

CAMBREX CORP
Form 10-K
February 11, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission file number 1-10638

CAMBREX CORPORATION
(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

22-2476135
(I.R.S. Employer Identification No.)

One Meadowlands Plaza,
East Rutherford, New Jersey
(Address of principal executive offices)

07073
(Zip Code)

Registrant's telephone number, including area code: (201) 804-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act: (None)

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes . No .

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes . No .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

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Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$91,280,990 as of June 30, 2010.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of January 31, 2011, there were 29,477,530 shares outstanding of the registrant's Common Stock, \$.10 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the 2011 Annual Meeting are incorporated by reference into Part III of this Report.

CAMBREX CORPORATION AND SUBSIDIARIES

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For the Year Ended December 31, 2010

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Forward-Looking Statements

This document may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding expected performance, especially expectations with respect to sales, research and development expenditures, earnings per share, capital expenditures, acquisitions, divestitures, collaborations, or other expansion opportunities. These statements may be identified by the fact that they use words such as “expects,” “anticipates,” “intends,” “estimates,” “believes” or similar expressions. Any forward-looking statements contained herein are based on current plans and expectations and involve risks and uncertainties that could cause actual outcomes and results to differ materially from current expectations. The factors described in Item 1A of Part I of this Annual Report on Form 10-K captioned “Risk Factors,” or otherwise described in the Company’s filings with the Securities and Exchange Commission, as well as any cautionary language in this Annual Report on Form 10-K, provide examples of risks and uncertainties that may cause the Company’s actual results to differ materially from the expectations the Company describes in its forward-looking statements, including but not limited to, pharmaceutical outsourcing trends, competitive pricing or product developments, government legislation and regulations (particularly environmental issues), tax rate, interest rate, technology, manufacturing and legal issues, including the outcome of outstanding litigation disclosed in the Company’s public filings, changes in foreign exchange rates, uncollectable receivables, loss on disposition of assets, cancellation or delays in renewal of contracts, lack of suitable raw materials or packaging materials, and the Company’s ability to receive regulatory approvals for its products.

The forward-looking statements are based on the beliefs and assumptions of Company management and the information available to Company management at the time these disclosures were prepared. Although the Company believes the expectations reflected in these statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Annual Report on Form 10-K. The Company undertakes no obligation to update these forward-looking statements, even if the Company’s situation changes in the future.

PART I

Item 1 Business.

General

Cambrex Corporation (the "Company" or "Cambrex"), a Delaware corporation, began business in December 1981. Cambrex is a life sciences company that provides products and services that accelerate and improve the development and commercialization of new and generic therapeutics. The Company primarily supplies its products and services worldwide to innovator and generic pharmaceutical companies. Cambrex has three operating segments, which are manufacturing facilities that have been aggregated as one reportable segment. The Company's overall strategy is to: grow its portfolio of custom development projects, especially those in the later stages of the clinical trial process, secure long-term supply agreements to produce active pharmaceutical ingredients (“APIs”) and intermediates for newly approved drug products; expand sales of products and projects based on its proprietary technologies; and partner with generic drug companies to grow the Company’s extensive portfolio of generic APIs. The Company’s recent acquisition of a 51% equity stake in Zenara Pharma (“Zenara”) also gives the Company additional capabilities in final dosage form products as well as establishing it as one of the leading global suppliers to the nicotine replacement therapy (“NRT”) market. The Company also seeks to demonstrate excellence in regulatory compliance, environmental, health and safety performance, and customer service.

The Company uses a consistent business approach:

- Niche Market Focus: The Company participates in niche markets where significant technical expertise provides a competitive advantage and market differentiation.

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- **Market Leadership:** The Company secures leading market positions through excellent customer service, proprietary technologies, specialized capabilities and an outstanding regulatory record and leverages these capabilities across the market segments in which it participates.
- **New Products and Services:** The Company continues to invest in research and product (“R&D”) development in order to introduce innovative products and services to accelerate revenue growth, provide a competitive advantage and maintain its leading market positions.
- **Operational Excellence:** The Company maintains its commitment to continually improve productivity and customer service levels and maintains excellent quality and regulatory compliance systems.
- **Acquisition and Licensing:** The Company may drive growth in strategic business segments through the prudent acquisition of products, product lines, technologies and capabilities to enhance the Company's position in its niche markets.

As part of the process of evaluating strategic alternatives to enhance shareholder value, the sale of two businesses was completed in October 2006 and the sale of the businesses that comprised the Bioproducts and Biopharma segments was completed in February 2007, and where applicable, these businesses are being reported as discontinued operations in all periods presented.

Market Overview and Growth Drivers

The Company participates in markets that serve the healthcare industry. Customers include generic drug companies and companies that discover and commercialize new small molecule human therapeutics using organic chemistry.

The aging western population, continued investment in healthcare research and drug development, growth in the world's developing markets, and the necessity to develop life saving therapeutics to address unmet needs drives business growth in life sciences companies. Aging "baby boomers" in the United States, Europe and Japan may provide an enormous healthcare opportunity. This group typically has more education, a higher socio-economic level and higher demands for healthcare services than previous generations.

Demand for Cambrex products and services is dependent upon some of its customers' continuing access to financial resources to advance their R&D projects for therapeutic candidates from the laboratory to the clinic, and eventually, to the patient. Healthcare investment comes from a variety of sources. Large pharmaceutical and biotechnology companies spend billions on drug discovery and development. Macro-economic conditions can have an impact on the availability of funding for the Company's customers, especially those customers dependent upon venture capital and other private sources of funding.

Once a drug is identified, companies develop a robust process for the manufacture of clinical and commercial quantities. Product testing, analytical methods and quality processes are integrated into the manufacturing process. This is a critical step to getting a commercially viable drug to market. Cambrex excels in the manufacture and testing of APIs and drug substances at laboratory, clinical and commercial scale and specializes in optimizing manufacturing processes.

Demand for outsourced services from pharmaceutical companies continues to grow. Large pharmaceutical and biotechnology companies may outsource the development and manufacturing of a drug substance to manage multiple internal priorities, access new technologies or additional capacity, preserve needed capital or ensure multiple sources of supply. Many emerging pharmaceutical and generic drug companies outsource all process development and manufacturing and many larger pharmaceutical companies have publicly stated that they will increasingly outsource

the manufacturing of drug products. Cambrex is particularly well positioned to assist drug companies with these much needed services for traditional APIs.

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New drugs are typically patented. When the patent expires, the drug may be manufactured and marketed in its generic form. Growth in the generic drug market is driven by the continuing stream of drug patents that will expire in the future and favorable market forces that encourage the use of generic pharmaceuticals as a more cost effective health care alternative to higher-priced branded drugs. In the United States and many countries in Europe, governments and prescription benefit management companies provide incentives for generic substitution to reduce costs. Cambrex manufactures over 70 generic APIs, typically in relatively small quantities for use in niche therapeutics.

The market for human therapeutics is regulated by the Food and Drug Administration (“FDA”) in the United States and other regulatory agencies throughout the world. These agencies oversee and regulate the development, manufacturing and commercialization process for APIs and regulated intermediates. Excellent regulatory and quality systems are essential to serve the industry and serve as a barrier to entry for potential new competitors.

Competitors from developing markets have increased their capabilities in drug substance manufacturing and finished dosage form drugs in recent years. While overall global demand has been lifted by the rapid growth in certain developing markets, the presence of competitors within these markets, who have lower cost structures, have resulted in downward pricing pressure throughout the pharmaceutical supply chain, and especially on generic APIs and certain development services for clinical phase products. Pricing pressures, due to developing market competitors, on later stage clinical projects and supply arrangements for patented products have been limited to date, although these pressures may increase as developing markets become more acceptable as suppliers to larger pharmaceutical companies. In November 2010, the Company acquired a 51% equity stake in Zenara for approximately \$18,900. Zenara is a Hyderabad, India based pharmaceutical company focused on the formulation of final dosage form products. Cambrex also sources R&D services, raw materials and certain intermediates from Chinese and Indian providers and will continue to do so. The Company will also continue to assess additional opportunities to invest in, or partner with, companies with capabilities in these geographies.

Development of the Business

The discussion below provides insight into the general development of the Company’s business, including its material acquisitions and dispositions of assets over the past five years.

In February 2007, the Company completed the sale of the businesses that comprised the Bioproducts and Biopharma segments to Lonza for total cash consideration of \$463,914, including working capital adjustments. As a result of this transaction, these businesses are being reported as discontinued operations in all periods presented.

In January 2008, the Company acquired AS ProSyntest, a privately held API research and development company located in Tallinn, Estonia. ProSyntest, renamed Cambrex Tallinn, has strengths in cost effective chemical route selection and sample generation, rapid scale up of products at kilo lab scale, as well as chiral and organometallic chemistries.

In March 2010, the Company completed the acquisition of IEP GmbH (“IEP”), a company in Wiesbaden, Germany that is a leader in the field of industrial biocatalysis. IEP offers cost effective customized biocatalytic process development and sales of enzymes to the pharmaceutical industry and was acquired for approximately \$6,900 in cash.

In November 2010, the Company acquired a 51% equity stake in Zenara for approximately \$18,900. Zenara is a Hyderabad, India based pharmaceutical company focused on the formulation of final dosage form products. Pursuant to the stock purchase agreement, Cambrex will acquire the remaining 49% in early 2016 at a value to be determined using a weighted combination of a multiple of 2015 earnings before interest, taxes, depreciation and amortization (“EBITDA”) and cumulative EBITDA for the years 2011 through 2015, adjusted for Zenara’s net debt or net cash position, as recorded under Indian GAAP. Cambrex accounts for its investment in Zenara using the equity method of

accounting. See Notes 2, 4 and 8 for additional information.

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Products

The Company uses its technical expertise in a wide range of chemical processes to meet the needs of its customers for high quality products and services for specialized applications.

The Company's business is primarily comprised of the custom development and manufacture of pharmaceutical ingredients derived from organic chemistry. Products and services are supplied globally to innovative and generic drug companies. Products include APIs and pharmaceutical intermediates. Services include custom development and current Good Manufacturing Practices ("cGMP") manufacturing services. The Company's recent acquisition of a 51% equity stake in Zenara also gives the Company additional capabilities in final dosage form products and establishes it as one of the leading global suppliers to the NRT market.

The Company's products and services are sold to a diverse group of several hundred customers, with one customer, Gyma Laboratories of America, Inc. ("Gyma"), a distributor representing multiple customers, accounting for 12.8% of 2010 sales. The Company's products are sold through a combination of direct sales and independent agents. One product, a gastro-intestinal API sold to multiple customers, accounted for 13.7% of 2010 sales.

This table summarizes gross sales by product groups:

	2010	2009	2008
APIs and pharmaceutical intermediates	\$ 203,807	\$ 212,644	\$ 220,722
Other	22,629	23,633	28,896
Total	\$ 226,436	\$ 236,277	\$ 249,618

The following table shows gross sales to geographic area for the years ended December 31, 2010, 2009 and 2008:

	2010	2009	2008
Europe	\$ 127,009	\$ 136,534	\$ 143,542
North America	78,497	80,830	86,631
Asia	12,554	10,495	11,440
Other	8,376	8,418	8,005
Total	\$ 226,436	\$ 236,277	\$ 249,618

Marketing and Distribution

The Company's products generally include higher value, low-to-medium volume niche products requiring significant technical expertise to develop and manufacture. Marketing generally requires significant cooperative effort among a highly trained sales and marketing staff, a scientific staff that can assess the technical fit and estimate manufacturing economics, manufacturing and engineering staff to scale up the chemical process and business unit management to determine the strategic and operational fit. The process to take a client's project from the clinical trial stage to a commercial, approved therapeutic may take from two to ten years. The Company uses sales agents and independent distributors in those areas where they are deemed to be more effective or economical than direct sales efforts.

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Raw Materials

The Company uses a wide array of raw materials in its businesses. For its products, the Company generally will attempt to have a primary and secondary supplier for its critical raw materials. Prices for these raw materials are generally stable, except for the petroleum-based solvents, where prices can vary with market conditions.

Research and Development

The Company's R&D program is designed to increase the Company's competitiveness by improving its technology and developing processes for the manufacture of new products to meet customer requirements. The goals are to introduce innovative and proprietary products, improve manufacturing processes to reduce costs, improve quality and increase capacity to identify market opportunities that warrant significant technical expertise, and offer the prospects of a long-term, profitable business relationship. R&D activities are performed at all of the Company's manufacturing facilities in both the United States and Europe. Approximately 119 employees are at least partially involved in R&D activities worldwide.

In December 2007 the Company consolidated its United States R&D activities and small scale API production into its facility in Charles City, Iowa. As a result of the consolidation, the New Jersey R&D facility was closed as of December 31, 2008.

The Company spent \$10,305, \$7,929 and \$7,590 in 2010, 2009 and 2008, respectively, on R&D efforts.

Patents and Trademarks

The Company has patent protection covering certain products, processes and services. In addition, the Company also relies on know-how and trade secrets (related to many of its manufacturing processes and techniques not generally known to other companies) for developing and maintaining its market position. The Company currently owns 15 issued patents and has 13 patent applications pending in the United States and owns 139 patents and has 96 patent applications pending in foreign countries covering various technologies. The Company seeks to protect its proprietary technology and prepares new patent applications as decisions are made to patent new inventions.

The patent rights the Company considers most significant to its business are U.S. Patent Nos. 6,828,336 and 6,586,449 and 26 foreign counterparts which are part of its APIs and pharmaceutical intermediates product group relating to its nicotine polacrilex resin products and methods of manufacturing, and expire on May 28, 2022.

The Company's products and services are sold around the world under trademarks that are owned by the Company. These include PROFARMACO, which is registered around the world as a word and design mark, and CAMOUFLAGE, which has been registered in Europe and the United States. Rights in these trademarks will exist at least as long as the Company or its majority owned subsidiaries continue to use each of these trademarks.

The Company has entered into a worldwide perpetual license agreement with Celgene Corporation and Celgro Corporation which gives the Company the exclusive rights to certain intellectual property, including know-how and technology, relating to the development and manufacture of chirally pure bulk APIs. This intellectual property is related to 5-MAT and amphetamine salts currently sold by the Company. Under the current terms of this agreement, the Company pays no royalties or fees related to its use of this intellectual property.

Competition

The Company has over 25 primary API and advanced intermediate competitors throughout Western Europe and the U.S. and many more competitors within various segments of the markets the Company serves, including a growing number of competitors in Asia, Eastern Europe and other low-cost areas. The Company believes that low cost providers have had the impact of driving prices down for many products and services for which the Company competes to provide, and the Company anticipates that it will face increased competition from these providers in the future. It is expected that regulatory compliance, product quality, pricing, and logistics will determine the extent of the long term impact of these competitors in the primary markets that the Company serves. If the Company perceives significant competitive risk and a need for technical or financial commitment, it generally attempts to negotiate long term contracts or guarantees from its customers.

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Environmental and Safety Regulations and Proceedings

General: Certain products manufactured by the Company involve the use, storage and transportation of toxic and hazardous materials. The Company's operations are subject to extensive laws and regulations relating to the storage, handling, emission, transportation and discharge of materials into the environment and the maintenance of safe working conditions. The Company maintains environmental and industrial safety, health compliance programs and training at its plants and believes that its manufacturing operations are in compliance with all applicable safety, health and environmental laws.

Prevailing legislation tends to hold companies primarily responsible for the proper disposal of their waste even after transfer to third party waste disposal facilities. Moreover, other future developments, such as increasingly strict environmental, safety and health laws and regulations, and enforcement policies thereunder, could result in substantial costs and liabilities to the Company and could subject the Company's handling, manufacture, use, reuse, or disposal of substances or pollutants at its plants to more rigorous scrutiny than at present.

Known environmental matters which may result in liabilities to the Company and the related estimates and accruals are summarized in Note 20.

Present and Future Environmental Expenditures: The Company's policy is to comply with all legal requirements of applicable environmental, health and safety laws and regulations. The Company believes it is in compliance with such requirements and has adequate professional staff and systems in place to remain in compliance. In some cases, compliance can only be achieved by capital expenditures and the Company made capital expenditures of \$2,321, \$2,211 and \$1,760 in 2010, 2009 and 2008, respectively, for environmental projects. As the environmental proceedings in which the Company is involved progress from the remedial investigation and feasibility study stage to implementation of remedial measures, related expenditures may increase. The Company considers costs for environmental compliance to be a normal cost of doing business and includes such costs in pricing decisions.

Employees

At December 31, 2010, the Company had 829 employees worldwide (604 of whom were from international operations) compared with 854 employees at December 31, 2009 and 856 at December 31, 2008.

Non-U.S. production, administration, scientific and technical employees are represented by various local and national unions. The Company believes its labor relations are satisfactory.

Seasonality

The Company experiences some seasonality primarily due to planned plant shutdowns by the Company and certain customers in the third quarter. Operating results for any quarter, however, are not necessarily indicative of results for any future period. In particular, as a result of various factors including, but not limited to, acquisitions, plant shutdowns, and the timing of large contract revenue streams, the Company believes that period-to-period comparisons of its operating results should not be relied upon as an indication of future performance.

Export and International Sales

The Company exports numerous products to various areas, principally Western Europe, Asia and Canada. Export sales from the Company's domestic operations in 2010, 2009 and 2008 amounted to \$18,529, \$25,768 and \$24,602, respectively. Sales from international operations were \$155,073, \$151,759, and \$167,911 in 2010, 2009 and 2008, respectively. Refer to Note 18.

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Available Information

This annual report on Form 10-K, the Company's quarterly reports on Form 10-Q, the Company's current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are made available free of charge on the Company's Internet website www.cambrex.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The most recent certifications by the Company's Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to this annual report on Form 10-K. The Company also files with the New York Stock Exchange the Annual Chief Executive Officer Certification as required by Section 303A.12.(a) of the New York Stock Exchange Listed Company Manual.

The following corporate governance documents are available free of charge on the Company's website: the charters of its Audit, Regulatory Affairs, Compensation and Governance Committees, its Corporate Governance Guidelines, its Code of Business Conduct and Ethics and its Independence Standards for Directors. These corporate governance documents are also available in print to any stockholder requesting a copy from its corporate secretary at its principal executive offices. Information contained on its website is not part of this report. The Company will also post on its website any amendments to or waivers of its Code of Business Conduct and Ethics that relate to its Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer.

Item 1A. Risk Factors.

Factors That May Affect Future Results

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. If any of the following risks occur, the Company's business, financial condition, operating results and cash flows could be materially adversely affected. The risks and uncertainties described below are not the only ones the Company faces. Additionally, risks and uncertainties not presently known to the Company or that it currently deems immaterial also may impair its business, financial condition, operating results and cash flows in the future.

Risks Relating to Cambrex's Business

Companies may discontinue or decrease their usage of Cambrex's services.

The Company has observed increasing pressure on the part of its customers to reduce costs, including the use of its services and products, as a result of macro-economic trends and various market dynamics specifically affecting the pharmaceutical industry. These customers could discontinue or decrease their usage of Cambrex's services and products.

New technologies, competition or a reduction in demand for Cambrex's products could reduce sales.

The markets for the Company's products are competitive and price sensitive. The Company's competitors may lower prices on products in the future and the Company may, in certain cases, respond by lowering its prices. Conversely, failure to anticipate and respond to price competition may hurt Cambrex's market share. Some of the Company's competitors also have significant financial, operational and sales and marketing resources which may reduce the Company's level of business. Companies may develop new technologies that would compete with the Company's products or render its products obsolete. Several of Cambrex's customers, especially those that buy its generic APIs, have internal capabilities similar to Cambrex's. In addition, demand for the Company's products may weaken due to a reduction in R&D budgets, loss of distributors or other factors.

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The Company's failure to obtain new contracts or renew existing contracts may adversely affect its business.

Many of Cambrex's contracts are short term in duration. As a result, the Company must continually replace its contracts with new contracts to sustain its revenue. In addition, certain of the Company's long-term contracts may be cancelled or delayed by clients for any reason upon notice. Multiple cancellations or non-renewals of significant contracts could materially impact the Company's business.

Failure to obtain products and raw materials from third-party manufacturers could affect Cambrex's ability to manufacture and deliver its products.

The Company relies on third-party manufacturers to supply many of its raw materials and intermediates. In addition, the Company has a single source for supplies of some raw materials to its products. Manufacturing problems may occur with these and other outside sources. If such problems occur, the Company cannot ensure that it will be able to manufacture its products profitably or on time.

Disruptions to the Company's or its customers' manufacturing operations could adversely affect its results.

Due to heavy reliance on manufacturing and related operations to produce and distribute the products the Company sells, the Company could be adversely affected by disruptions to these operations or its customers' operations. Any significant disruption to those operations for any reason, such as labor unrest, terrorism, power interruptions, fire, or other events beyond the Company's control could adversely affect its sales and customer relationships. While insurance coverage may reimburse the Company in part for profits lost from such disruptions, any sustained reduction in the Company's ability to provide these products would negatively impact its sales growth expectations, cash flows and profitability.

Failure to win early stage business opportunities can cause difficulty in winning future opportunities with that potential customer.

Certain products the Company sells are incorporated into its customers' drug manufacturing processes. In some cases, once a customer chooses a particular product for use in a drug manufacturing process, it is unlikely that the customer will later switch to a competing alternative. In many cases, the regulatory approvals related to a drug product will specify the products qualified for use in its making. Obtaining the regulatory approvals needed for a change in the manufacturing process is time consuming, expensive and uncertain. Accordingly, if a customer does not select the Company's products or services early in its manufacturing design phase for any number of reasons, the Company may lose the opportunity to participate in the customer's manufacturing of such product. Because the Company faces competition in this market from other companies, it is possible that its competitors could win significant early business with customers making it difficult for the Company to recover late-stage opportunities with higher volumes.

Litigation may harm the Company or otherwise negatively impact its management and financial resources.

Complex or extended litigation could cause the Company to incur large expenditures and distract its management. For example, lawsuits by employees, stockholders, counterparties to acquisition and divestiture contracts, collaborators, distributors, customers, or end-users of the Company's products or services could be very costly and substantially disrupt its business. Disputes from time to time with such companies or individuals are not uncommon, and the Company cannot be assured that it will always be able to resolve such disputes out of court or on terms favorable to the Company.

Refer to Note 20 for a discussion of the Company's environmental and legal matters.

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Incidents related to hazardous materials could adversely affect the Company.

Portions of the Company's operations require the controlled use of hazardous materials. Although the Company is diligent in designing and implementing safety procedures to comply with the standards prescribed by federal, state, local and foreign regulations, including the European Commission's Registration, Evaluation and Authorization of Chemicals ("REACH") regulation, the risk of accidental contamination of property or injury to individuals from these materials cannot be completely eliminated. In the event of such an incident, the Company could be liable for any damages which could adversely affect its business. Additionally, any incident could shut down the Company's research and manufacturing facilities and operations.

The Company generates waste that must be transported to approved storage, treatment and disposal facilities. The transportation and disposal of such waste are required to meet applicable state and federal statutes and regulations. The storage, treatment and disposal of such waste potentially exposes the Company to environmental liability if, in the future, such transportation and disposal are deemed to have violated such statutes or regulations or if the storage, treatment and disposal facilities are inadequate and are proved to have damaged the environment.

The Company is also party to several environmental remediation investigations and cleanups and, along with other companies, has been named a potentially responsible party ("PRP") for certain waste disposal sites.

Refer to Note 20 for a discussion of the Company's environmental and legal matters.

Potential product liability claims, errors and omissions claims in connection with services the Company performs and potential liability under indemnification agreements between the Company and its officers and directors could adversely affect the Company.

The Company manufactures products intended for use by the public. These activities could expose the Company to risk of liability for personal injury or death to persons using such products. The Company seeks to reduce its potential liability through measures such as contractual indemnification provisions with customers (the scope of which may vary by customer, and the performances of which are not secured) and insurance maintained by customers. The Company could be materially and adversely affected if it were required to pay damages or incur defense costs in connection with a claim that is outside the scope of the indemnification agreements, if the indemnity, although applicable, is not performed in accordance with its terms or if the Company's liability exceeds the amount of applicable insurance or indemnity. In addition, the Company could be held liable for errors and omissions in connection with the services it performs. The Company currently maintains product liability and errors and omissions insurance with respect to these risks. There can be no assurance, however, that the Company's insurance coverage will be adequate or that insurance coverage will continue to be available on terms acceptable to the Company.

The Company also indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that covers a portion of any potential exposure. The Company could be materially and adversely affected if it were required to pay damages or incur legal costs in connection with a claim above its insurance limits.

While the Company has what it believes to be adequate insurance coverage, any claims beyond its insurance coverage may result in substantial costs and a reduction in its available capital resources.

The Company maintains property insurance policies covering physical damage to its equipment, facilities, buildings and inventory; employer's liability insurance generally covering death or work injury of employees; product liability

insurance covering product liability claims arising from the use, consumption or operation of its products; general liability insurance covering certain incidents to third parties that occur on or in the premises of the Company; business interruption insurance, and directors and officers liability insurance, among others. The Company does not maintain key man life insurance on any of its senior management or key personnel. The Company's insurance coverage, however, may not be sufficient to cover any claim for product liability, damage to its fixed assets or injury to its employees.

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Loss of key personnel could hurt the Company.

The Company depends on its ability to attract and retain qualified scientific and technical employees as well as a number of key executives. There can be no assurance the Company will be able to retain key personnel, or to attract and retain additional qualified employees. The Company's inability to attract and retain key personnel would have a material adverse effect on the Company's business.

The Company has made significant capital investments to its facilities to meet its potential future needs and, as a result, the Company depends on the success of attracting new and retaining existing customers' projects and their continued business.

The Company has recently made substantial investments in all of its manufacturing facilities. With the completion of these new facilities, the Company's fixed costs have increased. If the Company is not able to utilize the facilities to capacity, its margins could be adversely affected.

Global growth is subject to a number of economic risks.

The tightening of credit in financial markets in recent years adversely affects the ability of the Company's customers to obtain financing for significant purchases and operations and could result in a decrease in or cancellation of orders for its products and services as well as impact the ability of the Company's customers to make payments. The Company believes that cash flows from operations, along with funds available from a revolving line of credit, will be adequate to meet the operational and debt servicing needs of the Company, but no assurances can be given that this will continue to be the case. There is a risk that the funds available to be drawn under the Company's revolving line of credit may not be available in the event of the failure of one or more participant banks. Strengthening of the rate of exchange for the U.S. dollar against certain major currencies such as the Euro, Swedish krona and other currencies may also adversely affect the Company's results.

If the Company acquires other companies, its business may be harmed by difficulties in integration and employee retention, unidentified liabilities of the acquired companies, or obligations incurred in connection with acquisition financings.

All acquisitions involve known and unknown risks that could adversely affect the Company's future revenues and operating results. For example:

- The Company may fail to successfully integrate its acquisitions in accordance with its business strategy.
- The initial rationale for the acquisition may not remain viable due to a variety of factors, including unforeseen regulatory changes and market dynamics after the acquisition, and this may result in a significant delay and/or reduction in the profitability of the acquisition.
- Integration of acquisitions may divert management's attention away from the Company's primary product offerings, resulting in the loss of key customers and/or personnel, and may expose the Company to unanticipated liabilities.
- The Company may not be able to retain the skilled employees and experienced management that may be necessary to operate the businesses it acquires. If the Company cannot retain such personnel, it may not be able to locate or hire new skilled employees and experienced management to replace them.
- Cambrex may purchase a company that has contingent liabilities that include, among others, known or unknown patent or product liability claims.
- The Company's acquisition strategy may require it to obtain additional debt or equity financing, resulting in additional leverage, or increased debt obligations as compared to equity, and dilution of ownership.
- Cambrex may purchase companies located in jurisdictions where it does not have operations and as a result it may not be able to anticipate local regulations and the impact such regulations have on its business.

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In addition, if the Company makes one or more significant acquisitions in which the consideration includes equity shares or other securities, equity interests in Cambrex held by holders of the equity shares may be significantly diluted and may result in a dilution of earnings per equity share. If the Company makes one or more significant acquisitions in which the consideration includes cash, it may be required to use a substantial portion of its available cash or incur a significant amount of debt or otherwise arrange additional funds to complete the acquisition, which may result in reduced liquidity, a decrease in its net income and a consequential reduction in its earnings per equity share.

There are risks associated with the Company's recent acquisition of a 51% equity stake in Zenara including, but not limited to, Cambrex's ability to achieve its goals established for that business and fund its obligation to purchase the remaining 49% in 2016.

In November 2010, the Company purchased 51% of the equity in Zenara for approximately \$18,900, and is required to purchase the remaining 49% in 2016 based upon a formula derived from Zenara's future EBITDA. The Company may, at its option, purchase the remaining equity in cash or a combination of cash and up to 50% of the consideration in Cambrex stock.

To the extent Zenara has significant EBITDA over the next five years, substantial consideration will be required to purchase the remaining 49%. A large cash payment could require borrowing under the Company's credit facility and, since the Company's credit facility will need to be refinanced prior to its expiration in April 2012, there is no guarantee that the Company's future credit arrangements will facilitate the future purchase of the remaining 49% in 2016. Additionally, the uncertainty regarding the amount of consideration required for the 2016 buyout of the 49% may impact the Company's future borrowing ability, result in higher interest expense, or possibly result in difficulty securing any credit arrangements in the future. Additionally, issuance of any stock to satisfy a portion of this obligation could have a dilutive effect on holders of Cambrex common stock. In the event that Cambrex is unable to compensate the 49% equity holder for its shares in 2016, the 49% shareholder has certain rights, including the right to force a sale of Zenara to a third party to secure their payment.

Zenara is currently not profitable, and there is no guarantee that it will be in the future. Should Zenara not meet its goals or continue to generate losses, it could negatively impact the Company's consolidated results, cash flows and stock price.

The Company has a significant amount of debt.

The Company has a \$200,000 revolving credit facility of which \$115,900 was outstanding at December 31, 2010. This facility expires in April 2012. If the Company is unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments on the credit facility, it will be in default. This current debt arrangement requires the Company to comply with specified financial ratios. The Company's ability to comply with these ratios may be affected by events beyond its control.

Even if the Company is able to meet its debt service obligations, the amount of debt it has could adversely affect the Company by limiting its ability to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements, or other purposes. It also places the Company at a disadvantage relative to its competitors who have lower levels of debt, while making it more vulnerable to a downturn in its business or the economy in general. It also requires the Company to use a substantial portion of its cash to pay principal and interest on its debt, instead of investing those funds in the business.

The Company's liquidity, business, financial condition, results of operations and cash flows could be materially and adversely affected if the financial institutions which hold its funds fail.

The Company has significant funds held in bank deposits, money market funds and other accounts at certain financial institutions. A significant portion of the funds held in these accounts exceed insurable limits. If any of the financial institutions where the Company has deposited funds were to fail, the Company may lose some or all of its deposited funds that exceed the insurance coverage limit. Such a loss would have a material and adverse effect on the Company's liquidity, business, financial condition, results of operations and cash flows.

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A payment failure by any large customer or multiple smaller customers could adversely affect the Company's cash flows and profitability.

Historically, the Company has not experienced any significant bad debt or collection problems, but such problems may arise in the future. The failure of any of the Company's customers to make timely payments could require the Company to write off accounts receivable or increase provisions made against its accounts receivable, either of which could adversely affect the Company's cash flows and profitability.

The Company has significant inventories on hand.

The Company maintains significant inventories and has an allowance for slow-moving and obsolete inventory. Any significant unanticipated changes in future product demand or market conditions, including the current uncertainty in the global market, could also have an impact on the value of inventory and adversely impact the Company's results of operations.

International unrest or foreign currency fluctuations could adversely affect the Company's results.

The Company's international revenues, which include revenues from its non-U.S. subsidiaries and export sales from the U.S., represent the majority of its product revenues.

There are a number of risks arising from the Company's international business, including:

- the possibility that unfriendly nations or groups could boycott its products;
- general economic decline and/or political unrest in the markets in which it operates;
- potential increased costs associated with overlapping tax structures;
- more limited protection for intellectual property rights in some countries;
 - unexpected changes in regulatory requirements;
- the difficulties of compliance with a wide variety of foreign laws and regulations;
- longer accounts receivable cycles in certain foreign countries; and
 - import and export licensing requirements.

In addition, a significant portion of the Company's business is conducted in currencies other than the U.S. dollar, which is its reporting currency. The Company recognizes foreign currency gains or losses arising from its operations in the period incurred. As a result, currency fluctuations between the U.S. dollar and the currencies in which the Company does business have caused, and will continue to cause, foreign currency transaction gains and losses. The Company cannot predict the effects of exchange rate fluctuations upon its future operating results because of the number of currencies involved, the variability of currency exposures, and the potential volatility of currency exchange rates. The Company engages in limited foreign exchange hedging transactions to mitigate the impact of this volatility on its operations, but its strategies are short-term in nature and may not adequately protect its operating results from the full effects of exchange rate fluctuations.

Cambrex's global operations expose the Company to additional risks that could have an adverse effect on its business, financial position and results of operations.

Cambrex's operations extend to numerous countries outside of the U.S. including a 51% interest in Zenara located in Hyderabad, India. There are significant risks associated with the establishment of foreign operations, including, but not limited to: geopolitical risks, terrorism, foreign currency exchange rates and the impact of shifts in the U.S. and local economies on those rates, compliance with local laws and regulations, the protection of the Company's intellectual property and that of its customers, the ability to integrate its corporate culture with local customs and cultures, and the ability to effectively and efficiently supply its international facilities with the required equipment and materials. If the Company is unable to effectively manage these risks, these locations may not produce the revenues, earnings, or strategic benefits that it anticipates which could have a material adverse affect on the Company's business.

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Finally, the Company operates in certain jurisdictions that have experienced governmental corruption to some degree and, in some circumstances, anti-bribery laws may conflict with some local customs and practices. As a result of the Company's policy to comply with the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws, the Company may be at a competitive disadvantage to competitors that are not subject to, or do not comply with, such laws.

Cambrex's operating results may unexpectedly fluctuate in future periods.

The Company's revenue and operating results have fluctuated, and could continue to fluctuate, on a quarterly basis. The operating results for a particular quarter may be lower than expected as a result of a number of factors, including, but not limited to, the timing of contracts; the delay or cancellation of a contract; the mix of services provided; seasonal slowdowns in different parts of the world; the timing of start-up expenses for new services and facilities; changes in government regulations; and unfavorable exchange rates with the U.S. dollar. Because a high percentage of the Company's costs are relatively fixed in the short term, such as the cost of maintaining facilities and compensating employees, any one of these factors could have a significant impact on the Company's quarterly results. In some quarters, the Company's revenue and operating results may fall below the expectations of securities analysts and investors due to any of the factors described above. If such event occurred, sales of common stock by existing holders would cause the trading price of the Company's common stock to decline, even if the decline in revenue did not have any long-term adverse implications for the Company's business.

The possibility the Company will be unable to protect its technologies could affect its ability to compete.

The Company's success depends to a significant degree upon its ability to develop proprietary products and technologies. However, the Company cannot be assured that patents will be granted on any of its patent applications. The Company also cannot be assured that the scope of any of its issued patents will be sufficiently broad to offer meaningful protection. The Company has patents issued in selected countries, therefore, third parties can make, use, and sell products covered by its patents in any country in which the Company does not have patent protection. In addition, issued patents or patents the Company licenses could be successfully challenged, invalidated or circumvented so that its patent rights would not create an effective competitive barrier. The Company provides its customers the right to use its products under label licenses that are for research purposes only. These licenses could be contested, and the Company cannot be assured that it would either be aware of an unauthorized use or be able to enforce the restrictions in a cost-effective manner.

If a third party claimed an intellectual property right to technology the Company uses, it may need to discontinue an important product or product line, alter its products and processes, defend its right to use such technology in court or pay license fees. Although the Company may, under these circumstances, attempt to obtain a license to such intellectual property, it may not be able to do so on favorable terms, or at all. Additionally, if Cambrex's products are found to infringe on a third party's intellectual property, the Company may be required to pay damages for past infringement, and lose the ability to sell certain products or receive licensing revenues.

The Company also relies on trade secrets, unpatented proprietary know-how and continuing technological innovation that it seeks to protect, in part by confidentiality agreements with licensees, suppliers, employees and consultants. It is possible that these agreements will be breached and the Company will not have adequate remedies for any such breach. Disputes may arise concerning the ownership of intellectual property or the applicability of confidentiality agreements. Furthermore, Cambrex's trade secrets and proprietary technology may otherwise become known or be independently developed by its competitors or the Company may not be able to maintain the confidentiality of information relating to such products.

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The Company could be subject to goodwill impairment charges in the future.

Under U.S. GAAP, the Company is required to evaluate goodwill for impairment at least annually. If the Company determines that the fair value is less than the carrying value, an impairment loss will be recorded in the Company's statement of operations. The determination of fair value is a highly subjective exercise and can produce significantly different results based on the assumptions used and methodologies employed. If the Company's projected long-term sales growth rate, profit margins or terminal rate are considerably lower and/or the assumed weighted average cost of capital is considerably higher, future testing may indicate impairment and the Company would have to record a non-cash goodwill impairment loss in its statement of operations.

Assessments by various tax authorities may be materially different than the Company has provided for and it may experience significant volatility in its annual and quarterly effective tax rate.

As a matter of course, the Company is regularly audited by federal, state, and foreign tax authorities. From time to time, these audits result in proposed assessments. In recent years, the Company utilized significant tax attributes in the form of foreign tax credits and U.S. net operating loss ("NOL") carryforwards to reduce or eliminate potential tax expense related to the repatriation of funds into the U.S. resulting from the sale of the businesses that comprised the Bioproducts and Biopharma segments in 2007. While the Company believes that it has adequately provided for any taxes related to these items, and taxes related to all other aspects of its business, any such assessments or future settlements may be materially different than it has provided.

The Company may pursue transactions that could cause it to experience significant charges to earnings that may adversely affect its stock price and financial condition.

The Company regularly reviews potential transactions related to technologies, products, product rights and businesses complementary to its business. These transactions could include mergers, acquisitions, divestitures, strategic alliances or licensing agreements. In the future, the Company may choose to enter into these transactions at any time. As a result of acquiring businesses or entering into other significant transactions, the Company may experience significant charges to earnings for merger and related expenses. If the Company is not able to successfully integrate the acquired business to create the advantages the acquisition was intended to create, it may affect the Company's results of operations and the market price of its common stock. Furthermore, if the Company is unable to improve the operating margins of acquired businesses or operate them profitably, it may be unable to achieve its growth strategy.

Risks Related to Cambrex's Industry

Any significant change in government regulation of the drug development process could have a material adverse effect on the Company.

The manufacturing of pharmaceutical products is subject to extensive regulation by governmental authorities, including the FDA and comparable regulatory authorities in other countries. The Company's business, as well as its customers' business depends in part on strict government regulation of the drug development process. Legislation may be introduced and enacted from time to time to modify regulations administered by the FDA and governing the drug approval process. Any significant reduction in the scope of regulatory requirements or the introduction of simplified drug approval procedures could have a material adverse effect on the Company's business.

Failure to comply with cGMP and other government regulations or delays in obtaining regulatory approval could have a material adverse effect on the Company.

All facilities and manufacturing techniques used for manufacturing products for clinical use or for commercial sale in the U.S. must be operated in conformity with cGMP regulations as required by the FDA and other comparable regulatory authorities in other countries, and for certain products, the Drug Enforcement Agency. The Company's facilities are subject to scheduled periodic regulatory and customer inspections to ensure compliance with cGMP and other requirements applicable to such products. A finding that the Company had materially violated these requirements could result in regulatory sanctions including, but not limited to, the regulatory agencies, including the FDA, withholding approval of new drug applications or supplements and the denial of entry into the U.S., or other countries, of products manufactured at non-compliant foreign facilities, the loss of a customer contract, the disqualification of data for client submissions to regulatory authorities and a mandated closing of the Company's facilities. Any such violations would have a material adverse effect on the Company's business. Cambrex's customers are typically subject to the same, or similar, regulations and any such violations or other actions by regulatory agencies, including, but not limited to, plant shutdowns or product recalls that eliminate or reduce the Company's sale of its products or services could negatively impact the Company's business. In addition, the submission of new products to regulatory authorities for approval by the Company or its customers does not guarantee the approval to market the product will be granted. Each authority may impose its own requirements and/or delay or refuse to grant approval to the Company or customer even when the product has already been approved in another country.

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The outsourcing trend in the preclinical and clinical stages of drug research and development may decrease, which could slow the Company's growth.

The success of the Company's business depends to a certain extent on the number of contracts and the size of the contracts that it may obtain from pharmaceutical companies. Over the past several years, the Company has benefited from increased levels of outsourcing by pharmaceutical companies of their drug R&D activities. A slowing of the outsourcing trend could result in a diminished growth rate in the Company's sales and adversely affect its business, financial condition and results of operations.

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Item 1B Unresolved Staff Comments.

None.

Item 2 Properties.

Set forth below is information relating to manufacturing facilities owned by the Company as of December 31, 2010:

Location	Acreage	Operating Subsidiary	Product Lines Manufactured
Charles City, Iowa	57 acres	Cambrex Charles City, Inc.	APIs, Pharmaceutical Intermediates, Imaging Chemicals, Animal Health Products and Fine Custom Chemicals
Karlskoga, Sweden	42 acres	Cambrex Karlskoga AB	APIs, Pharmaceutical Intermediates, Imaging Chemicals and Fine Custom Chemicals
Paullo (Milan), Italy	13 acres	Cambrex Profarmaco Milano S.r.l.	APIs and Pharmaceutical Intermediates

The Company leases 10,000 square feet in Tallinn, Estonia which has a lease term ending in May 2014 and leases 6,000 square feet in Wiesbaden, Germany which has a lease term ending in December 2015. The Company believes its operating facilities to be in good condition, well-maintained and adequate for its current needs.

In December 2007 the Company consolidated its United States R&D activities and small scale API production into its facility in Charles City, Iowa. As a result of the consolidation, the Company's New Jersey R&D facility was closed as of December 31, 2008. The lease expired in December 2010.

Most of the Company's products and services are provided from multi-purpose facilities. Each product has a unique requirement for equipment, and occupies such equipment for varying amounts of time. It is generally possible, with proper lead time and customer and regulatory approval (if required), to transfer the manufacturing of a particular product to another facility should capacity constraints dictate.

Item 3 Legal Proceedings.

See "Environmental and Safety Regulations and Proceedings" under Item 1 and Note 20 with respect to various proceedings involving the Company in connection with environmental matters. The Company is party to a number of other proceedings also discussed in Note 20.

Item 4 [Removed and reserved.]

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PART II

Item 5 Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's common stock, \$.10 par value is listed on the New York Stock Exchange ("NYSE") under the symbol CBM. The following table sets forth the closing high and low sales price of the common stock as reported on the NYSE:

2010	High	Low
First Quarter	\$ 6.01	\$ 3.68
Second Quarter	4.79	3.15
Third Quarter	4.41	2.91
Fourth Quarter	6.07	4.02
2009	High	Low
First Quarter	\$ 5.24	\$ 1.50
Second Quarter	4.48	2.27
Third Quarter	6.51	3.89
Fourth Quarter	7.17	5.17

As of February 4, 2011, the Company estimates that there were approximately 3,652 beneficial holders of the outstanding common stock of the Company.

The Company has not declared nor paid any cash dividends on its common stock in the last two years and presently intends to retain future earnings, if any, to fund the development and growth of its business. Therefore, the Company does not anticipate paying cash dividends in the foreseeable future.

2010 Equity Compensation Table

The following table provides information as of December 31, 2010 with respect to shares of common stock that may be issued under the Company's existing equity compensation plans.

Plan category	Column (a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Column (b) Weighted average exercise price of outstanding options, warrants and rights	Column (c) Number of securities remaining for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,620,360	\$ 7.43	153,502
	233,433	\$ 8.06	-

Equity compensation plans not approved by
security holders

Total	1,853,793	\$	7.51	153,502
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The material features of the equity compensation plan under which equity securities are authorized for issuance that was adopted without stockholder approval are described below:

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2000 Employee Performance Stock Option Plan

The 2000 Employee Stock Option Plan (the “2000 Plan”) was used to fund awards for Non-Executive Employees of the Company. The 2000 Plan is administered by the Compensation Committee of the Board of Directors, and that Committee may delegate responsibilities to others to assist in administering the 2000 Plan. The total number of shares of common stock which may be issued on exercise of stock options shall not exceed 500,000 shares, subject to adjustment in accordance with the Plan. No participant shall be granted options to purchase more than 100,000 shares of common stock in any twelve month period. The options were priced at fair market value on the date of grant and expire up to 10 years after the date of grant. If the employment of a participant terminates, other than as a result of death, disability or retirement, all unexercised awards shall be cancelled. In the event of death, disability or retirement, the options will expire one year from the date of the event. As of December 31, 2010 there were no shares remaining for future issuance under this plan.

Comparison of Five-Year Cumulative Total Returns

The comparative stock performance graph below compares the five-year cumulative total stockholder return (assuming reinvestment of dividends, if any) from investing \$100 on December 31, 2005, to the close of the last trading day of 2010, in each of (i) our common stock, (ii) the S&P 500 Index and (iii) S&P 1500 Pharmaceuticals Index. The stock price performance reflected in the graph below is not necessarily indicative of future price performance.

The Company’s commercial activities are focused on manufacturing and marketing to customers concentrated in the Life Sciences Industry (including pharmaceutical chemicals and intermediates). Although the Company’s products are diverse, making it difficult to select a comparative peer group, the Company believes that the S&P 1500 Pharmaceuticals Index is a reasonable, publicly available comparison group for the commercial activities on which it currently focuses. The S&P 1500 Pharmaceuticals Index is comprised of 18 pharmaceutical companies within the S&P 1500 Composite Index as of December 31, 2010.

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Item 6

Selected Financial Data.

The following selected consolidated financial data of the Company for each of the five years in the period through December 31, 2010 are derived from the audited financial statements, including all adjustments necessary for discontinued operations presentation. The consolidated financial statements of the Company as of December 31, 2010 and 2009 and for each of the years in the three year period ended December 31, 2010 and the reports of the independent registered public accounting firm thereon are included elsewhere in this annual report. In October 2006, the Company sold two businesses and in February 2007 the Company completed the sale of the businesses that comprised the Bioproducts and Biopharma segments (excluding certain liabilities). As a result, these businesses are being reported as discontinued operations for all periods presented. The data presented below should be read in conjunction with the financial statements of the Company and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	Years Ended December 31,				
	2010(1)	2009(2)	2008(3)	2007(4)	2006(5)
INCOME DATA:					
Gross sales	\$226,436	\$236,277	\$249,618	\$252,574	\$236,659
Net revenues	226,992	234,550	249,228	252,505	235,073
Gross profit	66,866	70,278	73,743	91,232	83,858
Selling, general and administrative expenses	34,024	35,711	40,521	48,858	58,279
Research and development expenses	10,305	7,929	7,590	12,157	10,813
Restructuring expenses	1,293	-	4,695	6,073	-
Strategic alternative costs	-	-	1,515	31,127	2,958
Merger and acquisition expenses	997	-	-	-	-
Operating profit/(loss)	20,247	26,638	19,422	(6,983)	11,808
Interest expense/(income), net	4,391	4,634	3,668	(485)	5,478
Other expenses/(income), net	596	(641)	754	725	(17)
Equity in losses of partially-owned affiliate	286	-	-	-	-
Income/(loss) before income taxes	14,974	22,645	15,000	(7,223)	6,347
Provision for income taxes	5,665	12,253	7,071	6,288	14,513
Income/(loss) from continuing operations	9,309	10,392	7,929	(13,511)	(8,166)
Income/(loss) from discontinued operations, including gains/(losses) from dispositions, net of tax	338	-	-	222,759	(21,706)
Income/(loss) before cumulative effect of a change in accounting principle	9,647	10,392	7,929	209,248	(29,872)
Cumulative effect of a change in accounting principle	-	-	-	-	(228)
Net income/(loss)	9,647	10,392	7,929	209,248	(30,100)
EARNINGS PER SHARE DATA:					
Earnings/(loss) per common share (basic):					
Income/(loss) from continuing operations	\$0.32	\$0.36	\$0.27	\$(0.47)	\$(0.30)
Income/(loss) from discontinued operations, including gains/(losses) from dispositions, net of tax	\$0.01	\$-	\$-	\$7.77	\$(0.81)
Cumulative effect of a change in accounting principle	\$-	\$-	\$-	\$-	\$(0.01)
Net income/(loss)	\$0.33	\$0.36	\$0.27	\$7.30	\$(1.12)

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Earnings/(loss) per common share (diluted):					
Income/(loss) from continuing operations	\$0.32	\$0.36	\$0.27	\$(0.47) \$(0.30
Income/(loss) from discontinued operations, including gains/(losses) from dispositions, net of tax	\$0.01	\$-	\$-	\$7.77	\$(0.81
Cumulative effect of a change in accounting principle	\$-	\$-	\$-	\$-	\$(0.01
Net income/(loss)	\$0.33	\$0.36	\$0.27	\$7.30	\$(1.12
Weighted average shares outstanding:					
Basic	29,361	29,241	29,116	28,683	26,816
Diluted	29,468	29,267	29,161	28,683	26,816
DIVIDENDS PER COMMON SHARE	\$-	\$-	\$-	\$14.03	\$0.12

(dollars in thousands, except share data)

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BALANCE SHEET DATA: (at end of period)	Years Ended December 31,				
	2010(1)	2009(2)	2008(3)	2007(4)	2006(5)
Working capital	\$82,146	\$94,362	\$74,376	\$69,148	\$117,616
Total assets	351,751	351,515	341,072	373,462	606,376
Long-term debt	115,900	120,800	123,800	101,600	158,600
Total stockholders' equity	107,635	103,270	74,786	102,057	246,646

- (1) Income from continuing operations includes pre-tax charges of \$1,293 within operating expenses for certain one-time employee benefits relating to the plan to optimize operations at a manufacturing site to meet industry requirements, \$997 within operating expenses for merger and acquisition expenses and \$509 within other expenses for currency losses pursuant to the purchase of Zenara. Income from discontinued operations includes a benefit of \$1,652 as a result of the expiration of a contingent liability and charges of \$1,144 for environmental remediation, net of insurance proceeds, and \$170 for a worker's compensation claim, all related to sites of divested businesses.
- (2) Net income includes tax expense of approximately \$5,300 for an estimate of an international tax liability related to a 2003 transaction.
- (3) Net income includes pre-tax charges of \$1,515 within operating expenses for costs related to strategic alternatives, \$4,695 within operating expenses for restructuring costs and \$1,040 within operating expenses related to a former CEO's retirement.
- (4) Loss from continuing operations includes pre-tax charges of \$31,127 within operating expenses for the costs related to strategic alternatives, \$6,073 within operating expenses for restructuring costs and \$841 within interest expense for the write-off of unamortized debt costs. Income from discontinued operations includes the gain on sale of the businesses that comprised the Bioproducts and Biopharma business segments of \$235,489, expense of \$4,636 for the Rutherford litigation settlement and expense of \$1,000 for an adjustment to an environmental reserve at a Rutherford Business site.
- (5) Loss from continuing operations includes pre-tax charges of \$2,958 within operating expenses for external advisor costs related to divestitures, \$5,272 within interest expense due to the pre-payment of a portion of the Company's long-term debt and tax expense of \$1,696 related to prior years' returns included in the provision for income taxes. Loss from discontinued operations includes the loss on the sale of two businesses of \$23,244, \$2,092 for a goodwill impairment charge and \$1,475 for the write-down of an investment in equity securities.

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Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Overview

The Company's business consists of three manufacturing facilities and one R&D center. These facilities primarily manufacture pharmaceutical intermediates, APIs and ingredients derived from organic chemistry. The Company also owns a 51% stake in Zenara Pharma ("Zenara"), a Hyderabad, India based pharmaceutical company with final dosage form manufacturing capabilities, and IEP GmbH ("IEP"), a German-based business that designs and licenses biocatalytic enzymes.

The following significant events, which are explained in detail on the following pages, occurred during 2010:

The Company acquired a 51% equity stake in Zenara for approximately \$18,900 in November 2010. Zenara is a pharmaceutical company focused on the formulation of final dosage form products. Cambrex accounts for its investment in Zenara using the equity method of accounting.

In March 2010, the Company completed the acquisition of IEP, a leader in the field of industrial biocatalysis. IEP offers cost effective customized biocatalytic process development and sales of enzymes to the pharmaceutical industry and was acquired for approximately \$6,900 in cash.

During 2010, the Company finalized a plan to restructure its operations at a manufacturing site which resulted in a reduction in workforce of 32 employees. The plan included certain one-time benefits for terminated employees, all of which will be paid in cash. Costs related to this transaction are recorded on the Company's income statement under the caption "Restructuring expenses" and totaled \$1,293 in 2010.

Sales in 2010 decreased 4.2% to \$226,436 from \$236,277 in 2009. The impact from foreign currency exchange was negligible.

The main drivers of the lower sales include declines in products utilizing the Company's drug delivery technology due to a negotiated contract extension resulting in lower volumes and pricing, two APIs manufactured under long-term supply agreements, one of which is a result of a supply chain disruption at a customer's facility that has since been resolved and the other due to lower demand by a customer, and lower custom development revenue. Sales of a feed additive were also lower as a result of exiting the product line.

The Company experienced higher generic API sales due to higher volumes partially offset by competitive pricing. Sales of controlled substances, which the Company defines as drugs falling under Schedule II of the U.S. Drug Enforcement Agency's classification system, showed continued growth in 2010.

Gross margins in 2010 decreased slightly to 29.5% from 29.7% in 2009. Excluding a 0.6% unfavorable impact from foreign currency, gross margins increased to 30.1% in 2010 versus 2009. Excluding the foreign currency impact, the higher margins are due primarily to favorable product mix, lower production costs, insurance proceeds related to a business interruption claim (+0.7%) and fees related to the cancellation of a supply contract (+0.3%) partially offset by lower pricing during 2010.

One customer, Gyma, a distributor representing multiple customers, accounted for 12.8% of the Company's 2010 sales.

The Company recorded tax expense of \$5,665 in 2010 compared to \$12,253 in 2009. The tax provisions in 2010 and 2009 were affected by the non-recognition of tax benefits in the U.S. where losses are incurred and the Company

records valuation allowances against the benefits. The 2009 tax provision also includes a charge of approximately \$5,300 for an estimate of an international tax liability related to a 2003 transaction.

The Company reported income from continuing operations of \$9,309, or \$0.32 per diluted share in 2010, compared to \$10,392, or \$0.36 per diluted share in 2009.

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Critical Accounting Policies

The Company's critical accounting policies are those that require the most subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company bases its estimates on historical experience and on other assumptions that are deemed reasonable by management under each applicable circumstance. Actual results or amounts could differ from estimates and the differences could have a material impact on the consolidated financial statements. A discussion of the Company's critical accounting policies, the underlying judgments and uncertainties affecting their application and the likelihood that materially different amounts would be reported under different conditions or using different assumptions, is as follows:

Revenue Recognition

Revenues are generally recognized when title to products and risk of loss are transferred to customers. Additional conditions for recognition of revenue are that collection of sales proceeds is reasonably assured and the Company has no further performance obligations.

The Company has certain contracts that contain multiple deliverables. These deliverables often include process development services and commercial production and are divided into separate units of accounting if certain criteria are met, including whether the delivered element has stand-alone value to the customer and the arrangement includes a general right of return relative to the delivered item, and delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. The consideration the Company receives is allocated at the inception of the arrangement to all deliverables on the basis of their relative selling price (the relative selling price method). When applying the relative selling price method, the selling price for each deliverable is determined using vendor specific objective evidence ("VSOE") of selling price, if it exists; otherwise, third party evidence ("TPE") of selling price is used. If neither VSOE nor TPE of selling price exists for a deliverable, the Company uses its best estimate of selling price for that deliverable. Once the accounting units are defined, applicable revenue recognition criteria are applied to each of the separate units. The above policy is in accordance with the Emerging Issues Task Force guidance on "Revenue Arrangements with Multiple Deliverables." The Company elected to early adopt the provisions of this standard, on a prospective basis, for revenue arrangements entered into our materially modified beginning January 1, 2010. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

For contracts that contain milestone-based payments, the Company recognizes revenue using the proportional performance method based on the percentage of costs incurred relative to the total costs estimated to be incurred to complete the contract. Revenue recognition computed under this methodology is compared to the amount of non-refundable cash payments received or contractually receivable at the reporting date and the lesser of the two amounts is recognized as revenue at each reporting date. The proportional performance methodology applied by the Company for revenue recognition utilizes an input based measure, specifically labor costs, because the Company believes the use of an input measure is a better surrogate of proportional performance than an output based measure, such as milestones.

Amounts billed in advance are recorded as deferred revenue on the balance sheet. Since payments received are typically non-refundable, the termination of a contract by a customer prior to its completion could result in an immediate recognition of deferred revenue relating to payments already received but not previously recognized as revenue.

Sales terms to certain customers include rebates if certain conditions are met. Additionally, sales are generally made with a limited right of return under certain conditions. The Company estimates these rebates and returns at the time of sale based on the terms of agreements with customers and historical experience and recognizes revenue net of these

estimated costs which are classified as allowances and rebates.

The Company bills a portion of freight cost incurred on shipments to customers. Amounts billed to customers are recorded within net revenues. Freight costs are reflected in cost of goods sold.

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Asset Valuations and Review for Potential Impairments

The review of long-lived assets, principally fixed assets and other amortizable intangibles, requires the Company to estimate the undiscounted future cash flows generated from these assets whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If undiscounted cash flows are less than carrying value, the long-lived assets are written down to fair value.

The review of the carrying value of goodwill and indefinite lived intangibles is conducted annually or whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable utilizing a two-step process. In the first step, the fair value of the reporting units is determined using a discounted cash flow model and compared to the carrying value. If such analysis indicates that impairment may exist, the Company then estimates the fair value of the other assets and liabilities utilizing appraisals and discounted cash flow analyses to calculate an impairment charge.

The determination of fair value is judgmental and involves the use of significant estimates and assumptions, including projected future cash flows primarily based on operating plans, discount rates, determination of appropriate market comparables and perpetual growth rates. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the magnitude of any such charge.

Environmental and Litigation Contingencies

The Company periodically assesses the potential liabilities related to any lawsuits or claims brought against it. See Note 20 for a discussion of the Company's current environmental and litigation matters, reserves recorded and its position with respect to any related uncertainties. While it is typically very difficult to determine the timing and ultimate outcome of these actions, the Company uses its best judgment to determine if it is probable that the Company will incur an expense related to a settlement for such matters and whether a reasonable estimation of such probable loss, if any, can be made. If probable and estimable, the Company accrues for the costs of clean-up, settlements and legal fees. Given the inherent uncertainty related to the eventual outcome of litigation and environmental matters, it is possible that all or some of these matters may be resolved for amounts materially different from any provisions that the Company may have made with respect to their resolution.

Income Taxes

The Company applies an asset and liability approach to accounting for income taxes. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The recoverability of deferred tax assets is dependent upon the Company's assessment that it is more likely than not that sufficient future taxable income will be generated in the relevant tax jurisdictions to utilize the deferred tax assets. In the event the Company determines that future taxable income will not be sufficient to utilize the deferred tax assets, a valuation allowance is recorded. The Company's valuation allowances primarily relate to foreign tax credits, alternative minimum tax credits, and other net deferred balances in the U.S., where profitability is uncertain, and NOL carryforwards in foreign jurisdictions with little or no history of generating taxable income or where future profitability is uncertain.

Employee Benefit Plans

The Company provides a range of benefits to certain employees and retired employees, including pensions, post employment benefits and health care benefits. The Company records annual amounts relating to these plans based on calculations, which include various actuarial assumptions, including discount rates, assumed rates of return, turnover

rates, and health care cost trend rates. The Company reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is deemed appropriate to do so. The effect of the modifications is generally recorded and amortized over future periods. The Company believes that the assumptions utilized for recording obligations under its plans are reasonable.

The discount rate used to measure pension liabilities and costs is selected by projecting cash flows associated with plan obligations which are matched to a yield curve of high quality bonds. The Company then selects the single rate that produces the same present value as if each cash flow were discounted by the corresponding spot rate on the yield curve.

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Results of Operations

2010 Compared to 2009

Gross sales for 2010 decreased 4.2% to \$226,436 from \$236,277 in 2009. The impact of foreign currency exchange was negligible.

The following table summarizes gross sales by product groups:

	2010	2009
APIs and pharmaceutical intermediates	\$ 203,807	\$ 212,644
Other	22,629	23,633
Total	\$ 226,436	\$ 236,277

Sales of APIs and pharmaceutical intermediates in 2010 of \$203,807 were \$8,837 or 4.2% below the prior year. The main drivers of the lower sales include declines in products utilizing the Company's drug delivery technology due to a negotiated contract extension resulting in lower volumes and pricing, two APIs manufactured under long-term supply agreements, one of which is a result of a supply chain disruption at a customer's facility that has since been resolved and the other due to lower demand by a customer, and lower custom development revenue. Increased demand for generic APIs and controlled substances exceeded price declines and positively impacted 2010 as compared to 2009.

Other sales in 2010 of \$22,629 were \$1,004 or 4.2% below the prior year. The decrease in sales is due primarily to lower sales of a feed additive product line that the Company previously exited partially offset by higher sales of specialty additives.

Gross profit in 2010 was \$66,866 compared to \$70,278 in 2009. Gross margins in 2010 decreased slightly to 29.5% compared to 29.7% in 2009. Excluding a 0.6% unfavorable impact from foreign currency, gross margins increased to 30.1%. Excluding the foreign currency impact, the higher margins are due primarily to favorable product mix, lower production costs, insurance proceeds related to a business interruption claim (+0.7%) and fees related to the cancellation of a supply contract (+0.3%) partially offset by lower pricing during 2010.

Selling, general and administrative expenses of \$34,024 or 15.0% of gross sales in 2010 decreased from \$35,711 or 15.1% in 2009. This decrease is due primarily to lower legal fees (approximately \$1,600), insurance premiums (approximately \$1,000) and bonus expense (approximately \$800) partially offset by a one-time benefit from terminating the postretirement employee benefit plan in 2009 (approximately \$1,200) and bad debt expense (approximately \$600).

Research and development expenses of \$10,305 were 4.6% of gross sales in 2010, compared to \$7,929 or 3.4% of gross sales in 2009. The increase is primarily due to the March 2010 acquisition of IEP (approximately \$1,550) and reduced utilization of certain R&D personnel on revenue-generating custom development projects resulting in these costs being expensed rather than absorbed into cost of sales.

During 2010, the Company finalized a plan to restructure its operations at a manufacturing site which resulted in a reduction in workforce of 32 employees. The plan included certain one-time benefits for terminated employees, all of which will be paid in cash. Costs related to this transaction are recorded on the Company's income statement under the caption "Restructuring expenses" and totaled \$1,293 in 2010.

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Operating profit was \$20,247 in 2010 compared to \$26,638 in 2009. The decrease is due to lower gross profit, higher R&D expense, restructuring costs and merger and acquisition expenses partially offset by lower selling, general and administrative expenses discussed above. The 2010 results include restructuring costs and merger and acquisition expenses of \$1,293 and \$997, respectively.

Net interest expense was \$4,391 in 2010 compared to \$4,634 in 2009. This decrease is due primarily to lower average debt balances, lower interest rates and the Company's interest rate swaps maturing in October 2010 partially offset by lower capitalized interest due to the completion of a large capital project in 2009. Average interest rates were 3.3% and 3.8% in 2010 and 2009, respectively.

In November 2010, the Company acquired a 51% equity stake in Zenara for approximately \$18,900. Zenara is a Hyderabad, India based pharmaceutical company focused on the formulation of final dosage form products. Pursuant to the stock purchase agreement, Cambrex will acquire the remaining 49% in early 2016 at a value to be determined using a weighted combination of a multiple of 2015 EBITDA and cumulative EBITDA for the years 2011 through 2015, adjusted for Zenara's net debt or net cash position, as recorded under Indian GAAP. Cambrex accounts for its investment in Zenara using the equity method of accounting.

The impact of its ownership stake in Zenara was a loss of \$286 in 2010 and is located within "Other expenses/(income)" as "Equity in losses of partially-owned affiliate" in the income statement.

The Company recorded tax expense of \$5,665 in 2010 compared to \$12,253 in 2009. The tax expense for 2010 and 2009 includes a benefit of \$1,799 and a charge of \$103 for changes in valuation allowances, respectively, to offset expense and benefit generated from domestic income and losses, tax credits, and losses in certain foreign jurisdictions. These valuation allowances result from the Company's recent history of domestic and certain foreign losses and its short-term projections for losses in the relative jurisdictions. Since 2003, the Company has maintained a full valuation allowance on the tax benefits arising from domestic pre-tax losses.

The Company will continue to record a full valuation allowance, primarily on its domestic net deferred tax assets and indefinite-lived intangibles, until an appropriate level of domestic profitability is sustained or tax strategies can be developed that would enable the Company to conclude that it is more likely than not that a portion of the domestic net deferred tax assets would be realized. If the Company continues to report pre-tax losses in the United States and certain foreign jurisdictions, income tax benefits associated with those losses will not be recognized and, therefore, those losses would not be reduced by such income tax benefits. The carryforward periods for domestic federal foreign tax credits, research and experimentation tax credits and alternative minimum tax credits are 10 years, 20 years and an indefinite period, respectively. As such, improvements in domestic pre-tax income in the future may result in these tax benefits ultimately being realized. However, there is no assurance that such improvements will be achieved.

In 2009, the Company's Italian subsidiary was examined by the Italian tax authorities, who challenged the business purpose of the deductibility of certain intercompany transactions from 2003. In the fourth quarter of 2009, the tax authorities notified the Company that they disagreed with the Company's responses to their formal assessments. In the first quarter of 2010, the Company filed a response with the tax authorities and is prepared to litigate the matter. The Company has analyzed these issues in accordance with guidance on uncertain tax positions and believes its reserves are adequate.

Income from continuing operations in 2010 was \$9,309, or \$0.32 per diluted share, versus \$10,392, or \$0.36 per diluted share in 2009.

2009 Compared to 2008

Gross sales for 2009 decreased 5.3% to \$236,277 from \$249,618 in 2008. Gross sales were unfavorably impacted in 2009 by 4.1% due to strength in the U.S. dollar primarily versus the Euro and Swedish krona.

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The following table summarizes gross sales by product groups:

	2009	2008
APIs and pharmaceutical intermediates	\$ 212,644	\$ 220,722
Other	23,633	28,896
Total	\$ 236,277	\$ 249,618

Sales of APIs and pharmaceutical intermediates in 2009 of \$212,644 were \$8,078 or 3.7% below the prior year. Excluding the unfavorable impact due to foreign exchange rates, sales were up 0.6%. Higher sales were driven by higher demand for drug delivery products, controlled substances and custom development products. These increases were mostly offset by lower revenues for two products for which long-term contracts are in effect, and lower volumes and pricing of generic APIs.

Other sales in 2009 of \$23,633 were \$5,263 or 18.2% below the prior year. Excluding the unfavorable impact due to foreign exchange, these sales were down 14.9%. The decrease in sales is due primarily to lower sales of a feed additive product line that the Company previously exited and lower sales of specialty additives.

Gross profit in 2009 was \$70,278 compared to \$73,743 in 2008. Gross margins in 2009 increased to 29.7% from 29.5% in 2008. Excluding a 1.6% favorable impact from foreign currency, gross margins decreased 1.4%. The lower margins are due primarily to lower pricing during 2009.

Selling, general and administrative expenses of \$35,711 or 15.1% of gross sales in 2009 decreased from \$40,521 or 16.2% in 2008. This decrease is due primarily to a favorable impact from foreign currency (approximately \$2,400), a benefit from terminating the postretirement employee benefit plan (approximately \$1,200), higher 2008 expense related to the former CEO's retirement (approximately \$1,000) and lower insurance premiums, recruiting expense and professional fees (approximately \$1,600), partially offset by higher legal fees (approximately \$1,200).

Research and development expenses of \$7,929 were 3.4% of gross sales in 2009, compared to \$7,590 or 3.0% of gross sales in 2008. The increase is primarily due to higher costs related to the development of new products and technology platforms. The impact of foreign currency reduced R&D expenses by approximately \$550.

Restructuring expenses for 2008 were \$4,695, consisting of rent and related costs at the New Jersey R&D facility and costs associated with the restructuring of the corporate office.

Strategic alternative costs for 2008 were \$1,515, consisting of costs associated with a project to streamline the Company's legal entity structure, change-in-control benefits and costs associated with the modification of employee stock options due to the payment of the special dividend in connection with the 2007 divestiture of the businesses that comprised the Bioproducts and Biopharma segments.

Operating profit was \$26,638 in 2009 compared to \$19,422 in 2008. The increase is due to lower strategic alternative and restructuring costs and lower spending as discussed above, partially offset by lower gross profit. The 2008 results include strategic alternative and restructuring costs of \$1,515 and \$4,695, respectively.

Net interest expense was \$4,634 in 2009 compared to \$3,668 in 2008. This increase is due primarily to lower capitalized interest of \$1,355 due to the completion of a large capital project and lower interest income as a result of lower interest rates. The increase was partially offset by lower interest expense on the Company's debt as a result of lower average interest rates partially offset by higher average debt. The average interest rates were 3.8% and 4.9% in 2009 and 2008, respectively.

The Company recorded tax expense of \$12,253 in 2009 compared to \$7,071 in 2008. The tax expense for 2009 and 2008 includes a \$103 and \$5,537 valuation allowance, respectively, to offset benefits generated from domestic losses and tax credits, and losses in certain foreign jurisdictions. These valuation allowances result from the Company's recent history of domestic and certain foreign losses and its short-term projections for losses in the relative jurisdictions. Since 2003, the Company has maintained a full valuation allowance on the tax benefits arising from domestic pre-tax losses.

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The Company will continue to record a full valuation allowance, primarily on its domestic net deferred tax assets and indefinite lived intangibles, until an appropriate level of domestic profitability is sustained or tax strategies can be developed that would enable the Company to conclude that it is more likely than not that a portion of the domestic net deferred tax assets would be realized. If the Company continues to report pre-tax losses in the United States and certain foreign jurisdictions, income tax benefits associated with those losses will not be recognized and, therefore, those losses would not be reduced by such income tax benefits. The carryforward periods for domestic federal foreign tax credits, NOLs, research and experimentation tax credits and alternative minimum tax credits are 10 years, 20 years, 20 years and an indefinite period, respectively. As such, improvements in domestic pre-tax income in the future may result in these tax benefits ultimately being realized. However, there is no assurance that such improvements will be achieved.

In 2009, the Company's Italian subsidiary was examined by the Italian tax authorities, who challenged the business purpose of the deductibility of certain intercompany transactions from 2003. In the fourth quarter of 2009, the tax authorities notified the Company that they disagreed with the Company's responses to their formal assessments. In the first quarter of 2010, the Company filed an appeal to litigate the matter. The Company has analyzed these issues in accordance with guidance on uncertain tax positions and believes its reserves are adequate, and intends to defend itself.

Net income in 2009 was \$10,392, or \$0.36 per diluted share, versus \$7,929, or \$0.27 per diluted share in 2008.

Liquidity and Capital Resources

During 2010, cash and cash equivalents on hand decreased \$22,751 to \$29,614. This decrease is primarily a result of the IEP and Zenara acquisitions which reduced cash by \$27,204. The year over year strength in the U.S. dollar unfavorably impacted the translated cash balances by \$2,029. During 2010, cash flows from operations provided \$23,284, compared to \$34,392 in the same period a year ago. Cash flows from operations in 2010 compared to 2009 were unfavorably impacted by the timing of sales at the end of each year with higher late-year sales in the fourth quarter of 2010 resulting in higher receivable balances and increased inventory production partially offset by cash payments required in 2009 related to change-in-control and restructuring payments. Cash flows used in financing activities in 2010 of \$4,954 mainly reflect the pay down of debt.

In April 2007, the Company entered into a \$200,000 five-year Syndicated Senior Revolving Credit Facility ("Credit Facility") which expires in April 2012. The Company pays interest on this Credit Facility at LIBOR plus 1.25% - 2.00% based upon certain financial measurements. The Credit Facility also includes financial covenants regarding interest coverage and leverage ratios. The Company was in compliance with all financial covenants at December 31, 2010. The Credit Facility is collateralized by dividend and distribution rights associated with a pledge of a portion of stock that the Company owns in a foreign holding company. This foreign holding company owns a majority of the Company's non-U.S. operating subsidiaries. As of December 31, 2010, there was \$115,900 outstanding on this Credit Facility.

The 2010 and 2009 weighted average interest rates for long-term bank debt were 3.3% and 3.8%, respectively.

In November 2010, the Company purchased a 51% equity stake in Zenara for approximately \$18,900 and is required to purchase the remaining 49% in 2016 based upon a formula derived from Zenara's future EBITDA. The Company may, at its option, purchase the remaining equity in cash or a combination of cash and up to 50% of the consideration in Cambrex stock.

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To the extent that Zenara has significant EBITDA over the next five years, substantial consideration will be required to purchase the remaining 49%. A large cash payment could require borrowing under our Credit Facility and, because our Credit Facility will need to be refinanced prior to its expiration in April 2012, there is no guarantee that the Company's future credit arrangements will facilitate the future purchase of the remaining 49% in 2016. The uncertainty regarding the amount of consideration required for the 2016 buyout of the 49% may impact our future borrowing ability, result in higher interest expense, or possibly result in difficulty securing any credit arrangements in the future. Additionally, issuance of any stock to satisfy a portion of this obligation could have a dilutive effect on holders of our common stock. In the event that Cambrex is unable to compensate the 49% equity holder for its shares in 2016, the 49% shareholder has certain rights, including the right to force a sale of Zenara to a third party to secure their payment.

For 2011, capital expenditures are expected to be approximately \$14,000 to \$17,000.

Contractual Obligations

At December 31, 2010, the Company's contractual obligations with initial or remaining terms in excess of one year were as follows:

	Total	2011	2012	2013	2014	2015	2016+
Long term debt	\$ 115,900	\$ -	\$ 115,900	\$ -	\$ -	\$ -	\$-
Interest on debt	3,095	2,321	774	-	-	-	-
Operating leases	4,212	803	620	581	519	480	1,209
Purchase obligations	6,794	5,574	698	522	-	-	-
Contractual cash obligations	\$ 130,001	\$ 8,698	\$ 117,992	\$ 1,103	\$ 519	\$ 480	\$1,209

In addition to the contractual obligations listed above, the Company expects to contribute approximately \$5,250 in cash to its U.S. defined-benefit pension plan in 2010. The Company believes it is possible that a similar amount of pension contributions could be required in 2012. For the unfunded SERP and international pension plans the Company expects to make benefit payments of approximately \$1,400 in 2011 and similar amounts in 2012 through 2015. See Note 17 for details on the Company's unfunded balance related to its pension plans. Also not included in the table above is \$6,537 of uncertain tax positions due to uncertainties surrounding the timing of the obligation. See Note 10. The Company also may be required to make cash payments to remediate certain environmental sites at unknown future periods as discussed in Note 20.

The Company anticipates that it will need to replace its expiring credit facility before April 2012. The terms and conditions, including the size, duration and cost of any new facility cannot be determined at this time. See Notes 11, 17, 19 and 20 for additional information regarding the Company's pension plans, debt and other commitments.

As disclosed above the Company has an obligation to purchase the remaining 49% of Zenara in 2016 at a price determined by future performance of that entity.

The Company's forecasted cash flow from future operations may be adversely affected by various factors including, but not limited to, declines in customer demand, increased competition, the deterioration in general economic and business conditions, returns on assets within the Company's domestic pension plans that are significantly below expected performance, as well as other factors. See the Risk Factors section of this document for further explanation

of factors that may negatively impact the Company's cash flows. Any change in the current status of these factors could adversely impact the Company's ability to fund operating cash flow requirements.

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Market Risks

Currency Risk Management

The Company's primary market risk relates to exposure to foreign currency exchange rate fluctuations on transactions entered into by international operations which are primarily denominated in the U.S. dollar, Euro and Swedish krona. The Company currently uses foreign currency exchange forward contracts to mitigate the effect of short-term foreign exchange rate movements on the Company's local operating results. As a matter of policy, the Company does not hedge to protect the translated results of foreign operations. The notional amount of these contracts as of December 31, 2010 was \$19,094. Unrealized foreign exchange contract losses do not subject the Company's actual results to risk as gains or losses on these contracts are undertaken to offset gains or losses on the transactions that are hedged. The foreign exchange contracts have varying maturities with none exceeding twelve months.

With respect to the contracts outstanding at December 31, 2010, a 10% fluctuation of the local currency over a one-year period would cause \$1,900 pre-tax earnings to be at risk. This is based on the notional amount of the contracts, adjusted for unrealized gains and losses, of \$18,995. These calculations do not include the impact of exchange gains or losses on the underlying positions that would offset the gains and losses of the derivative instruments.

Interest Rate Management

The Company previously employed a plan to mitigate interest rate risk by entering into interest rate swap agreements to convert floating rates to fixed interest rates. During 2010, the Company had three interest rate swaps in place with an aggregate notional value of \$60,000, at an average fixed rate of 4.48%. These interest rate swaps matured in October 2010. Interest expense related to these swaps totaled \$2,080 for the year ended December 31, 2010. At December 31, 2010, the Company did not have any interest rate swaps outstanding.

Contingencies

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The Company continually assesses all known facts and circumstances as they pertain to all legal and environmental matters and evaluates the need for reserves and disclosures as deemed necessary based on these facts and circumstances. These matters, either individually or in the aggregate, could have a material adverse effect on the Company's financial condition, operating results and cash flows in a future reporting period.

Environmental

In connection with laws and regulations pertaining to the protection of the environment, the Company and its subsidiaries are a party to several environmental proceedings and remediation investigations and cleanups and, along with other companies, have been named a PRP for certain waste disposal sites ("Superfund sites"). Additionally, the Company has retained the liability for certain environmental proceedings associated with discontinued operations.

It is the Company's policy to record appropriate liabilities for environmental matters where remedial efforts are probable and the costs can be reasonably estimated. Such liabilities are based on the Company's best estimate of the undiscounted future costs required to complete the remedial work. Each of these matters is subject to various uncertainties, and it is possible that some of these matters will be decided unfavorably against the Company. The resolution of such matters often spans several years and frequently involves regulatory oversight or adjudication. Additionally, many remediation requirements are not fixed and are likely to be affected by future

technological, site, and regulatory developments. Consequently, the ultimate liability with respect to such matters, as well as the timing of cash disbursements cannot be determined with certainty.

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In matters where the Company has been able to reasonably estimate its liability, the Company has accrued for the estimated costs associated with the study and remediation of sites not owned by the Company and the Company's current and former operating sites. These accruals were \$7,017 and \$6,163 at December 31, 2010 and 2009, respectively. The increase in the accrual includes adjustments to reserves of \$1,375, of which \$1,247 was included in discontinued operations, and the impact of currency of \$89 partially offset by payments of \$610. The recorded liabilities are adjusted periodically as remediation efforts progress or as additional technical, regulatory or legal information becomes available. Based upon available information and analysis, the Company's current accrual represents management's best estimate of the probable and estimable costs associated with environmental proceedings including amounts for investigation fees where full remediation costs may not be estimable at the reporting date. Given the uncertainties regarding the status of laws, regulations, enforcement, policies, the impact of other PRPs, technology and information related to individual sites, the Company does not believe it is possible to develop an estimate of the range of reasonably possible environmental loss in excess of its recorded liabilities.

CasChem

As a result of the sale of the Bayonne, New Jersey facility, the Company became obligated to investigate site conditions and conduct required remediation under the New Jersey Industrial Site Recovery Act. The Company submitted a sampling plan to the New Jersey Department of Environmental Protection ("NJDEP") and is awaiting approval. The results of the completed and proposed sampling, and any additional sampling deemed necessary, will be used to develop an estimate of the Company's future liability for remediation costs, if any.

Cosan

In response to the NJDEP, the Company completed its initial investigation and submitted the results of the investigation and a proposed remediation plan to the NJDEP for its Cosan Clifton, New Jersey site. The NJDEP subsequently rejected the remediation plan and requested additional investigative work at the site and that work is on-going. The reserve was \$1,094 at December 31, 2010 which was based on the initial remedial action plan. The results of the additional investigative work may impact the remediation plan and costs.

Additionally, the Company has recorded a liability of \$895 for the Cosan Carlstadt, New Jersey site based on the investigations completed to date and the proposed remediation plan submitted to the NJDEP for its approval. The NJDEP has subsequently required the Company to perform additional investigative work prior to approval of the remediation plan. The results of this additional investigative work may impact the remediation plan and costs. The NJDEP has advised the Company that the site will be placed in the NJDEP's private oversight program. Under the program the Company will be required to implement a remediation plan in 2012.

Berry's Creek

The Company received a notice from the United States Environmental Protection Agency ("USEPA") that two former operating subsidiaries of the Company are considered PRPs at the Berry's Creek Superfund Site in New Jersey. The operating companies are among many other PRPs that were listed in the notice. Pursuant to the notice, the PRPs have been asked to perform a remedial investigation and feasibility study of the Berry's Creek Site. The Company has joined the group of PRPs and filed a response to the USEPA agreeing to jointly conduct or fund an appropriate remedial investigation and feasibility study of the Berry's Creek Site. The PRPs have engaged consultants to evaluate investigation and remedial alternatives and develop a method to allocate related costs among the PRPs. As of December 31, 2010, the Company's reserve was \$111 to cover the initial phase of investigation based on a tentative agreement on the allocation of the site investigation costs among the PRPs. The investigation is ongoing and at this time it is too early to predict the extent of any additional liabilities.

Maybrook and Harriman Sites

The Company's Nepera, Inc. subsidiary ("Nepera") is named a PRP of the Maybrook Site in Hamptonburgh, New York by the USEPA in connection with the discharge, under appropriate permits, of wastewater at that site prior to Cambrex's acquisition of Nepera in 1986. The USEPA also issued the Company a Notice of Potential Liability and the Company signed a Consent Decree to complete the Record of Decision ("ROD") and has provided the USEPA with appropriate financial assurance to guarantee the obligation under the Consent Decree. The PRPs intend to begin to implement remedial action at this site in 2011.

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Nepera is also named a responsible party of its former Harriman, New York production facility by the New York State Department of Environmental Conservation. A final ROD was issued which describes the remediation plan for the site. Implementation of the ROD is on-going.

As of December 31, 2010, the reserve recorded by the Company for Nepera was \$2,050 and represents the Company's best estimate to complete both RODs.

Scientific Chemical Processing ("SCP") Superfund Site

Nepera was named a PRP of the SCP Superfund site, located in Carlstadt, New Jersey, in the early 1980's along with approximately 130 other PRPs. The site is a former waste processing facility that accepted various waste for recovery and disposal including processing wastewater from Nepera. The PRPs are in the process of implementing a final remedy for soil and groundwater contamination at the site. The SCP Superfund site has also been identified as a PRP in the Berry's Creek Superfund site (see previous discussion). For over a decade, the remediation has been funded by de minimus settlements and by the insurers of the SCP Superfund site's owners and operators. However, due to an unexpected increase in remediation costs at the site and costs to contribute to the Berry's Creek investigation, the PRP group has recently approved the assessment of an additional cash contribution by the PRP group. While the Company disputes the methodology used by the PRP group to arrive at its allocation for the cash contribution, the Company has paid the initial funding request and has established a reserve for the remaining allocation in the amount of \$261.

Solvent Recoveries Superfund Site

A subsidiary of the Company is one of approximately 1,300 PRPs at a Superfund site in Southington, Connecticut, once operated by Solvent Recoveries, Inc. The PRP group has completed a Remedial Investigation/Feasibility Study and the USEPA has proposed remediation of the site. In 2008, the Company agreed to enter into a consent decree and settlement with the other PRPs and the USEPA whereby the Company agreed to pay a settlement amount of \$353 with an initial payment of \$106 and the remaining \$247 to be paid in installments over time as the remediation proceeds. The Company has reserved for the unpaid portion of the settlement and has entered into a letter of credit to guarantee the payment obligation under the settlement.

Newark Bay Complex Litigation

CasChem and Cosan have been named as two of several hundred third-party defendants in a third-party complaint filed in February 2009, by Maxus Energy Corporation ("Maxus") and Tierra Solutions, Inc. ("Tierra"). The original plaintiffs include the NJDEP, the Commissioner of the NJDEP and the Administrator of the New Jersey Spill Compensation Fund, which originally filed suit in 2005 against Maxus, Tierra and other defendants seeking recovery of cleanup and removal costs for alleged discharges of dioxin and other hazardous substances into the Passaic River, Newark Bay, Hackensack River, Arthur Kill, Kill Van Kull and adjacent waters (the "Newark Bay Complex"). Maxus and Tierra are now seeking contribution from third-party defendants, including subsidiaries of the Company, for cleanup and removal costs for which each may be held liable in the lawsuit. Maxus and Tierra also seek recovery for cleanup and removal costs that each has incurred or will incur relating to the Newark Bay Complex. The Company expects to vigorously defend against the lawsuit. At this time it is too early to predict whether the Company will have any liability in this matter.

The Company is involved in other environmental matters where the range of liability is not reasonably estimable at this time and it is not determinable when information will become available to provide a basis for adjusting or recording an accrual, should an accrual ultimately be required.

(dollars in thousands, except share data)

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Litigation and Other Matters

Lorazepam and Clorazepate

In 1998, the Company and a subsidiary were named as defendants along with Mylan Laboratories, Inc. (“Mylan”) and Gyma in a proceeding instituted by the Federal Trade Commission in the United States District Court for the District of Columbia (the “District Court”). Suits were also commenced by several State Attorneys’ General and class action complaints by private plaintiffs in various state courts. The suits alleged violations of the Federal Trade Commission Act arising from exclusive license agreements between the Company and Mylan covering two APIs (Lorazepam and Clorazepate).

All cases have been resolved except for one brought by four health care insurers. In the remaining case the District Court entered judgment after trial in 2008 against Mylan, Gyma and Cambrex in the amount of \$8,355, payable jointly and severally, and also a punitive damage award against each defendant in the amount of \$16,709. In addition, the District Court ruled that the defendants were subject to a total of approximately \$7,000 in prejudgment interest. In January 2011, the Court of Appeals ruled that certain plaintiffs did not have the diversity jurisdiction needed to bring an action in federal court and remanded the case to the district court solely to determine which parties were properly before the court and to what extent the removal of certain parties from the case that do not meet jurisdictional requirements may affect damages. The Court of Appeals further declined to issue an opinion with respect to the merits of Mylan, Gyma and Cambrex’s objections to the jury’s damage award until such time as the jurisdiction issue is resolved by the district court.

Cambrex paid \$12,415 in exchange for a release from Mylan and full indemnity in 2003 against future costs or liabilities in related litigation brought by purchasers, as well as potential future claims related to the ongoing matter. In the event of a final settlement or final judgment, Cambrex expects any payment required by the Company to be made by Mylan under the indemnity described above.

Other

The Company has commitments incident to the ordinary course of business including corporate guarantees of certain subsidiary obligations to the Company’s lenders related to financial assurance obligations under certain environmental laws for remediation; closure and third party liability requirements of certain of its subsidiaries and a former operating location; contract provisions for indemnification protecting its customers and suppliers against third party liability for the manufacture and sale of Company’s products that fail to meet product warranties and contract provisions for indemnification protecting licensees against intellectual property infringement related to licensed Company technology or processes.

Additionally, as permitted under Delaware law, the Company indemnifies its officers, directors and employees for certain events or occurrences while the officer, director or employee is, or was, serving at the Company’s request in such capacity. The term of the indemnification period is for the officer's, director's or employee’s lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that covers a portion of any potential exposure. The Company currently believes the estimated fair value of its indemnification agreements is not material based on currently available information, and as such, the Company had no liabilities recorded for these agreements as of December 31, 2010.

Cambrex's subsidiaries are party to a number of other proceedings that are not considered material at this time.

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Impact of Recent Accounting Pronouncements

Fair Value Measurements

In January 2010, the Financial Accounting Standards Board issued “Fair Value Measurements and Disclosures - Improving Disclosures about Fair Value Measurements.” This statement requires new disclosures and clarifies some existing disclosure requirements about fair value measurement. The amendments are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The effect of adopting this pronouncement will not have an impact on the Company’s financial position or results of operations.

Revenue Arrangements with Multiple Deliverables

In September 2009, the Emerging Issues Task Force (“EITF”) issued “Revenue Arrangements with Multiple Deliverables.” This issue addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how to allocate the consideration to each unit of accounting. This issue eliminates the use of the residual value method for determining allocation of arrangement consideration and allows the use of an entity's best estimate to determine the selling price if vendor specific objective evidence and third-party evidence cannot be determined. This issue also requires additional disclosure to provide both qualitative and quantitative information regarding the significant judgments made in applying this issue. In addition, for each reporting period in the initial year of adoption, this issue requires disclosure of the amount of revenue recognized subject to the measurement requirements of this issue and the amount of revenue that would have been recognized if the related transactions were subject to the measurement requirements of previous guidance. The Company elected to early adopt the provisions of this standard on a prospective basis, for revenue arrangements entered into or materially modified beginning January 1, 2010. The adoption of this standard did not have a material impact on the Company’s financial position or results of operations.

Revenue Arrangements with Multiple Deliverables

In April 2010, the EITF issued “Revenue Recognition – Milestone Method.” This issue provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. This issue is effective on a prospective basis for milestones achieved in fiscal years beginning after June 15, 2010. The Company is currently evaluating the potential impact of this issue.

(dollars in thousands, except share data)

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Item 7a Quantitative and Qualitative Disclosures about Market Risk.

The information required in this section can be found in the “Market Risks” section of Item 7 on page 31 of this Form 10-K.

(dollars in thousands, except share data)

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Item 8 Financial Statements and Supplementary Data.

The following consolidated financial statements and selected quarterly financial data of the Company are filed under this item:

	Page Number (in this Report)
Reports of Independent Registered Public Accounting Firm	38
Consolidated Balance Sheets as of December 31, 2010 and 2009	40
Consolidated Income Statements for the Years Ended December 31, 2010, 2009 and 2008	41
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2010, 2009 and 2008	42
Consolidated Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008	43
Notes to Consolidated Financial Statements	44
Selected Quarterly Financial and Supplementary Data (unaudited)	75

The financial statement schedules are filed pursuant to Item 15 of this report.

(dollars in thousands, except share data)

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cambrex Corporation,

We have audited the accompanying consolidated balance sheets of Cambrex Corporation as of December 31, 2010 and 2009 and the related consolidated income statements, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. In connection with our audits of the financial statements, we have also audited the financial statement schedules listed in the accompanying index. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cambrex Corporation at December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cambrex Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 11, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Woodbridge, NJ
February 11, 2011

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cambrex Corporation,

We have audited Cambrex Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cambrex Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cambrex Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cambrex Corporation as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2010 and our report dated February 11, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA LLP

Woodbridge, NJ
February 11, 2011

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CAMBREX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share data)

	December 31,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$29,614	\$52,365
Trade receivables, less allowances of \$1,083 and \$627 at respective dates	39,025	32,025
Inventories, net	61,408	58,369
Prepaid expenses and other current assets	5,082	6,654
Total current assets	135,129	149,413
Property, plant and equipment, net	150,483	161,149
Goodwill	37,694	36,360
Intangible assets, net	4,687	-
Investment in partially-owned affiliate	19,709	-
Other non-current assets	4,049	4,593
Total assets	\$351,751	\$351,515
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$19,480	\$17,038
Accrued expense and other current liabilities	33,503	38,013
Total current liabilities	52,983	55,051
Long-term debt	115,900	120,800
Deferred income tax	17,893	17,305
Accrued pension and postretirement benefits	43,921	40,963
Other non-current liabilities	13,419	14,126
Total liabilities	244,116	248,245
Commitments and contingencies (see Notes 19 and 20)		
Stockholders' equity:		
Common Stock, \$.10 par value; authorized 100,000,000 issued 31,409,638 and 31,408,778 shares at respective dates	3,140	3,140
Additional paid-in capital	101,271	100,497
Retained earnings	31,992	22,345
Treasury stock, at cost, 1,978,533 and 2,121,372 shares at respective dates	(16,876)	(18,109)
Accumulated other comprehensive loss	(11,892)	(4,603)
Total stockholders' equity	107,635	103,270
Total liabilities and stockholders' equity		