CAMBREX CORP
Form 10-K
February 11, 2010

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

FORM 10-K

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

For the fiscal year ended December 31, 2009

OR
o 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	22-2476135
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Meadowlands Plaza, East Rutherford, New Jersey	07073
(Address of principal executive offices)	(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 o. No ý.

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 o. No ý.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 ý. No o.

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 o No o The registrant is not yet subject to this requirement.

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. o

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 definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $119,178,870 as of June 30, 2009.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of January 31, 2010, there were 29,319,872 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 2010 Annual Meeting are incorporated by reference into Part III of this Report.

CAMBREX CORPORATION AND SUBSIDIARIES

INDEX TO ANNUAL REPORT ON
FORM 10-K FILED WITH THE
SECURITIES AND EXCHANGE COMMISSION

For the Year Ended December 31, 2009

Item No.	PART I	Page No.
1	Business	2
1A	Risk Factors	7
1B	Unresolved Staff Comments	14
2	Properties	14
3	Legal Proceedings	14
4	Submission of Matters to a Vote of Security Holders	14
	PART II	
5	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	15
6	Selected Financial Data	17
7	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
7A	Quantitative and Qualitative Disclosures about Market Risk	32
8	Financial Statements and Supplementary Data	33
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	72
9A	Controls and Procedures	72
9B	Other Information	73
	PART III	
10	Directors, Executive Officers and Corporate Governance	74
11	Executive Compensation	75
12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	75
13	Certain Relationships and Related Transactions and Director Independence	75
14	Principal Accountant Fees and Services	75
	PART IV	
15	Exhibits and Financial Statement Schedules	76

Index

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 pharmaceutical and generic drug 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 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.

- 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 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 within the former Human Health segment was completed in October 2006 and the sale of the businesses that comprised the Bioproducts and Biopharma segments was completed in February 2007, and accordingly, 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 companies that discover and commercialize new small molecule human therapeutics using organic chemistry and generic drug companies.

The aging population, continued investment in healthcare research and drug development, 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.

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(dollars in thousands, except share data)

Index

Demand for Cambrex products and services is dependent upon some of its customers' continuing access to financial resources to advance their research and development ("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 need to develop a robust process for the manufacture of clinical and commercial quantities. Product testing, analytical methods and quality processes need to be 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. Cambrex is particularly well positioned to assist drug companies with these much needed services for traditional APIs.

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 nearly 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.

Asian competitors have increased their capabilities in drug substance manufacturing and finished dosage form drugs in recent years. There has been a growing impact on the volumes sold of the Company's niche products and the presence of these competitors in the market has resulted in downward pricing pressure on generic APIs and certain development services for clinical phase products. Regulatory compliance and product quality may determine the long term impact of these competitors.

Development of the Business

The discussion below provides insight to the general development of our business, including the material acquisitions and dispositions of assets over the past five years.

In October 2006, the Company sold two businesses within the former Human Health segment for nominal consideration. As a result of this transaction, these businesses are being reported as discontinued operations in all periods presented.

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.

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(dollars in thousands, except share data)

Index

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.

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 advanced pharmaceutical intermediates. Services include custom development and current Good Manufacturing Practices ("cGMP") manufacturing services.

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 11.5% of 2009 sales. One product, a gastro-intestinal API sold to multiple customers, accounted for 12.7% of 2009 sales. No one customer accounted for more than 10% of 2009 sales of this product.

This table summarizes gross sales by product groups:

	2009	2008	2007
APIs and pharmaceutical intermediates	$ 212,644	$ 220,722	$ 220,386
Other	23,633	28,896	32,188
Total	$ 236,277	$ 249,618	$ 252,574

The following table shows gross sales to geographic area for the years ended December 31, 2009, 2008 and 2007:

	2009	2008	2007
North America	$ 80,830	$ 86,631	$ 85,644
Europe	136,534	143,542	150,692
Asia	10,495	11,440	9,125
Other	8,418	8,005	7,113
Total	$ 236,277	$ 249,618	$ 252,574

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.

(dollars in thousands, except share data)

4

Index

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 120 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 $7,929, $7,590 and $12,157 in 2009, 2008 and 2007, 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 12 issued patents and has 8 patent applications pending in the United States and owns 26 patents and has 14 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 the following: (i) U.S. Patent Nos. 6,828,336 and 6,586,449 and 26 foreign counterparts are part of its APIs and pharmaceutical intermediates product group, relate to its nicotine polacrilex resin products and methods of manufacturing and expire on May 28, 2022; (ii) U.S. Patent Nos. 7,172,885, 7,247,460, 7,264,952, 7,267,969, 7,276,360, and 7,319,027, are part of its APIs and pharmaceutical intermediates product group, relate to thermostable omega-transaminases and expire on December 12, 2024; and (iii) U.S. Patent No. 6,025,516 is part of its APIs and pharmaceutical intermediates product group, relates to a method of synthesizing the 13-position sidechain of the drug paclitaxel and its analogs and expires on October 14, 2018.

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 is the subject of a United States trademark application. Rights in these trademarks will exist at least as long as the Company continues to use each of these trademarks.

The Company has entered into a license agreement 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 actives. The Company has also entered into a license agreement for the worldwide exclusive right to

manufacture and sell a product that is part of its APIs and pharmaceutical intermediates product group.

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(dollars in thousands, except share data)

Index

Competition

The Company has at least 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 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.

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 wastes 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 there under, 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 18.

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 $2,211, $1,760 and $2,060 in 2009, 2008 and 2007, 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, 2009, the Company had 854 employees worldwide (628 of whom were from international operations) compared with 856 employees at December 31, 2008 and 844 at December 31, 2007.

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.

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(dollars in thousands, except share data)

Index

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 2009, 2008 and 2007 amounted to $25,768, $24,602 and $28,821, respectively. Sales from international operations were $151,759, $167,911, and $171,145 in 2009, 2008 and 2007, respectively. Refer to Note 16.

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 spending, including the use of its services and products, as a result of negative 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, including as a result of the global economic slowdown.

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, sales and marketing resources, and experience in R&D 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.

The Company believes that customers in its markets display loyalty to their initial supplier of a particular product. Therefore, it may be difficult to generate sales to potential customers who have purchased products from competitors. To the extent the Company is unable to be the first to develop and supply new products, its competitive position may suffer.

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.

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(dollars in thousands, except share data)

Index

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 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 of these operations. Any significant disruption of those operations for any reason, such as labor unrest, power interruptions, fire, or other events beyond the Company's control could adversely affect its sales and customer relationships and therefore adversely affect its business. 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 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 at risk 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 18 for a discussion of the Company's environmental and legal matters.

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.

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(dollars in thousands, except share data)

Index

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 statues 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 18 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, even though the Company does not presently market or sell the products to end users. The Company seeks to reduce its potential liability through measures such as contractual indemnification provisions with customers (the scope of which may vary from customer-to-customer, and the performances of which are not secured), exclusion of services requiring diagnostic or other medical services, 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; public 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.

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.

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(dollars in thousands, except share data)

Index

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 current global economy affects businesses such as Cambrex's in a number of ways. The current equity market and tightening of credit in financial markets 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. Given the current state of the worldwide credit markets, 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 also adversely affects the Company's results.

The Company has a significant amount of debt.

The Company has a $200,000 revolving credit facility of which $120,800 was outstanding at December 31, 2009. This facility expires in April of 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.

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.

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(dollars in thousands, except share data)

Index

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 and political conditions 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 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.

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(dollars in thousands, except share data)

Index

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 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 may 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.

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(dollars in thousands, except share data)

Index

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 customer's 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.

Violations of cGMP and other government regulations 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 United States 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 FDA withholding approval of new drug applications or supplements and the denial of entry into the U.S. 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.

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.

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. Last year the Company filed 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.

Reports filed by the Company with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

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(dollars in thousands, except share data)

Index

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 and its Code of Business Conduct and Ethics. 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 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, 2009:

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 May 2014. In addition, the Company owns a six acre site and buildings in North Haven, Connecticut, and a three acre site and buildings in Carlstadt, New Jersey. 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 will continue through 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 18 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 18.

Item 4 Submission of Matters to a Vote of Security Holders

None

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(dollars in thousands, except share data)

Index

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:

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

2008	High	Low
First Quarter	$ 10.96	$ 6.93
Second Quarter	7.28	5.51
Third Quarter	7.97	5.45
Fourth Quarter	6.14	2.45

As of January 29, 2010, the Company estimates that there were approximately 1,435 beneficial holders of the outstanding common stock of the Company.

2009 Equity Compensation Table

The following table provides information as of December 31, 2009 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	1,756,699	$ 11.16	430,880
Equity compensation plans not approved by security holders	263,670	$ 12.02	17,150
Total	2,020,369	$ 11.27	448,030

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:

2000 Employee Performance Stock Option Plan

The 2000 Employee Stock Option Plan (the "2000 Plan") is 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 shall be priced at fair market value on the date of grant and shall 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 immediately. In the event of death, disability or retirement, the options will expire one year from the date of the event.

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(dollars in thousands, except share data)

Index

Comparison of Five-Year Cumulative Total Returns

The following graph compares the Company's cumulative total stockholder return for a five-year period, with a performance indicator of the overall stock market, the S&P 500 Index and the S&P 1500 Pharmaceuticals Index which the Company believes more closely reflects the industry within which the Company operates. Prices are as of December 31 of the year indicated.

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, 2009.

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(dollars in thousands, except share data)

Index

Item 6 Selected Financial Data

The following selected consolidated financial data of the Company for each of the years in the five year period ended December 31, 2009 are derived from the audited financial statements for 2009, 2008, 2007 and 2006 and the books and records of the Company for 2005, respectively, including all adjustments necessary for discontinued operations presentation. The consolidated financial statements of the Company as of December 31, 2009 and 2008 and for each of the years in the three year period ended December 31, 2009 and the reports of independent registered public accounting firm thereon are included elsewhere in this annual report. In October 2006, the Company sold two businesses within the former Human Health segment and in February 2007 the Company completed the sale of the businesses that comprised the Bioproducts and Biopharma segments (excluding certain liabilities). See Note 19. 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,				
	2009(1)	2008(2)	2007(3)	2006(4)	2005(5)
INCOME DATA:					
Gross sales	$236,277	$249,618	$252,574	$236,659	$223,565
Net revenues	234,550	249,228	252,505	235,073	224,213
Gross profit	70,278	73,743	91,232	83,858	86,911
Selling, general and administrative expenses	35,711	40,521	48,858	58,279	56,109
Research and development expenses	7,929	7,590	12,157	10,813	11,946
Restructuring expenses	-	4,695	6,073	-	-
Strategic alternative costs	-	1,515	31,127	2,958	-
Operating profit/(loss)	26,638	19,422	(6,983)	11,808	18,856
Interest expense/(income), net	4,634	3,668	(485)	5,478	3,089
Other (income)/expense, net	(641)	754	725	(17)	201
Income/(loss) before income taxes	22,645	15,000	(7,223)	6,347	15,566
Provision for income taxes	12,253	7,071	6,288	14,513	25,322
Income/(loss) from continuing operations	10,392	7,929	(13,511)	(8,166)	(9,756)
Income/(loss) from discontinued operations, including gains/(losses) from dispositions, net of tax	-	-	222,759	(21,706)	(100,702)
Income/(loss) before cumulative effect of a change in accounting principle	10,392	7,929	209,248	(29,872)	(110,458)
Cumulative effect of a change in accounting principle	-	-	-	(228)	-
Net income/(loss)	10,392	7,929	209,248	(30,100)	(110,458)
EARNINGS PER SHARE DATA:					
Earnings/(loss) per common share (basic):					
Income/(loss) from continuing operations	$0.36	$0.27	$(0.47)	$(0.30)	$(0.37)
Income/(loss) from discontinued operations, including gains/(losses) from dispositions, net of tax	$-	$-	$7.77	$(0.81)	$(3.81)
Cumulative effect of a change in accounting principle	$-	$-	$-	$(0.01)	$-
Net income/(loss)	$0.36	$0.27	$7.30	$(1.12)	$(4.18)

Earnings/(loss) per common share (diluted):					
Income/(loss) from continuing operations	$0.36	$0.27	$(0.47)	$(0.30)	$(0.37)
Income/(loss) from discontinued operations, including gains/(losses) from dispositions, net of tax	$-	$-	$7.77	$(0.81)	$(3.81)
Cumulative effect of a change in accounting principle	$-	$-	$-	$(0.01)	$-
Net income/(loss)	$0.36	$0.27	$7.30	$(1.12)	$(4.18)
Weighted average shares outstanding:					
Basic	29,241	29,116	28,683	26,816	26,456
Diluted	29,267	29,161	28,683	26,816	26,456
DIVIDENDS PER COMMON SHARE	$-	$-	$14.03	$0.12	$0.12

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(dollars in thousands, except share data)

Index

	Years Ended December 31,				
	2009(1)	2008(2)	2007(3)	2006(4)	2005(5)
BALANCE SHEET DATA: (at end of period)					
Working capital	$94,362	$74,376	$69,148	$117,616	$139,207
Total assets	351,515	341,072	373,462	606,376	612,472
Long-term debt	120,800	123,800	101,600	158,600	182,060
Total stockholders' equity	103,270	74,786	102,057	246,646	243,251

(1) Net income includes tax expense of approximately $5,300 for an estimate of an international tax liability related to a 2003 transaction.

(2) Income from continuing operations include pre-tax charges of $1,515 within operating expenses for the 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.

(3) Loss from continuing operations include 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 include 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.

(4) Loss from continuing operations include 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 include the loss on the sale of two businesses within the former Human Health segment of $23,244, expense of $200 for an adjustment to an environmental reserve at a Rutherford Business site, $2,092 for a goodwill impairment charge, $1,791 due to the acquisition of Cutanogen and $1,475 for the write-down of an investment in equity securities.

(5) Loss from continuing operations include pre-tax charges for executive severance of $4,223 and an increase in an environmental reserve of $1,300 recorded in operating expenses, a tax benefit due to a favorable Swedish court decision of $3,329 and an increase in valuation allowances against domestic deferred tax assets totaling $16,926 within the provision for income taxes. Loss from discontinued operations include pre-tax charges for goodwill impairment of $76,385, long-lived asset impairment charge of $30,792 and a tax benefit related to the long-lived asset impairment of $1,673.

(dollars in thousands, except share data)

Index

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. These facilities primarily manufacture APIs, ingredients derived from organic chemistry and pharmaceutical intermediates.

The following significant events, which are explained in detail on the following pages, occurred during 2009:

- The Company’s Board of Directors approved the termination of its postretirement employee benefit plan resulting in a benefit, recorded in Operating expenses, of approximately $1,200.

- The Company recorded tax expense of approximately $5,300 for an estimate of an international tax liability related to a 2003 transaction.

Sales in 2009 decreased 5.3% to $236,277 from $249,618 in 2008. Sales in 2009 were unfavorably impacted 4.1% as a result of foreign currency exchange.

The Company experienced lower generic API sales due to 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 strong growth in 2009. The Company also continues to develop several new products utilizing its proprietary polymeric drug delivery technology. Sales of a feed additive were lower as a result of exiting the product line in 2008.

The Company maintained a robust pipeline of custom development projects during 2009 and its portfolio currently includes 12 products for which the Company expects to manufacture products for its customers’ phase III clinical trials. With a broad portfolio of products and services in the API market, the Company remains profitable and has a solid platform for future growth.

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.

One customer accounted for 10% or more of 2009 gross sales. Gyma, a distributor representing multiple customers, accounted for 11.5% of 2009 sales.

The Company recorded tax expense of $12,253 in 2009 compared to $7,071 in 2008. The tax provisions in 2009 and 2008 are primarily 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 2008 provision also includes benefits due to the expiration of statutes of limitations on certain tax positions, benefits for tax loss carrybacks and credits, and incremental benefits of the project to streamline the Company’s legal structure.

The Company reported net income of $10,392, or $0.36 per diluted share in 2009, compared to $7,929, or $0.27 per diluted share in 2008.

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:

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(dollars in thousands, except share data)

Index

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 whether there is objective and reliable evidence of the fair value of the undelivered items. The consideration the Company receives is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units.

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 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. Freight costs are reflected in cost of goods sold. Amounts billed to customers are recorded within net revenues.

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 done 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.

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(dollars in thousands, except share data)

Index

Environmental and Litigation Contingencies

The Company periodically assesses the potential liabilities related to any lawsuits or claims brought against it. See Note 18 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. If the aggregate amount of the liability and the timing of the payment is fixed or reasonably determinable, the Company discounts the amount to reflect the time value of money. 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 federal NOL carryforwards, foreign tax credits, and alternative minimum tax credits in the U.S., where profitability is uncertain, and NOL carryforwards in certain state and 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 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 were matched to a yield curve of high quality bonds. The Company then selected 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.

Results of Operations

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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(dollars in thousands, except share data)

21

Index

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 exited in 2008 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 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 rate was 3.8% and 4.9% in

2009 and 2008, respectively.

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(dollars in thousands, except share data)

Index

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.

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 a 2003 transaction in which a new subsidiary was created, and the deductibility of certain intercompany transactions. In the fourth quarter of 2009, the tax authorities notified the Company that they disagreed with the Company's responses to their formal assessments. The Company has analyzed the issues in accordance with guidance on uncertain tax positions and has recorded an increase to its tax expense of approximately $5,300. Settlement discussions with the tax authorities are ongoing.

In 2009, the Company's Swedish subsidiary was examined by the Swedish tax authorities, who questioned certain significant intercompany balances and transactions. The Company filed responses to the inquiries in the fourth quarter of 2009. The Company expects it to take several months before a formal audit report is issued. If the tax authorities were to disagree with the Company's position on unresolved issues, the Company estimates the preliminary assessment would be approximately $200. 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.

2008 Compared to 2007

Gross sales for 2008 decreased 1.2% to $249,618 from $252,574 in 2007. Gross sales were favorably impacted in 2008 by 2.5% due to the weakness in the U.S. dollar primarily versus the Euro and Swedish krona.

The following table summarizes gross sales by product groups:

	2008	2007
APIs and pharmaceutical intermediates	$ 220,722	$ 220,386
Other	28,896	32,188
Total	$ 249,618	$ 252,574

Sales of APIs and pharmaceutical intermediates of $220,722 were comparable to the prior year. Excluding the favorable impact due to foreign exchange rates, sales were down 2.4%. Lower sales were driven by lower volumes of a diuretic API, lower demand for custom development and drug delivery products as well as lower pricing for a gastro-intestinal API due to the renegotiation of a long-term contract. These decreases were partially offset by higher sales of controlled substances and higher demand for a central nervous system API.

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(dollars in thousands, except share data)

Index

Other sales of $28,896 were $3,292 or 10.2% below the prior year. Excluding the favorable impact due to foreign exchange, these sales were down 12.1%. The decrease in sales is due primarily to lower sales of a feed additive product line that the Company exited in the third quarter of 2008 and lower sales of polymer products.

Gross profit in 2008 was $73,743 compared to $91,232 in 2007. Gross margins in 2008 decreased to 29.5% from 36.1% in 2007. The lower margins are due primarily to lower pricing and higher production costs partially offset by proceeds from an insurance settlement related to business interruption. The insurance settlement contributed 0.3% to gross margins. The impact of foreign currency exchange was negligible.

Selling, general and administrative expenses of $40,521 or 16.2% of gross sales in 2008 decreased from $48,858 or 19.3% in 2007. Administrative expenses decreased primarily due to lower personnel costs resulting from reduced staffing at corporate headquarters (approximately $3,200), lower bonus expense (approximately $2,500) and lower legal fees (approximately $2,500) partially offset by an unfavorable impact from foreign currency (approximately $1,100).

Research and development expenses of $7,590 were 3.0% of gross sales in 2008, compared to $12,157 or 4.8% of gross sales in 2007. The decrease is primarily due to the Company's decision in 2007 to consolidate its New Jersey R&D facility with its R&D operations in Iowa to create increased operating efficiencies. The Company also utilized certain R&D personnel on custom development projects resulting in these costs being classified as cost of goods sold. The impact of foreign currency was negligible.

Total restructuring expenses for 2008 and 2007 were $4,695 and $6,073, respectively. Restructuring expenses include the reduction of employee positions at the corporate office and the consolidation of the Company's R&D activities and small scale API production with its facility in Iowa.

During 2007, the Company announced plans to eliminate certain employee positions at the corporate office upon completion of the sale of the businesses that comprised the Bioproducts and Biopharma segments. This plan included certain one-time benefits for terminated employees. Costs related to these plans are recorded as restructuring expenses in the income statement. The Company recognized expense of $805 and $4,014 in 2008 and 2007, respectively, related to this plan.

In December of 2007, the Company consolidated its United States R&D activities and small scale API production with its facility in Charles City, Iowa. The Company recognized restructuring expenses in 2007 of $2,059 related to this consolidation. This charge included the present value of the remaining lease payments under the Company's current operating lease at the New Jersey R&D facility (reduced by estimated sublease rentals) of $998. The operating lease expires in December 2010. In accordance with accounting guidance, the fair value of the liability recorded at the cease-use date factored in the remaining lease rentals, reduced by estimated sublease rentals that could be reasonably obtained for the property. The Company consulted with local real estate brokers at that time to determine what reasonable sublease rentals could be obtained. The Company has not been able to sublease the property and interest dramatically decreased during the fourth quarter of 2008. Due to the lack of interest, the Company consulted with its real estate broker and determined that the possibility of obtaining a sublease was extremely low. As a result, during the fourth quarter of 2008, the Company increased the reserve related to the remaining lease payments by $2,388. This amount assumes the Company will not obtain a sublease for the facility. In addition to increasing the reserve, the Company incurred costs of $1,502 related to lease payments, utilities and severance during 2008. Costs related to this consolidation are recorded as restructuring expenses on the income statement.

Total strategic alternative costs for 2008 and 2007 were $1,515 and $31,127, respectively. Strategic alternative costs include expenses that the Company has incurred related to the decision to sell the businesses that comprised the

Bioproducts and Biopharma segments in February 2007, costs associated with a project to streamline the Company's legal structure and costs associated with the exit of a feed additives product line. These costs are not considered part of the restructuring program or a part of discontinued operations under current accounting guidance.

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(dollars in thousands, except share data)

Index

Strategic alternative costs for 2008 include $1,385 related to the project to streamline the Company's legal structure, costs associated with the modification of employee stock options due to the payment of the special dividend in connection with the divestiture of $102 and change of control expense of $28. Costs for 2007 include change of control expenses totaling $20,025 related to the 2007 divestiture of the businesses that comprised the Bioproducts and Biopharma segments, retention bonuses of $6,780, costs associated with the stock option modification of $2,854 and external advisor costs of $456.

During the fourth quarter of 2007 the Company committed to a plan to exit a feed additive product line. The equipment used in producing this product will be dismantled and disposed subsequent to the completion of production. Production continued through the third quarter of 2008. The Company recorded $1,012 for the asset retirement obligation in 2007. This charge is recorded as strategic alternative costs in the income statement.

Operating profit was $19,422 in 2008 compared to an operating loss of $6,983 in 2007. The increase is due to lower strategic alternative and restructuring costs and lower corporate spending partially offset by lower gross margins. The 2008 results include strategic alternative and restructuring costs of $1,515 and $4,695, respectively. The 2007 results include strategic alternative and restructuring costs of $31,127 and $6,073, respectively.

Net interest expense was $3,668 in 2008 compared to net interest income of $485 in 2007 primarily reflecting interest income in 2007 due to interest earned on the proceeds from the sale of the businesses that comprised the Bioproducts and Biopharma segments. Higher average debt partially offset by lower interest rates contributed to higher interest expense. Additionally, 2007 includes the acceleration of unamortized origination fees related to the repayment of a prior credit facility of $841. The average interest rate was 4.9% and 6.9% in 2008 and 2007, respectively.

The Company recorded tax expense of $7,071 in 2008 compared to $6,288 in 2007. The tax expense for 2008 includes a $5,537 valuation allowance to offset benefits generated from domestic 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.

In connection with the sale of the businesses that comprised the Bioproducts and Biopharma businesses in 2007, the Company utilized domestic federal NOLs and foreign tax credits for which a full valuation allowance was provided for at December 31, 2006, to eliminate the U.S. income tax on this transaction. U.S. income tax related to distributions repatriated from foreign entities in 2008 has been offset by foreign tax credits for which a full valuation allowance was provided for at December 31, 2007.

Income from continuing operations in 2008 was $7,929, or $0.27 per diluted share, versus a loss of $13,511, or $0.47 per diluted share in 2007.

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(dollars in thousands, except share data)

Index

Liquidity and Capital Resources

During 2009 cash and cash equivalents on hand increased $19,825 to $52,365. The year over year strength in the Euro and Swedish krona favorably impacted the translated cash balances by $1,881. During 2009, cash flows from operations provided $34,392, compared to $4,989 in the same period a year ago. The increase in cash flows from operations in 2009 versus 2008 is due primarily to the unusually large cash payments required in 2008 related to change-in-control and restructuring payments, better inventory management and higher net income.

Cash flows used in investing activities in 2009 of $12,520 primarily reflect cash payments related to capital expenditures of $12,587 compared to $29,378 in 2008. The majority of funds in 2009 were used for a new mid-scale Pharma manufacturing facility in Karlskoga, Sweden which was substantially completed as of March 31, 2009 and capital improvements to existing facilities. For 2010, capital expenditures are expected to be approximately $12,000 to $15,000.

Cash flows used in financing activities in 2009 of $3,928 mainly reflect the pay down of debt. In 2008 the Company had a net increase in bank debt of $22,142.

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, 2009. 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, 2009 there was $120,800 outstanding.

The Company has employed a plan to mitigate interest rate risk by entering into interest rate swap agreements to convert floating rates to fixed interest rates. As of December 31, 2009, 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%, and with maturity dates of October 2010. The Company's strategy has been to cover a portion of outstanding bank debt with interest rate protection. At December 31, 2009, the coverage was approximately 50% of the Company's variable interest rate debt.

The 2009 and 2008 weighted average interest rate for long-term bank debt was 3.8% and 4.9%, respectively.

Contractual Obligations

At December 31, 2009, the Company's contractual obligations with initial or remaining terms in excess of one year were as follows:

	Total	2010	2011	2012	2013	2014+
Long term debt	$120,800	$-	$-	$120,800	$-	$-
Interest on debt	6,941	3,833	2,331	777	-	-
Operating leases	5,038	1,822	490	405	364	1,957
Purchase obligations	7,415	6,452	963	-	-	-
Contractual cash obligations	$140,194	$12,107	$3,784	$121,982	$364	$1,957

In addition to the contractual obligations listed above, the Company expects to contribute approximately $1,041 in cash to its two U.S. defined-benefit pension plans in 2010. See Note 15 for detail on the Company's unfunded balance related to its pension plans. Also not included in the table above is $6,649 of uncertain tax positions due to uncertainties surrounding the timing of the obligation. See Note 8.

See Notes 9, 15, 17 and 18 for additional information regarding the Company's pension plans, debt and other commitments.

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(dollars in thousands, except share data)

Index

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.

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, 2009 was $15,781. 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, 2009, a 10% fluctuation of the local currency over a one-year period would cause $1,562 pre-tax earnings to be at risk. This is based on the notional amount of the contracts, adjusted for unrealized gains and losses, of $15,618. 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 has employed a plan to mitigate interest rate risk by entering into interest rate swap agreements to convert floating rates to fixed interest rates. As of December 31, 2009, 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%, and with maturity dates in October 2010. The Company's strategy has been to cover a portion of outstanding bank debt with interest rate protection. At December 31, 2009, the coverage was approximately 50% of the Company's variable interest rate debt. At December 31, 2009, the Company had variable debt of $120,800, of which $60,000 is fixed by interest rate swaps. Holding all other variables constant, if the LIBOR portion of the weighted average interest rates in the variable rate debt increased by 100 basis points, the effect on our earnings and cash flows would have been higher interest expense of $608.

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 the discontinued operations of the Rutherford Chemicals business.

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(dollars in thousands, except share data)

Index

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.

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 Superfund sites not owned by the Company and the Company's current and former operating sites. These accruals were $6,163 and $6,226 at December 31, 2009 and 2008, respectively. The decrease in the accrual includes payments of $310 partially offset by increases to reserves of $110 and the impact of currency of $137. 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.

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 Remedial Action Work Plan (“RAW”) to the NJDEP for its Cosan Clifton, New Jersey site. The NJDEP subsequently rejected the RAW and requested additional investigative work at the site and that work is on-going. The reserve was $1,164 at December 31, 2009 which is 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 $916 for the Cosan Carlstadt, New Jersey site based on the investigations completed to date and the proposed RAW submitted to the NJDEP for their approval. The NJDEP has subsequently required the Company to perform additional investigative work prior to approval of the RAW. The results of this additional investigative work may impact the remediation plan and costs.

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 negotiate to 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, 2009, the Company’s reserve was $309 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 expected to take several years and at this time it is too early to predict the extent of any additional liabilities.

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(dollars in thousands, except share data)

Index

Nepera, Inc. – Maybrook and Harriman Sites

Nepera, Inc. (“Nepera”) is named a PRP of the Maybrook Site in Hamptonburgh, New York by the USEPA in connection with the disposition, 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, including a letter of credit to guarantee the obligation under the Consent Decree.

Nepera is also named a responsible party of the 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, 2009, the reserve recorded on the books was $1,300 and represents the Company’s best estimate to complete both RODs.

Solvent Recoveries Superfund Site

A subsidiary of the Company is one of approximately 1,300 PRPs at a Superfund site (“the 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.

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 (“FTC”) 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). The FTC and Attorneys' General suits were settled in February 2001.

Index

All cases have been resolved except for one brought by four health care insurers. In 2008 the District Court, in this remaining case, entered judgment after trial 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 also subject to a total of approximately $7,000 in prejudgment interest. The parties will appeal the awards.

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 this matter. Cambrex expects any payment of the judgment against it 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 manufacture and sale of Company 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 has no liabilities recorded for these agreements as of December 31, 2009.

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

Impact of Recent Accounting Pronouncements

Fair Value Measurements

The Company adopted the Financial Accounting Standards Board's ("FASB") Statement "Fair Value Measurements" related to nonfinancial assets and nonfinancial liabilities effective January 1, 2009. This statement defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. This statement applies whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. The effect of adopting this pronouncement did not have a material impact on the Company's financial position or results of operations.

In January 2010, the FASB issued "Fair Value Measurements and Disclosures - Improving Disclosures about Fair Value Measurements". This statement requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in FASB Statement "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.

Index

Disclosures about Derivative Instruments and Hedging Activities

The Company adopted the FASB's Statement "Disclosures about Derivative Instruments and Hedging Activities" effective January 1, 2009. This statement requires enhanced disclosures about derivative and hedging activities and thereby improves the transparency of financial reporting. This statement also encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The effect of adopting this pronouncement did not have an impact on the Company's financial position or results of operations.

Employers' Disclosures about Postretirement Benefit Plan Assets

The Company adopted the FASB's statement "Employers' Disclosures about Postretirement Benefit Plan Assets" effective December 31, 2009. This statement provides guidance on additional disclosures about plan assets of a defined benefit pension or other postretirement plan. Upon initial application, the provisions of this pronouncement are not required for earlier periods that are presented for comparative purposes. The effect of adopting this pronouncement did not have an impact on the Company's financial position or results of operations.

Subsequent Events

The Company adopted the FASB's Statement "Subsequent Events" effective June 30, 2009. This statement establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. The effect of adopting this pronouncement did not have a material impact on the Company's financial position or results of operations.

FASB Accounting Standards Codification and the Hierarchy of GAAP

The Company adopted the FASB's Statement "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" effective September 30, 2009. This statement provides for the FASB Accounting Standards Codification to become the single official source of authoritative, nongovernmental U.S. GAAP. This statement does not change GAAP but reorganizes the literature.

Measuring Liabilities at Fair Value

The Company adopted the FASB's update "Fair Value Measurements and Disclosures —Measuring Liabilities at Fair Value." This update provides amendments to "Fair Value Measurements and Disclosures – Overall", for the fair value measurement of liabilities. This update provides clarification for circumstances in which a quoted price in an active market for the identical liability is not available, how to estimate the fair value of a liability and how to determine the quoted price. The amendments in this update reduce potential ambiguity in financial reporting when measuring the fair value of liabilities. The effect of adopting this pronouncement did not have a material 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 can not 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 Issue 00-21. This issue is effective for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010. Early adoption is permitted. The Company is currently evaluating the potential impact of this issue.

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(dollars in thousands, except share data)

Index

Forward-Looking Statements

This document may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Rule 3b-6 under The Securities Exchange Act of 1934, as amended, including, without limitation, 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 in connection with any discussion of future financia and operating performance. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Form 10-K. 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 including, but not limited to, global economic trends, 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, the Company's ability to satisfy the continued listing standards of the New York Stock Exchange, 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, the Company's ability to receive regulatory approvals for its products and other factors described under the caption "Risk Factors That May Affect Future Results" in this Form 10-K. Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time and it is not possible for the Company to predict which will arise. In addition, the Company cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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 27 of this Form 10-K.

Index

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	34
Consolidated Balance Sheets as of December 31, 2009 and 2008	36
Consolidated Statements of Operations for the Years Ended December 31, 2009, 2008 and 2007	37
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2009, 2008 and 2007	38
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009, 2008 and 2007	39
Notes to Consolidated Financial Statements	40
Selected Quarterly Financial and Supplementary Data (unaudited)	71

The consolidated financial statements and financial statement schedule are filed pursuant to Item 15 of this report.

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(dollars in thousands, except share data)

Index

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, 2009 and 2008 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. 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, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, 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, 2009, 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, 2010 expressed an unqualified opinion thereon.

/s/ BDO Seidman, LLP

Woodbridge, NJ
February 11, 2010

Index

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, 2009, 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, 2009, 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, 2009 and 2008, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2009 and our report dated February 11, 2010 expressed an unqualified opinion thereon.

/s/ BDO Seidman, LLP

Woodbridge, NJ
February 11, 2010

35

Index

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)

	December 31, 2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	$52,365	$32,540
Trade receivables, less allowances of $627 and $1,105 at respective dates	32,025	36,685
Inventories, net	58,369	61,133
Prepaid expenses and other current assets	6,654	8,798
Total current assets	149,413	139,156
Property, plant and equipment, net	161,149	161,500
Goodwill	36,360	35,374
Other non-current assets	4,593	5,042
Total assets	$351,515	$341,072
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$17,038	$19,700
Accrued expense and other current liabilities	38,013	45,080
Total current liabilities	55,051	64,780
Long-term debt	120,800	123,800
Deferred income tax	17,305	16,138
Accrued pension and postretirement benefits	40,963	44,165
Other non-current liabilities	14,126	17,403
Total liabilities	248,245	266,286
Commitments and contingencies (see Notes 17 and 18)		
Stockholders' equity:		
Common Stock, $.10 par value; authorized 100,000,000 issued 31,408,778 and 31,406,778 shares at respective dates	3,140	3,140
Additional paid-in capital	100,497	99,881
Retained earnings	22,345	11,960
Treasury stock, at cost, 2,121,372 and 2,224,613 shares at respective dates	(18,109)	(19,014)
Accumulated other comprehensive loss	(4,603)	(21,181)
Total stockholders' equity	103,270	74,786
Total liabilities and stockholders' equity	$351,515	$341,072

See accompanying notes to consolidated financial statements.

Index

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except share data)

	Years Ended December 31,		
	2009	2008	2007
Gross Sales	$236,277	$249,618	$252,574
Allowances and rebates	1,402	2,099	1,368
Net sales	234,875	247,519	251,206
Other revenues	(325)	1,709	1,299
Net revenues	234,550	249,228	252,505
Cost of goods sold	164,272	175,485	161,273
Gross profit	70,278	73,743	91,232
Selling, general and administrative expenses	35,711	40,521	48,858
Research and development expenses	7,929	7,590	12,157
Restructuring expenses	-	4,695	6,073
Strategic alternative costs	-	1,515	31,127
Operating profit/(loss)	26,638	19,422	(6,983)
Other (income)/expenses			
Interest income	(234)	(802)	(5,199)
Interest expense	4,868	4,470	4,714
Other (income)/expenses, net	(641)	754	725
Income/(loss) before income taxes	22,645	15,000	(7,223)
Provision for income taxes	12,253	7,071	6,288
Income/(loss) from continuing operations	10,392	7,929	(13,511)
Income from discontinued operations, including gains from dispositions, net of tax	-	-	222,759
Net income	$10,392	$7,929	$209,248
Basic earnings/(loss) per share			
Income/(loss) from continuing operations	$0.36	$0.27	$(0.47)
Income from discontinued operations, including gains from dispositions, net of tax	$-	$-	$7.77
Net income	$0.36	$0.27	$7.30
Diluted earnings/(loss) per share			
Income/(loss) from continuing operations	$0.36	$0.27	$(0.47)
Income from discontinued operations, including gains from dispositions, net of tax	$-	$-	$7.77
Net income	$0.36	$0.27	$7.30
Weighted average shares outstanding:			
Basic weighted average shares outstanding	29,241	29,116	28,683
Effect of dilutive stock options and restricted stock*	26	45	-
Diluted weighted average shares outstanding	29,267	29,161	28,683

* For 2007, the effect of stock options and restricted stock would be anti-dilutive and is therefore excluded.

See accompanying notes to consolidated financial statements.

Index

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands, except share data)

	Common Stock Shares Issued	Common Stock Par Value ($.10)	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Comprehensive (Loss)/Gain	Accumulated Other Comprehensive (Loss)/Income	Total Stockholders' Equity
Balance at December 31, 2006	30,188,017	$3,015	$241,360	$28,860	$(20,832)		$ (5,757)	$ 246,646
Comprehensive income								
Net income				209,248		209,248		209,248
Other comprehensive income/(loss)								
Foreign currency translation adjustment						15,684		
Unrealized losses on hedging contracts, net of tax of $107						(1,385)		
Pensions, net of tax of $346						7,734		
Reclass adjustment for gain on marketable securities included in net earnings, net of tax of $0						(1,117)		
Other comprehensive income						20,916	20,916	20,916
Total comprehensive income						$ 230,164		
Disposition of business - pension							1,320	1,320
Cash dividends and return of capital at $14.03 per share			(169,782)	(234,077)				(403,859)
Purchase of treasury stock					(59)			(59)

Exercise of stock options	1,175,101	121	21,777				21,898
Deferred compensation	8,771	1	207		62		270
Vested restricted stock	27,811	3	(446)		443		-
Stock option modification			2,535				2,535
Stock option expense			711				711
Restricted stock expense			2,431				2,431
Balance at December 31, 2007	31,399,700	$3,140	$98,793	$4,031	$(20,386)	$ 16,479	$ 102,057
Comprehensive loss							
Net income				7,929	7,929		7,929
Other comprehensive loss							
Foreign currency translation adjustment					(16,830)		
Unrealized losses on hedging contracts, net of tax of $322					(2,962)		
Pensions, net of tax of $145					(17,868)		
Other comprehensive loss					(37,660)	(37,660)	(37,660)
Total comprehensive loss					$ (29,731)		
Purchase of treasury stock					(50)		(50)
Exercise of stock options	2,301		18				18
Deferred compensation	4,777		59		170		229
Vested restricted stock			(1,252)		1,252		-
Stock option modification			102				102
Stock option expense			582				582
Restricted stock expense			1,545				1,545
			34				34

Performance stock expense								
Balance at December 31, 2008	31,406,778	$3,140	$99,881	$11,960	$(19,014)		$ (21,181)	$ 74,786
Comprehensive income								
Net income				10,392		10,392		10,392
Other comprehensive income								
Foreign currency translation adjustment						9,819		
Unrealized gains on hedging contracts, net of tax of $304						2,450		
Pensions, net of tax of $204						4,309		
Other comprehensive income						16,578	16,578	16,578
Total comprehensive income						$ 26,970		
Adjustment to cash dividend on restricted stock				(7)				(7)
Purchase of treasury stock					(25)			(25)
Exercise of stock options	2,000		9					9
Deferred compensation			(102)		264			162
Vested restricted stock			(666)		666			-
Stock option modification			94					94
Stock option expense			554					554
Restricted stock expense			658					658
Performance stock expense			69					69
Balance at December 31, 2009	31,408,778	$3,140	$100,497	$22,345	$(18,109)		$ (4,603)	$ 103,270

See accompanying notes to consolidated financial statements.

38

Index

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Years Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net income	$10,392	$7,929	$209,248
Adjustments to reconcile net income to cash flows:			
Depreciation and amortization	20,505	21,055	19,878
Increase in inventory reserve	4,196	2,916	2,709
Stock based compensation included in net income	1,281	1,967	3,142
Deferred income tax provision	(287)	(23)	4,209
Strategic alternative and restructuring charges	-	2,987	17,693
Write-off of debt origination fees	-	-	841
Stock option modification	94	102	2,535
Foreign tax reserve	5,330	-	-
Other	(450)	1,884	447
Changes in assets and liabilities:			
Trade receivables	5,930	5,547	(4,542)
Inventories	712	(8,612)	(6,329)
Prepaid expenses and other current assets	2,083	7,264	1,131
Accounts payable and other current liabilities	(13,038)	(36,509)	(17,919)
Other non-current assets and liabilities	(2,356)	(1,518)	550
Discontinued operations:			
Gain on sale of businesses	-	-	(235,489)
Rutherford settlement, net of tax	-	-	4,172
Changes in operating assets and liabilities	-	-	(5,428)
Other non-cash charges	-	-	2,359
Net cash provided by/(used in) operating activities	34,392	4,989	(793)
Cash flows from investing activities:			
Capital expenditures	(12,587)	(29,378)	(25,927)
Acquisition of business, net of cash	-	(1,271)	-
Other investing activities	67	12	887
Discontinued operations:			
Capital expenditures	-	-	(530)
Proceeds from sale of business	-	-	466,277
Other investing activities	-	-	11
Net cash (used in)/provided by investing activities	(12,520)	(30,637)	440,718
Cash flows from financing activities:			
Dividends and return of capital	(889)	-	(402,389)
Long-term debt activity (including current portion):			
Borrowings	23,600	61,600	151,500
Repayments	(26,600)	(39,458)	(208,755)
Proceeds from stock options exercised	9	18	21,898
Other financing activities	(48)	(50)	(59)
Discontinued operations:			

Long-term debt activity (including current portion):			
Repayments	-	-	(254)
Net cash (used in)/provided by financing activities	(3,928)	22,110	(438,059)
Effect of exchange rate changes on cash and cash equivalents	1,881	(2,410)	2,876
Net increase/(decrease) in cash and cash equivalents	19,825	(5,948)	4,742
Cash and cash equivalents at beginning of year	32,540	38,488	33,746
Cash and cash equivalents at end of year	$52,365	$32,540	$38,488
Supplemental disclosure:			
Interest paid, net of capitalized interest	$4,906	$4,126	$5,003
Income taxes paid	$9,617	$10,342	$17,869

See accompanying notes to consolidated financial statements.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share data)

(1) The Company

Cambrex Corporation and Subsidiaries (the "Company" or "Cambrex") primarily provides products and services worldwide to pharmaceutical companies and generic drug companies. The Company is dedicated to providing essential products and services to accelerate drug discovery, development and manufacturing processes for human therapeutics. The Company's products consist of active pharmaceutical ingredients ("APIs") and pharmaceutical intermediates produced under Food and Drug Administration current Good Manufacturing Practices for use in the production of prescription and over-the-counter drug products and other fine custom chemicals derived from organic chemistry. Cambrex has three operating segments, which are manufacturing facilities, that have been aggregated as one reportable segment.

In February 2007, the Company completed the sale of the businesses that comprised the Bioproducts and Biopharma segments (excluding certain liabilities) for total cash consideration of $463,914, including working capital adjustments. As a result of this transaction, the Company reported a gain of $235,489 in 2007 and all periods presented reflect the results of these businesses as discontinued operations. Refer to Note 19 for a complete discussion of discontinued operations.

Interest expense was allocated to discontinued operations based upon net assets consistent with the EITF's "Allocations of Interest on Discontinued Operations."

The Company has evaluated subsequent events through the issuance date of this Form 10-K.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

Cash Equivalents

Temporary cash investments with an original maturity of less than three months are considered cash equivalents. The carrying amounts approximate fair value.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts relating to estimated losses resulting from customers being unable to make required payments. Allowances for doubtful accounts are based on historical experience and known factors regarding specific customers and the industries in which those customers operate. If the financial condition of the Company's customers were to deteriorate, resulting in their ability to make payments being impaired, additional allowances would be required.

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and equivalents and accounts receivable. The Company maintains cash and equivalents with high quality financial institutions. Concentrations of credit risk with respect to accounts receivable are limited due to the Company's large number of customers and their dispersion throughout the world.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(2) Summary of Significant Accounting Policies (continued)

Derivative Instruments

Derivative financial instruments are used by the Company primarily for hedging purposes to mitigate a variety of working capital, investment and borrowing risks. The Company primarily uses foreign currency forward contracts to minimize foreign currency exchange rate risk associated with foreign currency transactions. Gains and losses on these hedging transactions are generally recorded in earnings in the same period as they are realized, which is usually the same period as the settlement of the underlying transactions. The Company uses interest rate swap instruments only as hedges or as an integral part of borrowing. As such, the differential to be paid or received in connection with these instruments is accrued and recognized in income as an adjustment to interest expense.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedging relationships. All cash flow hedges are linked to transactions and the Company assesses effectiveness at inception and on a quarterly basis. If it is determined that a derivative instrument is not highly effective or the transaction is no longer deemed probable of occurring, the Company discontinues hedge accounting and recognizes the ineffective portion in current period earnings.

Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market. The determination of market value involves assessment of numerous factors, including costs to dispose of inventory and estimated selling prices. Reserves are recorded to reduce carrying value for inventory determined to be damaged, obsolete or otherwise unsaleable.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation. Plant and equipment are depreciated on a straight-line basis over the estimated useful lives for each applicable asset group as follows:

Buildings and improvements	20 to 30 years, or term of lease if applicable
Machinery and equipment	7 to 15 years
Furniture and fixtures	5 to 7 years
Computer hardware and software	3 to 7 years

Expenditures for additions, major renewals or betterments are capitalized and expenditures for maintenance and repairs are charged to income as incurred.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operating expenses. Interest is capitalized in connection with the construction and acquisition of assets that are capitalized over longer periods of time for larger amounts. The capitalized interest is recorded as part of the cost of the asset to which it relates and is amortized over the asset's estimated useful life. Total interest capitalized in connection with ongoing construction activities in 2009, 2008 and 2007 amounted to $677, $2,032 and $1,123, respectively.

Impairment of Goodwill

The Company reviews the carrying value of goodwill to determine whether impairment may exist on an annual basis or whenever it has reason to believe goodwill may not be recoverable. The annual impairment test of goodwill is performed during the fourth quarter of each fiscal year. The Company did not have a goodwill impairment for the years ended December 31, 2009, 2008 and 2007.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(2) Summary of Significant Accounting Policies (continued)

Goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of each reporting unit, determined using various valuation techniques, with the primary technique being a discounted cash flow analysis, to its carrying value. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The impairment test for other intangible assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Impairment of Long-Lived Assets

The Company assesses the impairment of its long-lived assets, including amortizable intangible assets, and property, plant and equipment, whenever economic events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Long lived assets are considered to be impaired when the sum of the undiscounted expected future operating cash flows is less than the carrying amounts of the related assets. If impaired, the assets are written down to fair market value.

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 whether there is objective and reliable evidence of the fair value of the undelivered items. The consideration the Company receives is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units.

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 not previously recognized as revenue.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(2) Summary of Significant Accounting Policies (continued)

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. Freight costs are reflected in cost of goods sold. Amounts billed to customers are recorded within net revenues.

Income Taxes

The Company and its eligible subsidiaries file a consolidated U.S. income tax return. Certain subsidiaries which are consolidated for financial reporting are not eligible to be included in the consolidated U.S. income tax return. Cambrex has not provided U.S. federal income and withholding taxes on its undistributed earnings from foreign operations as of December 31, 2009 because it intends to reinvest such earnings indefinitely outside of the United States. If Cambrex were to distribute these earnings, it is anticipated that foreign tax credits would be available under current law to significantly reduce or eliminate the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax related to these earnings is not practical.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Environmental Costs

The Company is subject to extensive and changing federal, state, local and foreign environmental laws and regulations, and has made provisions for the estimated financial impact of environmental cleanup related costs. The Company's policy is to accrue environmental cleanup related costs of a non-capital nature, including estimated litigation costs, when those costs are believed to be probable and can be reasonably estimated. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, advancements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement. Such accruals are adjusted as further information develops or circumstances change. For certain matters, the Company expects to share costs with other parties. Costs of future expenditures for environmental remediation obligations are not discounted to their present value unless the aggregate amount of the liability and the timing of cash payments are fixed or reasonably determinable. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed certain.

Foreign Currency

The functional currency of the Company's foreign subsidiaries is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts and cash flows using average rates of exchange prevailing during the year. Adjustments resulting from the translation of foreign currency financial statements are accumulated in a separate component of stockholders' equity until the entity is sold or substantially liquidated. Gains or losses relating to transactions of a long-term investment nature are accumulated in stockholders' equity. Gains or losses resulting from foreign currency transactions are included in the results of operations as a component of other revenues in the consolidated income statement. Foreign currency net transaction (losses)/gains were ($1,006), $1,183 and $260 in 2009, 2008 and 2007, respectively.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(2) Summary of Significant Accounting Policies (continued)

Earnings per Common Share

All diluted earnings per share are computed on the basis of the weighted average shares of common stock outstanding plus common equivalent shares arising from the effect of dilutive stock options and restricted stock units, using the treasury stock method.

For the years ended December 31, 2009, 2008 and 2007, shares of 2,106,556, 1,648,193, and 1,171,895, respectively, were not included in the calculation of diluted shares outstanding because the effect would be anti-dilutive.

Comprehensive Loss

Included within accumulated other comprehensive loss for the Company are; foreign currency translation adjustments, changes in the fair value related to derivative instruments classified as cash flow hedges, net of related tax benefit and changes in the pensions, net of tax. Total comprehensive income/(loss) for the years ended December 31, 2009 and 2008 are included in the Statements of Stockholders' Equity.

The components of accumulated other comprehensive loss in stockholders' equity are as follows:

	2009	2008
Foreign currency translation	$ 16,029	$ 6,210
Unrealized loss on hedging contracts, net of tax	(1,806)	(4,256)
Pensions, net of tax	(18,826)	(23,135)
Total	$ (4,603)	$ (21,181)

(3) Impact of Recently Issued Accounting Pronouncements

Fair Value Measurements

The Company adopted the Financial Accounting Standards Board's ("FASB") Statement "Fair Value Measurements" related to nonfinancial assets and nonfinancial liabilities effective January 1, 2009. This statement defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. This statement applies whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. The effect of adopting this pronouncement did not have a material impact on the Company's financial position or results of operations.

In January 2010, the FASB issued "Fair Value Measurements and Disclosures - Improving Disclosures about Fair Value Measurements". This statement requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in FASB Statement "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.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(3) Impact of Recently Issued Accounting Pronouncements (continued)

Disclosures about Derivative Instruments and Hedging Activities

The Company adopted the FASB's Statement "Disclosures about Derivative Instruments and Hedging Activities" effective January 1, 2009. This statement requires enhanced disclosures about derivative and hedging activities and thereby improves the transparency of financial reporting. This statement also encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The effect of adopting this pronouncement did not have an impact on the Company's financial position or results of operations.

Employers' Disclosures about Postretirement Benefit Plan Assets

The Company adopted the FASB's statement "Employers' Disclosures about Postretirement Benefit Plan Assets" effective December 31, 2009. This statement provides guidance on additional disclosures about plan assets of a defined benefit pension or other postretirement plan. Upon initial application, the provisions of this pronouncement are not required for earlier periods that are presented for comparative purposes. The effect of adopting this pronouncement did not have an impact on the Company's financial position or results of operations.

Subsequent Events

The Company adopted the FASB's Statement "Subsequent Events" effective June 30, 2009. This statement establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This statement requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. The effect of adopting this pronouncement did not have a material impact on the Company's financial position or results of operations.

FASB Accounting Standards Codification and the Hierarchy of GAAP

The Company adopted the FASB's Statement "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" effective September 30, 2009. This statement provides for the FASB Accounting Standards Codification to become the single official source of authoritative, nongovernmental U.S. GAAP. This statement does not change GAAP but reorganizes the literature.

Measuring Liabilities at Fair Value

The Company adopted the FASB's update "Fair Value Measurements and Disclosures —Measuring Liabilities at Fair Value." This update provides amendments to "Fair Value Measurements and Disclosures – Overall", for the fair value measurement of liabilities. This update provides clarification for circumstances in which a quoted price in an active market for the identical liability is not available, how to estimate the fair value of a liability and how to determine the quoted price. The amendments in this update reduce potential ambiguity in financial reporting when measuring the fair value of liabilities. The effect of adopting this pronouncement did not have a material impact on the Company's financial position or results of operations.

45

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(3) Impact of Recently Issued Accounting Pronouncements (continued)

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 can not 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 Issue 00-21. This issue is effective for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010. Early adoption is permitted. The Company is currently evaluating the potential impact of this issue.

(4) Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2009 and 2008 are as follows:

Balance as of January 1, 2008	$35,552
Acquisition of business	1,489
Translation effect	(1,667)
Balance as of December 31, 2008	35,374
Translation effect	986
Balance as of December 31, 2009	$36,360

(5) Net Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market.

Net inventories consist of the following:

	December 31,	
	2009	2008
Finished goods	$ 26,549	$ 24,657
Work in process	18,361	22,372
Raw materials	9,887	10,688
Supplies	3,572	3,416
Total	$ 58,369	$ 61,133

The components of inventory stated above are net of reserves of $11,947 and $9,753 as of December 31, 2009 and 2008, respectively.

46

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(6) Property, plant and equipment

Property, plant and equipment consist of the following:

	December 31,	
	2009	2008
Land	$ 4,219	$ 4,127
Buildings and improvements	90,072	83,939
Machinery and equipment	325,322	282,119
Furniture and fixtures	1,867	1,954
Construction in progress	10,999	31,451
Total	432,479	403,590
Accumulated depreciation	(271,330)	(242,090)
Net	$ 161,149	$ 161,500

Depreciation expense was $20,501, $21,051 and $19,799 for the years ended December 31, 2009, 2008 and 2007, respectively. Total capital expenditures in 2009 were $12,587.

(7) Accrued Expense and Other Current Liabilities

The components of accrued expenses and other current liabilities are as follows:

	December 31,	
	2009	2008
Salaries and employee benefits payable	$ 14,817	$ 12,369
Taxes payable and related reserves	6,827	1,948
Restructuring and strategic alternatives	4,412	8,131
Deferred revenue	3,224	4,426
Hedges payable	2,038	5,027
Commissions	1,609	3,759
Other	5,086	9,420
Total	$ 38,013	$ 45,080

(8) Income Taxes

Income/(loss) before income taxes consist of the following:

	December 31,		
	2009	2008	2007
Domestic	$ (1,272)	$ (15,756)	$ (48,634)
International	23,917	30,756	41,411
Total	$ 22,645	$ 15,000	$ (7,223)

47

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(8) Income Taxes (continued)

The provision for income taxes consist of the following provisions/(benefits):

	December 31,		
	2009	2008	2007
Current:			
Federal	$ (240)	$ (897)	$ (8,317)
State	86	120	380
International	12,694	7,871	10,016
	12,540	7,094	2,079
Deferred:			
Federal	$ 204	$ 204	$ 172
International	(491)	(227)	4,037
	(287)	(23)	4,209
Total	$ 12,253	$ 7,071	$ 6,288

The provision for income taxes differs from the statutory federal income tax rate of 35% for 2009, 2008 and 2007 as follows:

	December 31,		
	2009	2008	2007
Income tax provision/(benefit) at U.S federal statutory rate	$7,926	$5,250	$(2,528)
State and local taxes, net of federal income tax benefits	30	33	73
Effect of foreign income taxed at rates other than the U.S. federal statutory rate	(962)	(2,744)	(27)
Disallowed compensation	-	-	6,711
Foreign income inclusions	-	-	2,361
Tax credits	(135)	(788)	-
Tax benefit from income from discontinued operations	-	-	(7,915)
Indefinite-lived intangibles	204	204	172
Adjustments for prior years' taxes	5,006	(562)	(536)
Net change in valuation allowance	103	5,537	7,816
Other	81	141	161
Total	$12,253	$7,071	$6,288

Disallowed compensation represents the tax effects of change-in-control payments made to certain executives as a result of the sale of the businesses that comprised the Bioproducts and Biopharma segments. See Note 19. The tax benefits for these payments were permanently disallowed for U.S. federal and state income tax purposes. Tax benefit from income of discontinued operations represents the tax benefit of domestic losses in continuing operations that were recognized for accounting purposes due to domestic income reported within discontinued operations. Adjustments for prior year's taxes include tax expense of approximately $5,300, including interest and penalties of approximately $2,400, for an estimate of an international tax liability related to a 2003 transaction.

48

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(8) Income Taxes (continued)

The components of deferred tax assets and liabilities as of December 31, 2009 and 2008 relate to temporary differences and carryforwards as follows:

	December 31, 2009	2008
Current deferred tax assets:		
Inventory	$2,445	$1,266
Receivables	18	106
Legal and related reserves	856	1,737
Other	29	955
Current deferred tax assets	3,348	4,064
Valuation allowances	(3,038)	(3,616)
Total current deferred tax assets	$310	$448
Current deferred tax liabilities:		
Other	$163	$116
Total current deferred tax liabilities	$163	$116

	December 31, 2009	2008
Non-current deferred tax assets:		
Foreign tax credit carryforwards	$54,869	$50,523
Environmental	1,620	1,689
Net operating loss carryforwards (domestic)	3,135	2,661
Net operating loss carryforwards (foreign)	201	227
Employee benefits	12,857	14,143
Restructuring	516	1,172
Research & experimentation tax credit carryforwards	1,019	1,309
Alternative minimum tax credit carryforwards	3,266	3,266
Property, plant and equipment	3,473	1,187
Other	3,515	4,714
Non-current deferred tax assets	84,471	80,891
Valuation allowances *	(77,330)	(75,614)
Total non-current deferred tax assets	7,141	5,277
Non-current deferred tax liabilities:		
Property, plant and equipment	9,094	6,750
Intangibles	8,104	7,488
Indefinite-lived intangibles	1,940	1,736
Foreign tax allocation reserve	5,308	5,441
Total non-current deferred tax liabilities	$24,446	$21,415
Total net non-current deferred tax liabilities	$17,305	$16,138

*In addition to the effect of the domestic and foreign valuation allowances reflected in the current effective tax rate, the valuation allowance has changed due to currency translation adjustments.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(8) Income Taxes (continued)

The Company establishes a valuation allowance against deferred tax assets when it is more likely than not that the Company will be unable to realize those deferred tax assets in the future. Based on the Company's current and past performance, cumulative losses in recent years resulting from domestic operations, the market environment in which the Company operates, and the utilization of past tax attributes, the Company has established a valuation allowance of $80,157 against a portion of its domestic deferred tax assets. However, the Company has not recorded a valuation allowance against domestic deferred tax assets which are offset by domestic deferred tax liabilities that are expected to reverse in the future. With respect to the Company's foreign deferred tax assets, the Company has recorded a valuation allowance of $211 as of December 31, 2009.

The Company expects to maintain a full valuation allowance against its net domestic deferred tax assets (primarily foreign tax credits), subject to the consideration of all prudent and feasible tax planning strategies, until such time as the Company attains an appropriate level of future domestic profitability and the Company is able to conclude that it is more likely than not that its domestic deferred tax assets are realizable.

The domestic valuation allowance for the years ended December 31, 2009, 2008 and 2007 increased by $1,168, increased by $15,095 and decreased by $26,506, respectively. The 2009 increase in the domestic valuation allowance was allocated as follows: The valuation allowance was increased by $130 for domestic losses, and increased by a net amount of $1,038 for prior year deferred tax amounts and domestic gains and losses included in other comprehensive income. The 2008 increase in the domestic valuation allowance was allocated as follows: The valuation allowance was increased by $4,469 for domestic losses and increased by $10,626 for domestic gains and losses included in other comprehensive loss. The 2007 decrease in the domestic valuation allowance was allocated as follows: The valuation allowance was increased by a net amount of $10,354 for domestic losses in continuing operations and agreed tax audit adjustments for prior year deferred tax amounts, decreased by $31,584 for discontinued operations, and decreased by $5,276 for domestic gains and losses included in other comprehensive income.

The foreign valuation allowance for the years ended December 31, 2009, 2008 and 2007 decreased by $30, $707 and $55, respectively. The 2009 decrease in the foreign valuation allowance was allocated as follows: The valuation allowance was decreased $27 for foreign income and decreased by $3 for prior year deferred tax amounts and currency translation adjustments included in other comprehensive income. The 2008 decrease in the foreign valuation allowance was allocated as follows: The valuation allowance was decreased by $707 for foreign income. The 2007 decrease in the foreign valuation allowance was allocated as follows: The valuation allowance was decreased by $10 for foreign income in continuing operations, and decreased by $45 for currency translation adjustments included in other comprehensive income.

Under the tax laws of the various jurisdictions in which the Company operates, NOLs may be carried forward or back, subject to statutory limitations, to reduce taxable income in future or prior years. The domestic federal NOLs total approximately $3,841 and will expire in 2029. The domestic state NOLs total approximately $19,127, and will expire in 2016. The foreign NOLs were approximately $741. NOLs in foreign jurisdictions will carry forward indefinitely.

As of December 31, 2009, $54,869 of domestic federal foreign tax credits, $1,019 of research & experimentation tax credits and $3,266 of alternative minimum tax credits were available as credits against future U.S. income taxes. Under the U.S. Internal Revenue Code, these will expire in 2012 through 2018, and 2020 through 2027, respectively.

The alternative minimum tax credit carryforwards have no expiration date. All domestic credits are offset by a full valuation allowance.

The Company has not provided U.S. federal income and withholding taxes on its undistributed earnings from foreign operations as of December 31, 2009 because it intends to reinvest such earnings indefinitely outside of the U.S. Determination of the amount of unrecognized deferred tax related to these earnings is not practical. However, in 2008, the Company did repatriate $16,263 of cash resulting from the sale of its foreign businesses within the Bioproducts segment and the sale of two foreign businesses within the former Human Health segment. The Company provided for the tax effect of this in its 2007 tax provision. The Company also settled several intercompany loans in 2008 as part of its project to streamline the Company's legal structure, and provided for the tax effects in its 2008 tax provision.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(8) Income Taxes (continued)

As of January 1, 2009 the Company had approximately $1,697 of unrecognized tax benefits, excluding gross interest and penalties. During 2009, the Company increased its unrecognized tax benefits by $133 for current year positions and $2,881 for prior years' positions, which are offset by a decrease in unrecognized tax benefits of $113, due to the expiration of a statute of limitations period and foreign currency translation. Of the total balance of unrecognized benefits at December 31, 2009 $3,868, if recognized, would affect the effective tax rate.

In the next twelve months the Company may decrease its reserve for unrecognized tax benefits for intercompany transactions by approximately $250 mainly due to the expiration of a statute of limitation period. This item could impact the income tax provision.

The following table summarizes the activity related to the Company's unrecognized tax benefits as of December 31, 2009, 2008 and 2007:

	2009	2008	2007
Balance at January 1	$1,697	$5,116	$5,522
Gross increases related to current period tax positions	133	96	128
Gross increases/(decreases) related to prior period tax positions	2,881	(2,896)	(109)
Expiration for statute of limitations for the assessment of taxes	(193)	(401)	(377)
Foreign currency translation	80	(218)	(48)
Balance at December 31	$4,598	$1,697	$5,116

Gross interest and penalties for 2009, 2008 and 2007 of $2,795, $333 and $420, respectively, related to the above unrecognized tax benefits are not reflected in the table above. In 2009, 2008 and 2007, the Company accrued $2,529, $79 and $142, respectively, of interest and penalties in the income statement. Consistent with prior periods, the Company recognizes interest and penalties within its income tax provision.

In September 2008, the Company was selected for a random IRS examination for tax year 2006. The examination is in process and to date only a small adjustment to tax credits has been agreed on. Tax years 2007 and forward remain open to examination within the U.S. The Company is also subject to exams in its significant foreign jurisdictions for 2005 and 2007 forward.

The Company is also subject to audits in various states for various years in which it has filed income tax returns. In June 2009, the Company finalized a New Jersey examination of its open tax years, with no material adjustments. Previous state audits have resulted in immaterial adjustments. Open years for the majority of states where the Company files are 2006 and forward.

In 2009, the Company's Italian subsidiary was examined by the Italian tax authorities, who challenged the business purpose of a 2003 transaction in which a new subsidiary was created, and the deductibility of certain intercompany transactions. In the fourth quarter of 2009, the tax authorities notified the Company that they disagreed with the Company's responses to their formal assessments. Accordingly the Company has recorded an increase to its tax expense of approximately $5,300. Settlement discussions with the tax authorities are ongoing.

51

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(8) Income Taxes (continued)

In 2009, the Company's Swedish subsidiary was examined by the Swedish tax authorities, who questioned certain significant intercompany balances and transactions. The Company filed responses to the inquiries in the fourth quarter of 2009. The Company expects it to take several months before a formal audit report is issued. If the tax authorities were to disagree with the Company's position on unresolved issues, the Company estimates the preliminary assessment would be approximately $200. 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.

(9) Long-term 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, 2009. 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, 2009 there was $120,800 outstanding. The 2009 and 2008 weighted average interest rate for long-term bank debt was 3.8% and 4.9%, respectively.

(10) Derivatives and Hedging Activities

The Company operates internationally and is exposed to fluctuations in foreign exchange rates and interest rates in the normal course of business. These fluctuations can increase the costs of financing, investing and operating the business. The Company uses derivative financial instruments to reduce these exposures to market risks resulting from fluctuations in interest rates and foreign exchange rates.

By nature, all financial instruments involve market and credit risks. The Company is exposed to credit losses in the event of nonperformance by the counterparties to the contracts. While there can be no assurance, the Company does not anticipate non-performance by these counterparties.

Foreign Currency Forward Contracts

The Company's policy is to enter into forward exchange contracts to hedge forecasted cash flows associated with foreign currency transaction exposures which are accounted for as cash flow hedges, as deemed appropriate. This hedging strategy mitigates the impact of short-term foreign exchange rate movements on the Company's operating results primarily in Sweden and Italy. The Company's primary market risk relates to exposures to foreign currency exchange rate fluctuations on transactions entered into by these international operations that are denominated primarily in U.S. dollars, Swedish krona, and euros. As a matter of policy, the Company does not hedge to protect the translated results of foreign operations.

The Company's forward exchange contracts substantially offset gains and losses on the transactions being hedged. The forward exchange contracts have varying maturities with none exceeding twelve months. The Company makes net settlements for forward exchange contracts at maturity, based upon negotiated rates at inception of the

contracts.

All forward contracts outstanding at December 31, 2009 have been designated as cash flow hedges and, accordingly, changes in the fair value of these derivatives are not included in earnings but are included in accumulated other comprehensive (loss)/income (“AOCI”). Changes in the fair value of the derivative instruments reported in AOCI will be recorded into earnings as a component of product revenue or expense, as applicable, when the forecasted transaction occurs. The ineffective portion of all hedges is recognized in current-period earnings and is immaterial to the Company's financial results.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(10) Derivatives and Hedging Activities (continued)

The notional amounts of foreign exchange forward contracts were $15,781 and $20,568 at December 31, 2009 and 2008, respectively.

Included in AOCI is the fair value of the Company's forward exchange contracts which is a gain of $310 and a loss of $678 as of December 31, 2009 and 2008, respectively. These gains and losses are located under the captions "Prepaid expenses and other current assets" and "Accrued expenses and other current liabilities" on the balance as of December 31, 2009 and 2008, respectively.

The Company recognized a pre-tax gain in other comprehensive income from foreign exchange contracts of $988 in 2009. The Company reclassified a pre-tax loss of $678 from AOCI into other revenue related to foreign exchange forward contracts in 2009. Assuming current market conditions continue, the entire amount recorded in AOCI related to foreign exchange forward contracts is expected to be recorded into other revenue within the next 12 months to reflect the fixed prices obtained from the forward contracts.

Interest Rate Swap Agreements

The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates on its floating rate debt. The swap agreements are contracts to exchange floating rate for fixed interest payments periodically over the life of the agreements without the exchange of the underlying notional debt amounts.

All swap contracts outstanding at December 31, 2009 have been designated as cash flow hedges and, accordingly, changes in the fair value of derivatives are recorded each period in AOCI. Changes in the fair value of the derivative instruments reported in AOCI will be recorded into earnings in the period in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings and has been immaterial to the Company's financial results.

As of December 31, 2009, 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%, all with maturity dates of October 2010. The Company's strategy has been to cover a portion of its outstanding bank debt with interest rate protection. At December 31, 2009, the coverage was approximately 50% of the Company's variable interest rate debt. At December 31, 2009 the Company had variable debt of $120,800, of which $60,000 is fixed by interest rate swaps. Interest expense under these agreements, and the respective debt instruments that they hedge, are recorded at the net effective interest rate of the hedged transactions. The fair value of these agreements were based on quoted market prices and was in a loss position of $2,038 and $3,541 at December 31, 2009 and 2008 respectively. This loss is reflected in the balance sheet under the caption "Accrued expense and other current liabilities."

The Company increased other comprehensive income $1,503 related to interest rate swaps in 2009. The Company reclassified a pre-tax loss of $2,515 from AOCI into interest expense related to interest rate swaps in 2009. Assuming current market conditions continue, approximately $2,038 is expected to be reclassed out of AOCI into interest expense within the next 12 months.

(11) Fair Value Measurements

U.S. GAAP establishes a valuation hierarchy for disclosure of the inputs to the valuations used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation; Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs or minimize the use of unobservable inputs.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(11) Fair Value Measurements (continued)

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2009 and 2008:

		Fair Value Measurements at December 31, 2009 using:		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Signifcant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign currency forwards, assets	$ 310	$ -	$ 310	$ -
Interest rate swaps	(2,038)	-	(2,038)	-
Total	$ (1,728)	$ -	$ (1,728)	$ -

		Fair Value Measurements at December 31, 2008 using:		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Signifcant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign currency forwards, assets	$ 808	$ -	$ 808	$ -
Foreign currency forwards, liabilities	(1,486)	-	(1,486)	-
Interest rate swaps	(3,541)	-	(3,541)	-
Total	$ (4,219)	$ -	$ (4,219)	$ -

The Company’s derivative assets and liabilities include foreign exchange forward contracts and interest rate swap contracts that are measured at fair value using observable market inputs such as forward rates, interest rates, the Company’s credit risk and its counterparties’ credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Based on the Company’s continued ability to enter into forward contracts and interest rate swaps, the Company considers the markets for its fair value instruments to be active.

As of December 31, 2009 there has not been any significant impact to the fair value of the Company’s derivative liabilities due to its own credit risk. Similarly, there has not been any significant adverse impact to the Company’s derivative assets based on the Company’s evaluation of its counterparties’ credit risks.

The Company’s financial instruments also include cash and cash equivalents, accounts receivables, accounts payables and accrued liabilities. The carrying amount of these instruments approximates fair value because of their short-term nature.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(12) Strategic Alternative and Restructuring Charges

Strategic Alternative Costs

Strategic alternative costs include expenses that the Company incurred related to the decision to sell the businesses that comprised the Bioproducts and Biopharma segments in February 2007, costs associated with a project to streamline the Company's legal structure and costs associated with the exit of a feed additives product line. These costs are not considered part of the restructuring program or a part of discontinued operations under current accounting guidance.

Strategic alternative costs for 2008 were $1,515 consisting primarily of costs associated with the project to streamline the Company's legal 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 discussed above. Strategic alternative costs for 2007 were $31,127 consisting primarily of change-in-control benefits, retention bonuses, costs associated with the stock option modification, external advisor costs and the costs to exit a feed additive product line.

Restructuring Expenses

Corporate Office Restructuring

During 2007, the Company announced plans to eliminate certain employee positions at the corporate office upon completion of the sale of the businesses that comprised the Bioproducts and Biopharma segments. This plan included certain one-time benefits for terminated employees. Costs related to these plans are recorded as restructuring expenses in the income statement. The Company recognized expense of $805 and $4,014 in 2008 and 2007, respectively, related to this plan.

Consolidation of Domestic Research and Development Activities

In December 2007, the Company consolidated its United States research and development ("R&D") activities and small scale API production with its facility in Charles City, Iowa. The restructuring reserve at December 31, 2008 consisted of the remaining lease payments and related costs under the Company's current operating lease at the New Jersey R&D facility. The operating lease expires in December 2010. Costs related to this consolidation are recorded as restructuring expenses on the income statement. The Company recognized expense of $3,890 and $2,059 in 2008 and 2007, respectively, related to this plan.

The following table reflects the activity related to the restructuring reserves through December 31, 2009:

	December 31, 2007 Reserve Balance	2008 Activity		December 31, 2008 Reserve Balance	2009 Activity		December 31, 2009 Reserve Balance
		Expense	Cash Payments		Expense	Cash Payments	
Employee termination costs	$1,168	$849	$(1,555)	$462	$-	$(462)	$-

Lease payments and related costs	998	2,396	(373)	3,021	(132)	(1,416)	1,473
	$2,166	$3,245	$(1,928)	$3,483	$(132)	$(1,878)	$1,473

This reserve will be paid in full by December 31, 2010. Total restructuring expenses for 2008 and 2007 were $4,695 and $6,073, respectively.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(13) Stockholders' Equity

The Company has two classes of common shares which are Common Stock and Nonvoting Common Stock. Authorized shares of Common Stock were 100,000,000 at December 31, 2009 and 2008. Authorized shares of Nonvoting Common Stock were 730,746 at December 31, 2009 and 2008. Nonvoting Common Stock with a par value of $.10 has equal rights with Common Stock, with the exception of voting power. Nonvoting Common Stock is convertible, share for share, into Common Stock, subject to any legal requirements applicable to holders restricting the extent to which they may own voting stock. As of December 31, 2009 and 2008, no shares of Nonvoting Common Stock were outstanding. The Company has authorized 5,000,000 shares of Series Preferred Stock, par value $.10, issuable in series and with rights, powers and preferences as may be fixed by the Board of Directors. At December 31, 2009 and 2008, there was no preferred stock outstanding.

In May 2007, the Company paid a special dividend of $14.00 per share to its shareholders resulting in a reduction in stockholders' equity of $403,033. The effect on stockholders' equity was a reduction to retained earnings of $233,251, representing total accumulated earnings as of the date of declaration, with the remainder representing a return of capital of $169,782. As of December 31, 2009, cash disbursements were $402,858 and $175 was accrued related to dividends on unvested restricted stock. The Company no longer pays a quarterly dividend.

The Company held treasury shares of 2,121,372 and 2,224,613 at December 31, 2009 and 2008, respectively, which are primarily used for issuance to employee compensation plans.

At December 31, 2009 there were 448,030 authorized shares of Common Stock reserved for issuance through stock option plans.

(14) Stock Based Compensation

The Company recognizes compensation costs for stock option awards to employees based on their grant-date fair value. The value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model. The weighted-average fair value per share for the stock options granted to employees for the years ended December 31, 2009, 2008 and 2007 were $3.31, $1.72 and $5.44, respectively.

The following assumptions were used in determining the fair value of stock options for grants issued in 2009, 2008 and 2007:

	2009	2008	2007
Expected volatility	38.78%-65.11%	33.30% - 38.78%	34.38% - 36.90%
Expected term	4.75 years	4.75 years	3.75 - 4.75 years
Risk-free interst rate	2.38%-2.77%	2.77% - 3.08%	4.30% - 4.85%

The Company does not have any publicly traded stock options; therefore, expected volatilities are based on historical volatility of the Company's stock. The risk-free interest rate is based on the yield of a zero-coupon U.S. Treasury bond

whose maturity period approximates the option's expected term. The expected term was utilized based on the "simplified" method for determining the expected term of stock options in Staff Accounting Bulletin ("SAB") No. 107, "Share-Based Payment." The Company also considered SAB No. 110 when determining the expected term of stock options.

For 2009, 2008, and 2007, the Company recorded $554, $555 and $379, respectively, in selling, general and administrative expenses for stock options. In addition the Company recorded $27 in restructuring expenses in 2008 and $282 and $50 in strategic alternative costs and restructuring expenses, respectively, in 2007 for stock options related to the change in control agreements and the reduction in workforce in 2007 and 2008. As of December 31, 2009, the total compensation cost related to unvested stock option awards granted to employees but not yet recognized was $2,722. The cost will be amortized on a straight-line basis over the remaining weighted-average vesting period of 3.1 years.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(14) Stock Based Compensation (continued)

In addition, for 2009, 2008 and 2007 the Company recorded $94, $102 and $2,535, respectively, for expenses associated with a stock option modification due to a special dividend declared in 2007. As of December 31, 2009, the total compensation cost related to unvested stock option awards that were modified but not yet recognized was $54. The cost will be amortized on a straight-line basis over the remaining weighted-average vesting period of 0.6 years.

Cambrex senior executives participate in an executive incentive plan which rewards achievement with restricted stock units. Awards are made annually if certain targets are met and vest in one-third increments on the first, second and third anniversaries of the grant. On the third anniversary of the grant, restrictions on sale or transfer are removed and shares are issued to executives. In the event of termination of employment or retirement, the participant is entitled to the vested portion of the restricted stock units and forfeits the remaining amount; the three-year sale and transfer restriction remains in place. For certain employees with employment contracts, all shares vest upon certain events, including a change in control. In the event of death or permanent disability, all shares vest and the deferred sales restriction lapses. These awards are classified as equity awards. Certain other employees are eligible to receive restricted stock as part of the stock-based compensation plan. These awards cliff vest on the third anniversary of the grant date.

For 2009, 2008, and 2007, the Company recorded $658, $1,327, and $705, respectively, in selling, general and administrative expenses for restricted stock. In addition, the Company recorded $24 in restructuring expenses in 2008 and $1,554 and $172 in strategic alternative costs and restructuring expenses, respectively, in 2007 for restricted stock. As of December 31, 2009 the total compensation cost related to unvested restricted stock granted but not yet recognized was $344. The cost will be amortized on a straight-line basis over the remaining weighted-average vesting period of 0.7 years.

In May 2008 the Company granted a target award of 43,000 performance shares, with a potential award of up to 86,000 shares to the current CEO. These performance shares are dependent upon the Company’s performance measured against certain financial metrics over a three year period beginning July 1, 2008, as compared to an external peer group. The Company is currently recognizing expense related to 43,000 shares over the vesting period, which assumes that the CEO will be compensated at target. The Company will assess performance at each reporting period and adjust accordingly. For 2009 and 2008 the Company recorded $69 and $34, respectively, in selling, general and administrative expense related to these performance shares.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(14) Stock Based Compensation (continued)

The following table is a summary of the Company's stock option activity issued to employees and related information:

	Number of Shares	Weighted Average Exercise Price	Options Exercisable
Outstanding at December 31, 2006	2,754,893	$ 28.48	2,517,941
Granted	152,675	14.99	
Exercised	(1,202,752)	18.21	
Forfeited or expired	(233,059)	22.52	
Outstanding at December 31, 2007	1,471,757	20.15	1,293,108
Granted	744,000	4.82	
Exercised	(2,301)	7.47	
Forfeited or expired	(622,587)	19.17	
Outstanding at December 31, 2008	1,590,869	14.07	757,050
Granted	533,000	6.07	
Exercised	(2,000)	4.40	
Forfeited or expired	(101,500)	17.19	
Outstanding at December 31, 2009	2,020,369	11.27	
Exercisable at December 31, 2009		$ 18.35	886,579

In May 2007, the Company paid a special dividend of $14.00 per share. As a result, the market price of the stock declined by approximately $14.00 per share from the prior day's close and therefore, all outstanding options were modified to reduce the exercise price by $14.00 per share.

The aggregate intrinsic value for all stock options exercised for the years ended December 31, 2009, 2008 and 2007 were $4, $4 and $2,866, respectively. The aggregate intrinsic value for all stock options outstanding as of December 31, 2009 was $628. The aggregate intrinsic value for all stock options exercisable as of December 31, 2009 was $170.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(14) Stock Based Compensation (continued)

A summary of the Company's nonvested stock options and restricted stock as of December 31, 2009 and changes during the years ended December 31, 2009, 2008 and 2007 are presented below:

	Nonvested Stock Options		Nonvested Restricted Stock	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2007	236,952	$ 21.39	165,868	$ 22.02
Granted	152,675	$ 14.99	125,489	$ 17.09
Vested during period	(137,145)	$ 16.57	(123,494)	$ 21.55
Forfeited	(73,833)	$ 19.79	(33,962)	$ 20.91
Nonvested at December 31, 2007	178,649	$ 11.34	133,901	$ 18.11
Granted	744,000	$ 4.82	122,872	$ 8.74
Vested during period	(69,963)	$ 10.95	(102,858)	$ 12.52
Forfeited	(18,867)	$ 11.50	(10,588)	$ 16.52
Nonvested at December 31, 2008	833,819	$ 5.55	143,327	$ 13.38
Granted	533,000	$ 6.07	36,918	$ 3.90
Vested during period	(218,737)	$ 5.77	(86,453)	$ 11.31
Forfeited	(14,292)	$ 6.56	(3,106)	$ 15.27
Nonvested at December 31, 2009	1,133,790	$ 5.74	90,686	$ 11.43

(15) Retirement Plans and Other Postretirement Benefits

Domestic Pension Plans

The Company maintains two U.S. defined-benefit pension plans ("Domestic Pension Plans"). Benefits for the salaried and certain hourly employees are based on salary and years of service, while those for employees covered by a collective bargaining agreement are based on negotiated benefits and years of service. The Company's policy is to fund pension costs currently to the full extent required by the Internal Revenue Code.

The net periodic pension expense for 2009, 2008 and 2007 is based on a twelve month period and on valuations of the plans as of January 1. However, the reconciliation of funded status is determined as of a December 31 measurement date for 2009 and 2008 and a September 30 measurement date for 2007. The FASB eliminated the Company's option to measure the pension and other postretirement benefits plans' benefit obligations, assets and net periodic cost at a date prior to December 31. Therefore, the pension and postretirement benefits plans, which were measured as of

September 30 in 2007, have been measured as of December 31, 2009 and 2008. The Company elected to use the 15-month alternative to determine 2008 pension cost. The portion of expense attributed to the remaining three months of 2007 was charged directly to retained earnings, with accumulated other comprehensive loss adjusted to reflect the amortization amounts. The change in measurement date did not have a material impact on the Company's financial position or results of operations.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(15) Retirement Plans and Other Postretirement Benefits (continued)

The Company also has a Supplemental Executive Retirement Plan (“SERP”) for key executives. This plan is non-qualified and unfunded.

In July 2008, the Board of Directors of the Company amended the SERP plan to allow for lump sum payments effective January 1, 2009. If the lump sum value as of January 1, 2009 was greater than $10, it will be paid in 10 equal actuarial equivalent installments; all others will be paid as a lump sum. Retirees as of January 1, 2009 were allowed a one-time election in 2008 to continue under their current form of payment or switch to the 10 year installment option. All retirees chose the 10 year installment option.

International Pension Plans

A foreign subsidiary of the Company maintains a pension plan (“International Pension Plan”) for their employees that conforms to the common practice in their respective country. Based on local laws and customs, this plan is unfunded.

Other Postretirement Benefits

Cambrex provided limited post-retirement health and life insurance benefits ("postretirement benefits") to all eligible retired employees. Certain subsidiaries and all employees hired after December 31, 2002 (excluding those covered by collective bargaining) were not eligible for these benefits. Effective December 31, 2009, the Company terminated these postretirement benefits for all participants resulting in a benefit of approximately $1,200.

Savings Plan

Cambrex makes available to all domestic employees a savings plan as permitted under Sections 401(k) and 401(a) of the Internal Revenue Code. Employee contributions are matched in part by Cambrex. The cost of this plan amounted to $631, $592 and $608 in 2009, 2008 and 2007, respectively.

Other

The Company has a non-qualified Compensation Plan for Key Executives (“the Deferred Plan”). Under the Deferred Plan, officers and key employees may elect to defer all or any portion of their pre-tax earnings or to elect to defer receipt of the Company’s stock which would otherwise have been issued upon the exercise of the Company’s options. Included within other liabilities at December 31, 2009 and 2008 there is $2,747 and $3,012, respectively, representing the Company’s obligation under the plan. The Company invests in certain mutual funds and as such, included within other assets at December 31, 2009 and 2008 is $2,747 and $3,012, respectively, representing the fair value of these funds. The fair values of these mutual funds are based on quoted market prices in active markets (Level 1). Total shares held in trust as of December 31, 2009 and 2008 were 151,385 and 195,851, respectively, and are included as a reduction of equity at cost. The value of the shares held in trust and the corresponding liability of $845 and $905 at December 31, 2009 and 2008, respectively, have been recorded in equity. The Deferred Plan is not funded by the Company, but the Company has established a Deferred Compensation Trust Fund which holds the shares issued.

60

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(15) Retirement Plans and Other Postretirement Benefits (continued)

The benefit obligations as of December 31, 2009 and 2008 are as follows:

	Pension Plans							
	Domestic		SERP		International		Postretirement Plans	
	2009	2008	2009	2008	2009	2008	2009	2008
Change in benefit obligation								
Benefit obligation, beginning of year	$ 58,529	$ 57,451	$ 5,784	$ 5,207	$ 16,634	$ 18,563	$ 1,858	$ 1,757
Service cost	-	-	-	-	533	520	26	25
Interest cost	3,427	3,513	279	303	747	831	110	109
Plan participants' contributions	-	-	-	-	-	-	12	20
Actuarial loss/(gain)	1,869	1,234	275	(135)	(594)	757	(155)	(4)
Benefits paid	(2,739)	(3,431)	(800)	(107)	(468)	(460)	(26)	(65)
Plan amendments	-	-	-	516	-	-	-	-
Effect of eliminating early measurement date	-	(238)	-	-	-	-	-	16
Curtailments	-	-	-	-	-	-	(1,825)	-
Foreign exchange	-	-	-	-	1,639	(3,577)	-	-
Benefit obligation, end of year	$ 61,086	$ 58,529	$ 5,538	$ 5,784	$ 18,491	$ 16,634	$ -	$ 1,858

The plan assets and funded status of the Domestic Pension Plans as of December 31, 2009 and 2008 are as follows:

	2009	2008
Change in plan assets		
Fair value of plan assets, beginning of period	$ 37,311	$ 49,985
Actual return on plan assets	7,489	(12,342)
Contributions	1,161	3,194
Benefits paid	(2,739)	(3,431)
Effect of eliminating early measurement date	-	(95)

Fair value of plan assets, end of period	$ 43,222	$ 37,311
Funded status	(17,864)	(21,218)
Accrued benefit cost, end of period	$ (17,864)	$ (21,218)

The funded status of the SERP plan was ($5,538) and ($5,784) as of December 31, 2009 and 2008, respectively. The funded status of the International Pension Plan was ($18,491) and ($16,634) as of December 31, 2009 and 2008, respectively.

The amounts recognized in accumulated other comprehensive loss as of December 31, 2009 and 2008 consist of the following:

	Pension Plans							
	Domestic		SERP		International		Postretirement Plans	
	2009	2008	2009	2008	2009	2008	2009	2008
Actuarial loss	$17,450	$20,690	$815	$540	$3,812	$4,591	$-	$824
Prior service cost	932	1,368	459	516	(51)	(58)	-	(541)
	$18,382	$22,058	$1,274	$1,056	$3,761	$4,533	$-	$283

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(15) Retirement Plans and Other Postretirement Benefits (continued)

The components of net periodic benefit cost are as follows:

	Pension Plans											
	Domestic			SERP			International			Postretirement Plans		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Components of net periodic benefit cost												
Service cost	$-	$-	$1,000	$-	$-	$53	$533	$520	$462	$26	$25	$21
Interest cost	3,427	3,513	3,597	279	303	300	747	831	665	110	109	107
Expected return on plan assets	(2,924)	(4,086)	(3,733)	-	-	-	-	-	-	-	-	-
Amortization of prior service cost	625	532	206	57	-	1	(6)	(7)	(7)	(156)	(155)	(156)
Recognized actuarial loss	355	-	209	-	5	17	130	125	75	52	56	65
Curtailments	-	-	414	-	-	15	-	-	-	(1,178)	-	
Net periodic benefit cost	$1,483	$(41)	$1,693	$336	$308	$386	$1,404	$1,469	$1,195	$(1,146)	$35	$37

The sale of the businesses that comprised the Bioproducts and Biopharma segments in February 2007 required the Company to recognize a curtailment charge of $337 for the Domestic Pension Plans and $11 for the SERP plan in 2007 which is recorded in discontinued operations. In April 2007, the Board of Directors of the Company approved the suspension of the Domestic Pension Plans and SERP plan effective August 31, 2007. As a result, the Company was required to recognize a curtailment charge of $77 for the Domestic Pension Plans and $4 for the SERP plan in 2007.

The estimated amounts that will be amortized from accumulated other comprehensive loss into net periodic cost in 2010 are as follows:

	Pension Plans		
	Domestic	SERP	International
Actuarial loss	$ 429	33	$ (104)
Prior service cost	436	57	6
Total	$ 865	$ 90	$ (98)

Major assumptions used in determining the benefit obligations are presented in the following table:

	2009	2008

Discount rate:				
Domestic Pension Plans	5.90	%	6.00	%
SERP	4.15	%	5.60	%
International Pension Plan	4.70	%	4.40	%
Postretirement Plans	5.90	%	6.00	%
Rate of compensation increase:				
International Pension Plan	3.00	%	3.00	%

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(15) Retirement Plans and Other Postretirement Benefits (continued)

Major assumptions used in determining the net benefit cost are presented in the following table:

	2009		2008		2007	
Discount rate:						
Domestic Pension Plans	6.00	%	6.25	%	6.00	%
SERP	5.60	%	6.00	%	6.00	%
International Pension Plan	4.70	%	4.40	%	4.25	%
Postretirement Plans	6.00	%	6.25	%	6.00	%
Expected return on plan assets:						
Domestic Pension Plans	8.00	%	8.00	%	8.00	%
Rate of compensation increase:						
Domestic Pension Plans	N/A		N/A		5.00	%
SERP	N/A		N/A		5.00	%
International Pension Plan	3.00	%	3.00	%	3.00	%

In making its assumption for the long-term rate of return on plan assets, the Company has utilized historical rates earned on securities allocated consistently with its investments. The discount rate was selected by projecting cash flows associated with plan obligations, which were matched to a yield curve of high quality corporate bonds. The Company then selected the single rate that produced the same present value as if each cash flow were discounted by the corresponding spot rate on the yield curve.

The aggregate Accumulated Benefit Obligation (“ABO”) of $61,086 exceeds plan assets by $17,864 as of December 31, 2009 for the Domestic Pension Plans. The aggregate ABO is $17,605 for the International Pension Plan as of December 31, 2009. The International Pension Plan is unfunded.

The Company expects to contribute approximately $1,041 in cash to the Domestic Pension Plans in 2010. The Company does not expect to contribute cash to its International Pension Plan in 2010.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Plans		
	Domestic	SERP	International
2010	$ 2,939	$ 720	$ 551
2011	$ 3,113	$ 720	$ 583
2012	$ 3,254	$ 720	$ 597
2013	$ 3,275	$ 720	$ 682
2014	$ 3,465	$ 720	$ 746
2015-2019	$ 18,190	$ 3,600	$ 4,169

63

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(15) Retirement Plans and Other Postretirement Benefits (continued)

The investment objective for the Domestic Pension Plan's assets is to achieve long-term growth with exposure to risk at an appropriate level. The Company invests in a diversified asset mix consisting of equities (domestic and international) and taxable fixed income securities. Assets are managed to obtain the highest total rate of return in keeping with a moderate level of risk. The target allocations for plan assets are 30% - 80% equity securities, 25% - 45% U.S. fixed income and 0% - 10% all other investments. Equity securities primarily include investments in large-cap and small-cap companies, mostly in the U.S., Fixed income securities include high quality corporate bonds and U.S. government securities. Other types of investments include real asset funds, consisting primarily of investments in commodities, and Treasury Inflation-Protected Securities ("TIPS").

The fair values of the Company's pension plan assets by asset category are as follows:

	Fair Value Measurements at December 31, 2009 using:			
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
U.S. companies	$ 15,173	$ -	$ 15,173	$ -
International companies	8,270	-	8,270	-
U.S. fixed income	14,415	-	12,430	1,985
Commodities	3,292	-	3,292	-
TIPS	2,072	-	2,072	-
	$ 43,222	$ -	$ 41,237	$ 1,985

The following table sets forth a summary of the changes in the fair value of the Domestic Plan's Level 3 assets for the year ended December 31, 2009:

	Group Annuity Contract
Balance, December 31, 2008	$ 1,917
Actual return on plan assets:	
Relating to assets still held at the reporting date	122
Purchases, issuances, and settlements	(54)
Balance, December 31, 2009	$ 1,985

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(16) Foreign Operations and Sales

The following summarized data represents the gross sales and long lived tangible assets for the Company's domestic and foreign entities for 2009, 2008 and 2007:

	Domestic	Foreign	Total
2009			
Gross sales	$ 84,518	$ 151,759	$ 236,277
Long-lived assets	39,227	158,282	197,509
2008			
Gross sales	$ 81,707	$ 167,911	$ 249,618
Long-lived assets	42,621	154,257	196,878
2007			
Gross sales	$ 81,429	$ 171,145	$ 252,574
Long-lived assets	42,103	159,106	201,209

Export sales, included in domestic gross sales, in 2009, 2008 and 2007 amounted to $25,768, $24,602, and $28,821, respectively.

Sales to geographic area consist of the following:

	2009	2008	2007
North America	$ 80,830	$ 86,631	$ 85,644
Europe	136,534	143,542	150,692
Asia	10,495	11,440	9,125
Other	8,418	8,005	7,113
Total	$ 236,277	$ 249,618	$ 252,574

This table summarizes gross sales by product groups:

	2009	2008	2007
APIs and pharmaceutical intermediates	$ 212,644	$ 220,722	$ 220,386
Other	23,633	28,896	32,188
Total	$ 236,277	$ 249,618	$ 252,574

One customer, Gyma, a distributor representing multiple customers, accounted for 11.5% of consolidated gross sales for 2009. Two customers each account for 10% of consolidated gross sales for the years ended December 31, 2008 and 2007. One customer, Warner Chilcott plc, with which a long-term sales contract is in effect, account for 10.0% and 11.2% of consolidated sales for 2008 and 2007, respectively. The second customer, Gyma, accounted for 11.8%

and 12.5% for 2008 and 2007, respectively.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(17) Commitments

The Company has operating leases expiring on various dates through the year 2019. The leases are primarily for the rental of office space, office and laboratory equipment and vehicles. At December 31, 2009, future minimum commitments under non-cancelable operating lease arrangements were as follows:

Year ended December 31:	
2010	$ 1,822
2011	490
2012	405
2013	364
2014	376
2015 and thereafter	1,581
Total commitments	$ 5,038

Total operating lease expense was $1,978, $2,270 and $2,270 for the years ended December 31, 2009, 2008 and 2007, respectively.

The Company is party to several unconditional purchase obligations resulting from contracts that contain legally binding provisions with respect to quantities, pricing and timing of purchases. The Company’s purchase obligations mainly include commitments to purchase raw materials. At December 31, 2009 future commitments under these obligations were as follows:

Year ended December 31:	
2010	$ 6,452
2011	963
2012	-
2013	-
2014	-
Total commitments	$ 7,415

(18) 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 potentially responsible parties (“PRP”) for certain waste disposal sites ("Superfund sites"). Additionally, the Company has retained the liability for certain environmental proceedings associated with the sale of the Rutherford Chemicals business.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(18) Contingencies (continued)

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.

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 Superfund sites not owned by the Company and the Company's current and former operating sites. These accruals were $6,163 and $6,226 at December 31, 2009 and 2008, respectively. The decrease in the accrual includes payments of $310 partially offset by increases to reserves of $110 and the impact of currency of $137. 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.

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 Remedial Action Work Plan (“RAW”) to the NJDEP for its Cosan Clifton, New Jersey site. The NJDEP subsequently rejected the RAW and requested additional investigative work at the site and that work is on-going. The reserve was $1,164 at December 31, 2009 which is 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 $916 for the Cosan Carlstadt, New Jersey site based on the investigations completed to date and the proposed RAW submitted to the NJDEP for their approval. The NJDEP has subsequently required the Company to perform additional investigative work prior to approval of the RAW. The results of this additional investigative work may impact the remediation plan and costs.

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 negotiate to 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, 2009 the Company's reserve was $309 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 expected to take several years and at this time it is too early to predict the extent of any additional liabilities.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(18) Contingencies (continued)

Nepera, Inc. – Maybrook and Harriman Sites

Nepera, Inc. ("Nepera") is named a PRP of the Maybrook Site in Hamptonburgh, New York by the USEPA in connection with the disposition, 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, including a letter of credit to guarantee the obligation under the Consent Decree.

Nepera is also named a responsible party of the 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, 2009, the reserve recorded on the books was $1,300 and represents the Company's best estimate to complete both RODs.

Solvent Recoveries Superfund Site

A subsidiary of the Company is one of approximately 1,300 PRPs at a Superfund site ("the 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.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(18) Contingencies (continued)

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 ("FTC") 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). The FTC and Attorneys' General suits were settled in February 2001.

All cases have been resolved except for one brought by four health care insurers. In 2008 the District Court, in this remaining case, entered judgment after trial 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 also subject to a total of approximately $7,000 in prejudgment interest. The parties will appeal the awards.

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 this matter. Cambrex expects any payment of the judgment against it 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 manufacture and sale of Company 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 has no liabilities recorded for these agreements as of December 31, 2009.

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

69

Index

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(dollars in thousands, except share data)

(19) Discontinued Operations

In February 2007, the Company completed the sale of the businesses that comprised the Bioproducts and Biopharma segments (excluding certain liabilities) to Lonza for total cash consideration of $463,914, including working capital adjustments. As a result of this transaction, the Company reported a gain of $235,489 in 2007 and all periods presented reflect the results of these businesses as discontinued operations.

In July 2007 the Company entered into a settlement agreement settling litigation which had been commenced by the purchasers of the Rutherford Business in April 2006. As a result of this settlement, the Company's 2007 results include a charge of $4,041, net of tax of $595, recorded in discontinued operations. In addition, during 2007 the Company recorded expense of $1,000 for an adjustment to an environmental reserve at a Rutherford Business site. Refer to Note 18 for a complete discussion on these matters.

The following table shows revenues and income from the discontinued operations:

		2007
Revenues	$	20,335
Pre-tax income of discontinued operations	$	545
Gain on sale of Bioproducts and Biopharma segments		235,489
Rutherford litigation settlement		(4,636)
Rutherford environmental reserve adjustment		(1,000)
Income from discontinued operations before income taxes		230,398
Provision for income taxes		7,639
Income from discontinued operations, including gains from dispositions, net of tax	$	222,759

The 2007 provision for income taxes includes $7,915 of expense for discontinued operations taxable income.

Index

CAMBREX CORPORATION AND SUBSIDIARIES

SELECTED QUARTERLY FINANCIAL AND SUPPLEMENTARY DATA - UNAUDITED
(in thousands, except per share data)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter (1)
2009				
Gross sales	$ 60,000	$ 59,766	$ 57,802	$ 58,709
Net revenues	61,032	59,281	56,370	57,867
Gross profit	19,133	19,683	16,948	14,514
Net income/(loss)	4,738	5,459	2,963	(2,768)
Earnings/(loss) per share of common stock:(6)				
Basic	0.16	0.19	0.10	(0.09)
Diluted	0.16	0.19	0.10	(0.09)
Average shares:				
Basic	29,200	29,222	29,253	29,286
Diluted	29,203	29,247	29,303	29,286

	1st Quarter (2)	2nd Quarter (3)	3rd Quarter (4)	4th Quarter (5)
2008				
Gross sales	$ 61,706	$ 66,226	$ 56,508	$ 65,178
Net revenues	60,990	65,813	58,292	64,133
Gross profit	21,929	19,811	16,235	15,768
Net income/(loss)	4,246	1,836	2,797	(950)
Earnings/(loss) per share of common stock:(6)				
Basic	0.15	0.06	0.10	(0.03)
Diluted	0.15	0.06	0.10	(0.03)
Average shares:				
Basic	29,035	29,090	29,163	29,175
Diluted	29,093	29,101	29,178	29,175

(1) Net income includes tax expense of approximately $5,300 for an estimate of an international tax liability related to a 2003 transaction.

(2) Net income includes pre-tax charges of $177 within operating expenses for the costs related to strategic alternatives and $634 within operating expenses for restructuring costs.

(3) Net income includes pre-tax charges of $398 within operating expenses for the costs related to strategic alternatives, $514 within operating expenses for restructuring costs and $597 within operating expenses for the acceleration of equity awards related to the former CEO's retirement.

(4) Net income includes pre-tax charges of $833 within operating expenses for the costs related to strategic alternatives, $321 within operating expenses for restructuring costs and $35 within operating expenses for the

modification of equity awards related to the former CEO's retirement.

(5) Net loss includes pre-tax charges of $107 within operating expenses for the costs related to strategic alternatives, $3,226 within operating expenses for restructuring costs and $408 within operating expenses related to the former CEO's retirement.

(6) Earnings per share calculations for each of the quarters are based on the weighted average number of shares outstanding for each period, as such, the sum of the quarters may not necessarily equal the earnings per share amount for the year.

Index

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2009, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). 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 accounting principles generally accepted in the United States, and include those policies and procedures that:

- Pertain to the maintenance of records, that in reasonable detail, accurately and fairly represent the transactions and dispositions of the assets of the Company,

- 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 are being made only in accordance with authorizations of management and the Board of Directors of the Company, and

    - 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.

Index

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2009 based on the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our management concluded that based on its assessment, our internal control over financial reporting was effective as of December 31, 2009. Effectiveness of our internal control over financial reporting as of December 31, 2009 has been audited by BDO Seidman, LLP, an independent registered public accounting firm, as stated in their report which appears elsewhere herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B Other Information

None.

Index

PART III

Item 10 Directors, Executive Officers and Corporate Governance.

Executive Officers of the Registrant

The following table lists the officers of the Company:

Name	Age	Office
Steven M. Klosk*	52	President, Chief Executive Officer
James G. Farrell	43	Vice President and Corporate Controller
Paolo Russolo*	65	President, Cambrex Profarmaco Milano
Gregory P. Sargen*	44	Vice President & Chief Financial Officer
F. Michael Zachara*	46	Vice President, General Counsel and Corporate Secretary

*Executive Officer

The Company's executive officers are elected by the Board of Directors and serve at the Board's discretion.

Mr. Klosk joined Cambrex in October 1992 and has served as President & Chief Executive Officer since May 2008. He also became a member of the Board of Directors in May 2008. Mr. Klosk joined the Company as Vice President, Administration. He was appointed Executive Vice President, Administration in October 1996 and was promoted to the position of Executive Vice President, Administration and Chief Operating Officer for the Cambrex Pharma and Biopharmaceutical Business Unit in October 2003. In January 2005, Mr. Klosk assumed direct responsibility for the leadership of the Biopharmaceutical Business Unit as Chief Operating Officer. In August 2006, Mr. Klosk assumed the responsibility of the Pharma business as Executive Vice President and Chief Operating Officer – Biopharma & Pharma and in February 2007 was appointed to Executive Vice President, Chief Operating Officer & President, Pharmaceutical Products and Services. From 1988 until he joined Cambrex, Mr. Klosk was Vice President, Administration and Corporate Secretary for The Genlyte Group, Inc. From 1985 to 1988, he was Vice President, Administration for Lightolier, Inc., a subsidiary of The Genlyte Group, Inc.

Mr. Farrell joined Cambrex in September 2005 and has served as Vice President and Corporate Controller since July 2007. Mr. Farrell previously held the position of Corporate Controller. Mr. Farrell was employed during a part of 2008 by PDI, Inc. as Vice President and Corporate Controller/Interim Chief Financial Officer. Mr. Farrell returned to Cambrex in late 2008. From 1994 until 2005, he was with Ingersoll-Rand Company, most recently as Director, Accounting Policy, Procedures and External Reporting. Mr. Farrell was with Ernst & Young from 1988 to 1994, most recently as Audit Manager.

Dr. Russolo is President, Profarmaco Milano and joined the Company in 1994 with the acquisition of Profarmaco Nobel S.r.l. in Milan Italy, where he served as Managing Director since 1982. Dr. Russolo joined Profarmaco Nobel S.r.l. in 1971. Upon the acquisition of Profarmaco Nobel S.r.l., Dr. Russolo continued serving in the role of Managing Director until 2000, when he was appointed to President, Cambrex Profarmaco Business Unit. Upon the completion of the sale of the Landen facility Dr. Russolo assumed his current position.

Mr. Sargen joined Cambrex in February 2003 and has served as Vice President and Chief Financial Officer since February 2007. Mr. Sargen previously held the position of Vice President, Finance. Previously, he was with Exp@nets, Inc. from 1999 through 2002, serving in the roles of Executive Vice President, Finance/Chief Financial Officer and Vice President/Corporate Controller. From 1996 to 1998, he was with Fisher Scientific International's Chemical Manufacturing Division, serving in the roles of Vice President, Finance and Controller. Mr. Sargen has also held various positions in finance, accounting and audit with Merck & Company, Inc., Heat and Control, Inc., and Deloitte & Touche.

Index

Mr. Zachara joined Cambrex in June 2008 and has served as Vice President, General Counsel and Corporate Secretary since February 2009. Mr. Zachara formerly held the position of Assistant General Counsel and Assistant Corporate Secretary. Previously, he was with Sun Chemical Corporation from 1997 to 2008 as Senior Corporate Attorney, Assistant Secretary and Director of Real Estate. From 1994 to 1997, he was with Brown & Wood LLP, a New York firm as Associate, Real Estate/Environmental Department. Mr. Zachara has also held positions with Shanley & Fisher, P.C. and James C. Anderson Associates.

Item 11 Executive Compensation.

Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Item 13 Certain Relationships and Related Transactions and Director Independence.

Item 14 Principal Accountant Fees and Services.

The remaining information called for by Part III is hereby incorporated by reference to the information set forth under the captions “Principal Stockholders,” “Common Stock Ownership by Directors and Executive Officers,” “Board of Directors,” “Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Code of Ethics,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report on Executive Compensation,” “Executive and Other Compensation,” “Executive and Other Compensation,” “Audit Committee Report” and “Principal Accounting Firm Fees” in the registrant's definitive proxy statement for the Annual Meeting of Stockholders, to be held April 22, 2010, which meeting involves the election of directors, which definitive proxy statement is being filed with the Securities and Exchange Commission pursuant to Regulation 14A.

Index

PART IV

Item 15 Exhibits and Financial Statement Schedules

(a) 1. The following consolidated financial statements of the Company are filed as part of this report:

	Page Number (in this report)
Financial Statements:	
Reports of Independent Registered Public Accounting Firm	34
Consolidated Balance Sheets as of December 31, 2009 and 2008	36
Consolidated Statements of Operations for the Years Ended December 31, 2009, 2008 and 2007	37
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2009, 2008 and 2007	38
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009, 2008 and 2007	39
Notes to Consolidated Financial Statements	40
Selected Quarterly Financial and Supplementary Data (unaudited)	71

(a) 2. (i) The following schedule to the consolidated financial statements of the Company as filed herein and the Report of Independent Registered Public Accounting Firms are filed as part of this report.

	Page Number (in this report)
Schedule II – Valuation and Qualifying Accounts	77

All other schedules are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements of the Company or the notes thereto.

(a) 3. The exhibits filed in this report are listed in the Exhibit Index on pages 79 - 81.

Index

SCHEDULE II

CAMBREX CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 and 2007
(dollars in thousands)

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance Beginning of Year	Charged/ (Credited) to Cost and Expenses	Charged/ (Credited) to Other Accounts	Deductions	Balance End of Year
Year ended December 31, 2009:					
Doubtful trade receivables and returns and allowances	$1,105	$(191)	$31	$318	$627
Deferred tax valuation allowance	79,230	103	1,035	-	80,368
Year ended December 31, 2008:					
Doubtful trade receivables and returns and allowances	$560	$600	$(41)	$14	$1,105
Deferred tax valuation allowance	64,842	3,762	10,626	-	79,230
Year ended December 31, 2007:					
Doubtful trade receivables and returns and allowances	$571	$55	$35	$101	$560
Deferred tax valuation allowance	91,403	(21,241) *	(5,320)	-	64,842

* Includes $(31,584) related to discontinued operations.

Index

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAMBREX CORPORATION

By /s/ Gregory P. Sargen
Gregory P. Sargen
Vice President and Chief Financial Officer

Date: February 11, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature		Title	Date
/s/	STEVEN M. KLOSK Steven M. Klosk	President and Chief Executive Officer	)
/s/	GREGORY P. SARGEN Gregory P. Sargen	Vice President and Chief Financial Officer (Principal Financial Officer and Accounting Officer)	)
/s/	JOHN R. MILLER* John R. Miller	Chairman of the Board of Directors	)
/s/	DAVID R. BETHUNE * David R. Bethune	Director	)
/s/	ROSINA B.DIXON* Rosina B. Dixon, M.D.	Director	)
/s/	ROY W. HALEY* Roy W. Haley	Director	)
/s/	KATHRYN RUDIE HARRIGAN* Kathryn Rudie Harrigan, PhD	Director	)
/s/	LEON J. HENDRIX, JR.* Leon J. Hendrix, Jr.	Director	) February 11, 2010
/s/	ILAN KAUFTHAL* Ilan Kaufthal	Director	)

/s/	WILLIAM KORB* William Korb	Director	)
/s/	PETER G. TOMBROS* Peter G. Tombros	Director	)
*By /s/	STEVEN M. KLOSK Steven M. Klosk Attorney-in-Fact		)

Index

EXHIBIT INDEX

Exhibit No.		Description
3.1	--	Restated Certificate of Incorporation of registrant, as amended.(N).
3.2	--	By Laws of registrant, as amended.(N).
4.1	--	Form of Certificate for shares of Common Stock of registrant.(A - Exhibit 4(a)).
10.1	--	2009 Long Term Incentive Plan (X – Exhibit 1).
10.2	--	Directors' Compensation Program.(K).
10.8	--	Asset purchase agreement dated as of August 7, 2003 between Rutherford Acquisition Corporation and Cambrex Corporation and The Sellers listed in the asset in the asset Purchase agreement.(Y).
10.9	--	Credit Agreement dated as of April 6, 2007 between Cambrex Corporation, the subsidiary borrowers party hereto, the subsidiary guarantors party hereto, the lenders party hereto and JP Morgan Chase Bank, N.A., as Administrative Agent.(U).
10.10	--	Settlement Agreement and Release and Environmental Escrow Agreement dated July 30, 2007 between Rutherford Chemicals LLC, Vertellus Specialties Holdings UK Ltd. (formerly Rutherford Chemicals UK Ltd.), Vertellus Specialties UK Ltd. (formerly Seal Sands Chemicals Ltd.), and Vertellus Specialties Holdings Corp. (formerly Rutherford Chemicals Holdings Corp.), and Cambrex Corporation, Nepera, Inc., CasChem Inc., Zeeland Chemicals, Inc., Nepcam, Inc., and Cambrex Ltd.(Z).
10.12	--	Supplemental Executive Retirement Plan Change of Control Amendment.(W).
10.16	--	1994 Stock Option Plan.(C).
10.17	--	1996 Performance Stock Option Plan.(G).
10.18	--	1998 Performance Stock Option Plan.(H).
10.19	--	2000 Employee Performance Stock Option Plan.(H).
10.20	--	Form of Employment Agreement (amended and restated) between the registrant and its executive officers named in the Revised Schedule of Parties thereto.(O – Exhibit 10.20) (as amended (P) Exhibit 10.20.1).
10.21	--	Revised Schedule of Parties (Exhibit 10.20 hereto).(E).
10.22	--	Cambrex Corporation Savings Plan.(B).
10.23	--	Cambrex Corporation Supplemental Retirement Plan.(D).
10.25	--	Employment Agreement dated February 6, 2007 between the registrant and Gregory P. Sargen.(V).

10.29	--	Deferred Compensation Plan of Cambrex Corporation (as amended and restated as of March 1, 2001).(O).
10.32	--	Employment Agreement dated February 6, 2007 between the registrant and Paolo Russolo.(V).
10.33	--	2001 Performance Stock Option Plan.(I).
10.34	--	2003 Performance Stock Option Plan.(I).
10.35	--	2004 Performance Incentive Plan.(J).
10.36	--	Directors' Common Stock Fee Payment Plan.(J).
10.38	--	2004 Incentive Plan.(L).
10.39	--	Separation and General Release Agreement.(M).
10.41	--	Administrative Consent order dated September 16, 1985 of the New Jersey Department of Environmental Protection to Cosan Chemical Corporation.(A-Exhibit 10(q)).
10.42	--	Registration Rights Agreement dated as of June 5, 2006 between the registrant and American Stock Transfer and Trust Company.(F).
10.46	--	Stock Purchase Agreement dated October 23, 2006 between Lonza America Inc., Lonza Bioproducts AG, Lonza Sales AG, Lonza Group Limited and Cambrex Corporation and Subsidiaries.(S – Exhibit 10.1).
10.47	--	Agreement to Lift Sales Restrictions on Certain Vested Options.(Q).
10.48	--	Agreement to Accelerate Vesting of Certain Options.(R).
16.1	--	PricewaterhouseCoopers LLP Letter.(T).
21	--	Subsidiaries of registrant.(E).
23	--	Consent of BDO Seidman LLP to the incorporation by reference of its report herein in Registration Statement Nos. 333-57404, 333-22017, 33-37791, 33-81780, 33-81782, 333-113612, 333-113613, 333-129473 and 333-136529 on Form S-8 of the registrant.(E).

See legend on page 81

Index

EXHIBIT INDEX

Exhibit No.		Description
24	--	Powers of Attorney to sign this report.(E).
31.1	--	CEO Certification pursuant to Rule 13a – 14(a) and Rule 15d – 14(a) of the Securities Exchange Act, as amended.(E).
31.2	--	CFO Certification pursuant to Rule 13a – 14(a) and Rule 15d – 14(a) of the Securities Exchange Act, as amended.(E).
32	--	CEO and CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(K).

See legend on following page

Index

EXHIBIT INDEX

(A) Incorporated by reference to the indicated Exhibit to registrant's Registration Statement on Form S-1 (Registration No. 33-16419).

(B) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-81780) dated July 20, 1994.

(C) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-81782) dated July 20, 1994.

(D) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1994.

(E) Filed herewith.

(F) Incorporated by reference to the registrant's Registration Statement on Form 8-A dated May 25, 2006.

(G) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-22017) dated February 19, 1997.

(H) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-57404) dated March 22, 2001.

(I) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-113612) dated March 15, 2004.

(J) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-113613) dated March 15, 2004.

(K) Furnished herewith.

(L) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-129473) dated November 4, 2005.

(M) Incorporated by reference to the registrant's Current Report on Form 8-K dated January 4, 2006.

(N) Incorporated by reference to registrant's Quarterly Report on Form 10-Q for the period ending March 31, 2007.

(O) Incorporated by reference to registrant's Annual Report on Form 10-K for year end 2005 filed May 26, 2006.

(P) Incorporated by reference to registrant's Quarterly Report on Form 10-Q for the period ending September 30, 2006.

(Q) Incorporated by reference to registrant's Current Report on Form 8-K dated November 7, 2006.

(R) Incorporated by reference to registrant's Current Report on Form 8-K dated June 7, 2005.

(S) Incorporated by reference to registrant's Current Report on Form 8-K filed October 24, 2006.

(T) Incorporated by reference to registrant's Current Report on Form 8-K filed March 21, 2007.

(U) Incorporated by reference to registrant's Current Report on Form 8-K filed April 11, 2007.

(V) Incorporated by reference to registrant's Annual Report on Form 10-K for year end 2006 filed on March 15, 2007.

(W) Incorporated by reference to registrant's Quarterly Report on Form 10-Q for the period ending June 30, 2008.

(X) Incorporated by reference to registrant's Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders filed on March 20, 2009.

(Y) Incorporated by reference to the registrant's Current Report on Form 8-K dated November 10, 2003.

(Z) Incorporated by reference to the registrant's Quarterly Report on Form 10-Q for the period ending September 30, 2007.