amounts they would be required to pay to exercise a sufficient number of stock options held by them prior to selling the covered shares to Chiesi (assuming for this purpose that Mr. Collard and Mr. Lutz would exercise stock options with the lowest exercise prices to satisfy their respective obligations).

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PROPOSAL ONE ELECTION OF DIRECTORS

As a result of the Chiesi Transaction, our board of directors currently consists of eight members, four of whom are a Class A directors and four of whom are Class B directors. Class B directors are nominated by Chiesi.

At the 2010 annual meeting, stockholders will have an opportunity to vote for the all director nominees. The persons named in the enclosed proxy card will vote to elect these nominees as directors, unless you withhold authority to vote for the election of a nominee by marking the proxy card to that effect. The nominees have indicated their willingness to serve, if elected. However, if a nominee should be unable or unwilling to serve, the proxies may be voted for a substitute nominee designated by our board of directors, or our board of directors may reduce the number of directors to be elected at the 2010 annual meeting.

Board Recommendation

The board of directors recommends a vote FOR the election of the director nominees.

The following paragraphs provide information as of the date of this proxy statement about our Class A and Class B director nominees. The information presented includes information about each such director, including, among other things, his age; all positions and offices he holds with us; length of service as a director; principal occupation and employment for the past five years; the names of other companies of which he has served as a director at any time during the past five years; and the specific experience, qualifications, attributes and skills that led to the conclusion that the director nominee should serve as one of our directors. For information about the number of shares of common stock beneficially owned by our directors as of April 12, 2010, see Stock Ownership Information.

Two of our Class B directors, Alessandro Chiesi and Maria Paola Chiesi, are first cousins. No other director, director nominee or executive officer is related by blood, marriage or adoption to any director, director nominee or executive officer. Other than as set forth in the Governance Agreement and the Stockholders Agreement, no arrangements or understandings exist between any director or person nominated for election as a director and any other person pursuant to which such person is to be selected as a director or nominee for election as a director.

Class A Director Nominees

Craig A. Collard, age 44, became a director in 2008.

Craig A. Collard has served as our President and Chief Executive Officer and the chairman of our board of directors since the consummation of our merger with Cornerstone BioPharma Holdings, Inc., or Cornerstone BioPharma, on October 31, 2008. We refer to this transaction as the Merger. In March 2004, Mr. Collard founded Cornerstone Biopharma Holdings, Ltd. (the assets and operations of which were restructured as Cornerstone BioPharma in May 2005), and served as its President and Chief Executive Officer and a director from March 2004 to October 2008. Before founding Cornerstone BioPharma, Mr. Collard's principal occupation was serving as the President and Chief Executive Officer of Carolina Pharmaceuticals, Inc., a specialty pharmaceutical company he founded in May 2003. From August 2002 to February 2003, Mr. Collard served as Vice President of Sales for Verum Pharmaceuticals, Inc., a specialty pharmaceutical company in Research Triangle Park, North Carolina. From 1998 to 2002, Mr. Collard worked as Director of National Accounts at DJ Pharma, Inc., a specialty pharmaceutical company which was eventually purchased by Biovail Pharmaceuticals, Inc. His pharmaceutical career began in 1992 as a field sales representative at Dura Pharmaceuticals, Inc., or Dura. He was later promoted to several other sales and marketing positions within Dura. Mr. Collard is a member of the board of directors of Hilltop Home Foundation, a Raleigh, North Carolina, non-profit corporation, in addition to our board of directors. Mr. Collard holds a B.S. in Engineering

from the Southern College of Technology (now Southern Polytechnic State University) in Marietta, Georgia.

Christopher Codeanne, age 42, became a director in 2008.

Christopher Codeanne has served on our board of directors since the consummation of the Merger. Since April 2008, Mr. Codeanne has served as Chief Operating Officer and Chief Financial Officer of Oncology Development Partners, LLC (d/b/a Oncopartners), a specialized international oncology contract research

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organization. From December 2006 through April 2008, Mr. Codeanne served as the Chief Financial Officer of Averion International Corp., or Averion, a publicly traded international contract research organization. Prior to Averion, from 2002 through July 2006, Mr. Codeanne was the Chief Financial Officer of SCIREX Corporation (which was acquired by Premier Research Group plc in 2006), or SCIREX, an international, full-service clinical research organization. From 1999 to 2002, Mr. Codeanne served as Director of Finance of SCIREX. Mr. Codeanne is a member of the American Institute of Certified Public Accountants, the Connecticut Society of Certified Public Accountants and Financial Executives International. Mr. Codeanne holds a B.A. in Accounting from Fairfield University and an MBA from the University of Connecticut. He brings to our board of directors a depth of experience in financial analysis and reporting and knowledge regarding pharmaceutical development and working with contract research organizations.

Michael Enright, age 48, became a director in 2008.

Michael Enright has served on our board of directors since the consummation of the Merger. Mr. Enright has served as Chief Financial Officer for Ockham Development Group Inc., a global contract research organization, since its merger with Atlantic Search Group, Inc., a staff augmentation and functional outsourcing services organization serving pharmaceutical companies and contract research organizations in the United States and India, where he held the same position since 1995. Prior to 1995, Mr. Enright held positions in employee benefits administration with Hauser Insurance Group and The Prudential Insurance Company, and in financial management with General Electric Company's aerospace business group. Mr. Enright holds a B.A. in Finance from Villanova University and an MBA from the Kenan-Flagler School of Business of the University of North Carolina at Chapel Hill. He brings to our board of directors a depth of experience in strategic planning and organizational development and human resources.