

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, 2004

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-10638

CAMBREX CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	22-2476135
(STATE OR OTHER JURISDICTION	
OF	(I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION)	IDENTIFICATION NO.)
ONE MEADOWLANDS PLAZA,	07073
EAST RUTHERFORD, NEW JERSEY	(ZIP CODE)
(ADDRESS OF PRINCIPAL	
EXECUTIVE OFFICES)	

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 (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 [X] No

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X] No

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$641,852,184 as of June 30, 2004.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of February 28, 2005, there were 26,391,752 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 2005 Annual Meeting are incorporated by reference into Part III of this report.

CAMBREX CORPORATION

INDEX TO ANNUAL REPORT ON
FORM 10-K FILED WITH THE
SECURITIES AND EXCHANGE COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2004

ITEM NO.		PAGE NO.
----		----
PART I		
1	Business.....	2
2	Properties.....	19
3	Legal Proceedings.....	20
4	Submission of Matters to a Vote of Security Holders.....	20
	Executive Officers of the Registrant.....	21
PART II		
5	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases to Equity Securities.....	24
6	Selected Financial Data.....	25
7	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	27
7A	Quantitative and Qualitative Disclosures about Market Risk.....	43
8	Financial Statements and Supplementary Data.....	44
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	96
9A	Controls and Procedures.....	96
9B	Other Information.....	97
PART III		
10	Directors and Executive Officers of the Registrant.....	97
11	Executive Compensation.....	97
12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.....	97
13	Certain Relationships and Related Transactions.....	97
14	Principal Accounting Fees and Services.....	97
PART IV		
15	Exhibits, Financial Statement Schedules.....	97

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 dedicated to providing products and services that accelerate and improve the discovery and commercialization of human therapeutics. The Company primarily supplies its products and services worldwide to pharmaceutical and biopharmaceutical companies, generic drug companies, biotechnology companies and research organizations. The Company reports results in three segments: Bioproducts, Biopharma and Human Health. Each of these segments includes multiple product categories. The Company's overall strategy is to focus on niche markets that have global opportunities, build on strong customer relationships to enhance its new products pipeline, and support state-of-the-art technology, while being an industry leader in regulatory compliance, environmental, health and safety performance, and customer service.

The Company uses a consistent business approach in each of its segments:

- **Market Leadership:** The Company secures leading market positions through its proprietary technologies and specialized capabilities. The Company leverages its broad capabilities and reputation across the life sciences market segments in which it participates.
- **Niche Market Focus:** The Company participates in niche markets that require significant technical expertise that provides market differentiation.
- **Acquisition and Licensing:** The Company drives 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 and move the Company closer to the patient.
- **New Product Programs:** The Company introduces innovative products to drive organic growth and continues to invest in research and product development.
- **Margin Expansion:** The Company reviews the growth and profitability of its businesses on an ongoing basis to ensure resources are appropriately allocated. The Company will de-emphasize or eliminate offerings not meeting operating profit goals.
- **Operational Excellence:** The Company maintains its commitment to improve productivity and customer service levels and reduce costs. The Company works in a highly regulated industry and maintains its commitment to excellent quality and regulatory compliance systems.

MARKET OVERVIEW AND GROWTH DRIVERS

The Company participates in markets that serve the healthcare industry. Customers include companies and institutions that discover and commercialize therapeutics including traditional drugs made using organic chemistry, or, more recently, products made using biotechnology and cells.

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 serving the healthcare market. Aging "baby boomers" in the United States, Europe and Japan are entering retirement which 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. Their use of the internet may offer new sales and marketing opportunities to the healthcare market.

Healthcare investment comes from a variety of segments. Large pharmaceutical and biotechnology companies invest billions in new drug discovery and development. Research institutions may be funded by the

(dollars in thousands, except share data)

2

government, business or private sectors. The U.S. government's funding of BioShield, which went into effect in 2004, provides new incentives to companies to develop vaccines and drugs to counter bioterrorism. Investments in emerging drug companies from venture capital and initial public offerings were also up in 2004 versus prior year. Healthcare investment increases the demand for Cambrex products and services by providing customers the financial resources to move their research and development projects from the laboratory to the clinic, and eventually, to the patient.

It is estimated that getting a new drug to market may take up to sixteen years. With the need to get new drugs to market faster, pharmaceutical companies make huge investments in drug discovery. There is the need for a continuing stream of innovative research tools that accelerate the drug discovery process. More and more cellular models are being used to understand the mechanism of disease and the efficacy and toxicity of drug candidates. Demand for rapid, accurate tests to assess drug candidates is growing greater than 20% annually. Cambrex is a leading provider of testing products used in the drug discovery process.

Once a drug is identified, companies need to develop a robust process for the manufacture of clinical and commercial quantities. Product testing 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 manufactures active pharmaceutical ingredients at laboratory, clinical and commercial scale at facilities around the world and maintains an industry leading quality record.

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. Emerging pharmaceutical, biotechnology and generic drug companies typically outsource all process development and manufacturing.

New drugs are typically patented. When the patent expires, the drug may be manufactured and marketed in a 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's active pharmaceutical ingredients are used in over 100 niche generic drugs globally.

The market for human therapeutics is highly regulated by the Food and Drug Administration (FDA) and other regulatory agencies through the development, manufacturing and commercialization process. The FDA approves human therapeutics and regulates manufacturing. Excellent regulatory and quality systems are essential to serve the industry. In 2004, the FDA modified its manufacturing regulations to encourage companies to improve and optimize manufacturing processes, which presents manufacturers, like Cambrex, new opportunities to reduce product costs and cycle times for their clients.

The healthcare market continues to evolve.

- In recent years, there have been fewer FDA drug approvals and weaker drug development pipelines in large pharmaceutical companies. To bolster the number of drugs in development, large pharmaceutical companies have entered into partnerships and alliances with emerging pharmaceutical

companies. Emerging companies continue to drive innovation with over two thirds of the products in phase I clinical trials.

- Competition from Asia has increased their capabilities in drug substance manufacturing and finished dosage form drugs. Although there has been limited direct impact on niche products, the presence of these competitors has resulted in downward pricing pressure on active pharmaceutical ingredients. Regulatory compliance and long-term quality may determine the long term impact of these competitors.

(dollars in thousands, except share data)

3

- Weaker pharmaceutical pipelines have resulted in reduced demand and excess capacity for branded drug substance manufacturing made by organic chemistry, resulting in the retirement of facilities by several U.S. and European competitors in 2004.
- The Medicare Modernization Act (MMA) may negatively impact future pharmaceutical company profits by limiting price increases and effecting changes in supply chain management. In contrast, it may also offer improved commercial opportunities to companies with more efficient and cost effective supply chains via broader access to patients and a larger number of prescriptions.
- The regulatory environment supporting generic drugs remains favorable and will probably extend to generic biopharmaceuticals in the future.
- Recent regulatory mis-steps and related negative publicity may cause pharmaceutical companies to focus additional resources on reputation management and community relations.

STRATEGY

The Company expects to continue to provide innovative life sciences products and services for the bioresearch and therapeutics markets. The Company will use its expertise in drug discovery tools, testing reagents, kits and services and the manufacture of drug substances to expand its product portfolio. Through internal developments and targeted acquisitions, the Company also intends to broaden its current list of products and services. The introduction of complementary offerings will drive organic growth and expand the Company's footprint in the life sciences markets. New technologies, products, and infrastructure may also come from licensing or acquisition. Long term, the Company also expects to market and sell therapeutics, whether developed by our customers or the Company, to certain specialty markets.

DEVELOPMENT OF THE BUSINESS

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

On March 2, 2000, the Company acquired Conti BPC NV in Landen, Belgium for approximately \$5 million in cash and assumed debt. Conti BPC NV, now renamed Cambrex Profarmaco Landen NV, is a manufacturer and supplier of pharmaceutical intermediates and active pharmaceutical ingredients.

On July 24, 2000, the Company acquired LumiTech, Limited in Nottingham, England for \$4.3 million in cash. LumiTech, Limited, now renamed Cambrex Bio Science Nottingham Limited, provides products and services used in the high throughput screening market for drug discovery.

On June 4, 2001, the Company acquired Bio Science Contract Production Corp. in Baltimore, Maryland for approximately \$125 million in cash. Bio Science Contract Production Corp., now renamed Cambrex Bio Science Baltimore, Inc., manufactures purified bulk biologics and pharmaceutical ingredients. The

acquisition provided the Company with entry into the contract bioprocessing market.

On October 31, 2001, the Company acquired Marathon Biopharmaceuticals Inc. in Hopkinton, Massachusetts for approximately \$26 million in cash through a share purchase of CoPharma Inc. Marathon, now renamed Cambrex Bio Science Hopkinton, Inc., is a full-service cGMP manufacturer of biopharmaceutical ingredients and purified bulk biologics for pre-clinical evaluation, clinical trials and commercial scale quantities.

On January 1, 2002, the Company realigned the organization to focus on life sciences. The operating units that primarily produced specialty and fine chemicals, and animal health and agriculture products were combined under a new subsidiary, Rutherford Chemicals, Inc.

On November 10, 2003, the Company sold its Rutherford Chemicals business for a sale price of up to \$65 million, consisting of \$55 million in cash paid at closing, a \$2 million subordinated 12% interest bearing

 (dollars in thousands, except share data)

note, and an \$8 million performance-based cash earn-out if certain future operating profit targets are achieved. The sale of Rutherford Chemicals represents the completion of the transformation from a specialty chemical organization into a leading life sciences company.

On October 2, 2004, Cambrex France SARL, one of the Company's subsidiaries, acquired Genolife SA for approximately \$6 million in cash. Genolife, located in Saint Beauzire, France, specializes in rapid microbial detection testing for the pharmaceutical, agriculture, food, and cosmetic industries. The acquisition complements the endotoxin and mycoplasma detection product lines and builds upon the Company's testing reagent and service franchise.

PRODUCTS

The Company uses its technical expertise in a wide range of chemical and biological processes to meet the needs of its customers for high quality products and services for specialized applications. The following table presents gross sales from the Company's three segments:

	YEARS ENDED DECEMBER 31		
	2004	2003	2002
Bioproducts.....	\$136,108	\$119,298	\$107,870
Biopharma.....	43,270	44,128	55,218
Human Health.....	259,737	242,165	231,342
	-----	-----	-----
Gross Sales.....	\$439,115	\$405,591	\$394,430
	=====	=====	=====

Bioproducts: The Bioproducts segment consists of research products (including cell biology products, cell based assays and molecular biology products) and therapeutic applications (including endotoxin detection products, biotherapeutic media and serum products and cell therapy products). The Company manufactures more than 1,800 products which are sold to more than 14,000 customers worldwide with no one customer accounting for over 10% of 2004 sales in this segment.

This table summarizes the gross sales for this product segment:

	2004	2003	\$	%
	-----	-----	CHANGE	CHANGE
Research Products.....	\$ 70,657	\$ 62,650	\$ 8,007	12.8%
Therapeutic Applications.....	65,451	56,648	8,803	15.5%
	-----	-----	-----	-----
Total Bioproducts.....	\$136,108	\$119,298	\$16,810	14.1%
	=====	=====	=====	=====

Gross sales of \$136,108 were \$16,810 or 14.1% above 2003. Bioproducts sales were favorably impacted 4.0% due to exchange rates reflecting a weaker U.S. dollar.

Research products of \$70,657 were \$8,007 or 12.8% higher than prior year due to increased sales in cell biology products due to strong market demand in the U.S. and Europe, higher media and serum products sales due to increased supply and increased demand in North America, Europe and Asia and higher sales of assays due to increased market demand in North America. The favorable effect of foreign currency exchange also contributed to the higher sales.

Therapeutic applications sales of \$65,451 were \$8,803 or 15.5% higher than prior year due to higher sales of endotoxin detection products reflecting increased purchasing levels in the U.S. and rest of world and timing of shipments and increased sales of cell therapy products due to the addition of new customers.

Biopharma: The Biopharma segment consists of the Company's contract biopharmaceutical process development and manufacturing business. Biopharma sales of \$43,270 were \$858 or 1.9% below 2003. The sales decrease primarily reflects reduced billings in our biopharmaceutical manufacturing business driven by the completion or timing of projects and a change in contract terms from time and material to milestone

(dollars in thousands, except share data)

5

payments offset by higher reimbursable materials revenue due to timing of current projects. There are three customers that individually account for more than 10% of 2004 sales in this segment. They represent 23.0%, 22.7%, and 22.2% of 2004 sales in this segment.

Human Health: The Human Health segment 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 active pharmaceutical ingredients and advanced pharmaceutical intermediates. Services include development and manufacturing services.

The Human Health segment is classified into three product groups: (1) active pharmaceutical ingredients (APIs), (2) pharmaceutical intermediates, and (3) other. These products are sold to a diverse group of more than 1,100 customers, with two customers individually accounting for more than 10% of 2004 sales in this segment; one, a distributor representing multiple customers, accounting for 17.1%, and a second pharmaceutical company, accounting for 10.6%. Many of these products are also sold through agents. One active pharmaceutical ingredient makes up 13.3% of 2004 sales in this segment.

This table summarizes the gross sales for this product segment:

	2004	2003	\$	%
	-----	-----	CHANGE	CHANGE

Active Pharmaceutical Ingredients.....	\$200,555	\$183,632	\$16,923	9.2%
Pharmaceutical Intermediates.....	27,365	24,349	3,016	12.4%
Other.....	31,817	34,184	(2,367)	(6.9)%
	-----	-----	-----	
Total Human Health.....	\$259,737	\$242,165	\$17,572	7.3%
	=====	=====	=====	=====

Human Health sales of \$259,737 increased \$17,572 or 7.3% including a 5.6% favorable impact due to exchange rates reflecting the weaker U.S. dollar.

APIs sales of \$200,555 were \$16,923 or 9.2% above the prior year due primarily to higher demand for cardiovascular and gastrointestinal APIs due to higher demand and a favorable currency impact. Pharmaceutical intermediates sales of \$27,365 were \$3,016 or 12.4% above 2003 primarily due to higher sales of custom development products, an end-stage kidney treatment product due to increased demand and favorable currency effect.

Other sales of \$31,817 were \$2,367 or 6.9% below the prior year as pricing pressure from offshore competition negatively impacted sales of feed additive products.

MARKETING AND DISTRIBUTION

The Company's Human Health and Biopharma segments 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, and the business unit management to determine the strategic and business fit. The process to take a client's project from the clinical trial stage to a commercial, approved therapeutic may take from two to seven years. The process to take generic active pharmaceutical ingredients from bench development to amended new drug application (ANDA) approval may take five to seven years. The Company has agents in those areas where direct sales efforts are not economical.

For the Bioproducts segment, the Company markets and sells its products in the United States and Europe principally through its own direct sales force. The remaining international markets are served principally through an extensive network of independent distributors. The Company has also implemented an e-commerce website to market and sell these products in the U.S. and Europe.

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RAW MATERIALS

The Company uses a wide array of raw materials in the conduct of its businesses.

For its Human Health products, the Company generally will have a primary and secondary supplier for its critical raw materials. Long-term contracts are in effect for most of the critical raw materials used. Prices for these raw materials are generally stable except for the petroleum based solvents where prices can vary with market conditions.

For its Bioproducts products, the Company buys materials from many suppliers and is generally not dependent on any one supplier or group of suppliers. Bovine spongiform encephalopathy, also known as mad cow disease, has impacted where the Company can import fetal bovine serum from. Although there is a well-established market for raw fetal bovine serum, its price and supply are cyclical and fluctuate. The Company also is dependent on one company for the raw materials used to make electrophoresis media products incorporating Agarose. A long-term contract is in effect for this supply.

The other key raw materials used by all segments of the Company are advanced organic intermediates and generally have been in adequate supply from multiple suppliers.

RESEARCH AND DEVELOPMENT

The Company's research and development program is designed to increase the Company's competitiveness through improving its technology and developing processes for the manufacture of new products to meet customer requirements. The goals are to introduce innovative products, improve manufacturing processes to reduce costs, improve quality and increase capacity, and to identify market opportunities that warrant a significant technical expertise, and offer the prospects of a long-term, profitable business relationship. Research and development activities are performed at most of the Company's manufacturing facilities in both the United States and Europe. Approximately 137 employees are involved directly in research and development activities worldwide.

The Cambrex Center of Technical Excellence, a research and development organization located in The Technology Centre of New Jersey in North Brunswick, NJ, helps place the Company in a unique position to be a full-service resource for pharmaceutical and biotechnology companies throughout the drug development cycle.

The Company spent \$19,659, \$17,123 and \$15,794 in 2004, 2003 and 2002, respectively, on research and development efforts.

PATENTS AND TRADEMARKS

The Company has patent protection in most of its product areas. 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 life sciences companies for developing and maintaining its market position.

The Company currently owns approximately 180 United States patents which have various expiration dates through 2023 and which cover selected items in each of the Company's major product areas. The Company also owns foreign equivalents of many of its United States patents. In addition, the Company has applied for patents for various inventions and is in the process of preparing patent applications for other inventions. The Company owns patent and other proprietary rights to the endotoxin detection products which are material to the product lines.

The Company has trademarks registered in the United States and a number of other countries for use in connection with the Company's products and business. The Company believes that many of its trademarks are generally recognized in its industry. Such trademarks include Poietics(R), Clonetics(R), MYCOAlert(R), NuSieve(R), Reliant(R), Latitude(R), PAGER(R), MetaPhor(R), AccuGENE(R) and BioWhittaker(TM.)

(dollars in thousands, except share data)

7

The Company requires employees to sign confidentiality, ownership of inventions and non-compete agreements where appropriate.

COMPETITION

In the Bioproducts segment, no one company is known to compete with the Company in all of its product groups, but in each group competition is offered by a number of companies, including in some cases, firms substantially larger and with greater financial resources than the Company. The markets in which the Company competes are generally concentrated and are highly competitive, with competition centering on product specifications and performance, quality, depth of product line, price, technical support, innovative product development and on time delivery.

In the Biopharma segment, the competitors include therapeutic companies and other companies that supply contract biopharmaceutical development and manufacturing services to biotech companies. Generally, the competition focuses on larger quantities and scale of manufacturing capacity. Cambrex differentiates its services by concentrating on small to medium scale process development and manufacturing services, an excellent regulatory compliance record, experience producing vaccines and approved drugs, a commitment to quality, and world-class early development services.

In the Human Health segment, the Company has two primary groups of competitors; those that produce generic active pharmaceutical ingredients and those that produce branded active pharmaceutical ingredients and intermediates. For generic active pharmaceutical ingredients, there are approximately five primary competitors which are located in Europe. For competitors that provide custom development and manufacturing services for branded active pharmaceutical ingredients, there are approximately twenty competitors, six of which are large multinational companies that also produce fine chemicals. More recently, competitors from Asia have entered the market for larger active pharmaceutical ingredients. While there has been limited or no impact on the products the Company produces, it is expected that their regulatory compliance and product quality will determine the long term impact of these competitors in the market. If the Company perceives significant competitive risk and a need for large technical or financial commitment, it generally negotiates 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 international and domestic federal, state and local laws and regulations relating to the storage, handling, emission, transportation and discharge of materials into the environment and the maintenance of safe conditions in the work place. The Company maintains environmental and industrial safety and health compliance programs at its plants, and believes that its manufacturing operations are in general compliance with all applicable safety, health and environmental laws.

The Company conducts detailed environmental due diligence on all acquisitions. The Company's acquisitions were made with consideration of any known environmental conditions. Also, as with other companies engaged in the chemical business, risks of substantial costs and liabilities are inherent in certain plant operations and certain products produced at the Company's plants. Additionally, prevailing legislation tends to hold chemical companies primarily responsible for the proper disposal of their chemical wastes even after transferal to third party waste disposal facilities. Moreover, other future developments, such as increasingly strict environmental, safety and health laws and regulations, and enforcement policies thereunder, could result in substantial costs and liabilities to the Company and could subject the Company's handling, manufacture, use, reuse, or disposal of substances or pollutants at its plants to more rigorous scrutiny than at present. Although the Company has no direct operations and conducts its business through subsidiaries, certain legal principles that provide the basis for the assertion against a parent company of liability for the

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actions of its subsidiaries may support the direct assertion against the Company of environmental liabilities of its subsidiaries.

Known environmental matters which may result in liabilities to the Company and the related estimates and accruals are summarized in Note #23 to the Cambrex Corporation and Subsidiaries Consolidated Financial Statements.

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 general 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 approximately \$6,725 in 2004, \$4,032 in 2003, and \$3,752 in 2002 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.

RISK 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.

WE MAY PURSUE TRANSACTIONS THAT MAY CAUSE US TO EXPERIENCE SIGNIFICANT CHARGES TO EARNINGS THAT MAY ADVERSELY AFFECT OUR STOCK PRICE AND FINANCIAL CONDITION.

We regularly review potential transactions related to technologies, products or product rights and businesses complementary to our business. These transactions could include mergers, acquisitions, strategic alliances or licensing agreements. In the future, we may choose to enter into these transactions at any time. As a result of acquiring businesses or entering into other significant transactions, we have previously experienced, and may continue to experience, significant charges to earnings for merger and related expenses that may include transaction costs, closure costs or costs related to the write-off of acquired in-process research and development. These costs may also include substantial fees for investment bankers, attorneys, accountants and financial printing costs and severance and other closure costs associated with the elimination of duplicate or discontinued products, employees, operations and facilities. Although we do not expect these charges to have a material adverse effect upon our overall financial condition, these charges could have a material adverse effect on our results of operations for particular quarters or years and they could possibly have an adverse impact upon the market price of our common stock.

IF WE MAKE ACQUISITIONS, WE MAY EXPERIENCE DIFFICULTY INTEGRATING THE BUSINESSES WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

An important part of our business growth strategy is to acquire products, product lines, technologies and capabilities, including through the acquisition of businesses, to enhance the Company's position in its niche markets and move the Company closer to the patient. We continually explore and conduct discussions with many third parties regarding possible acquisitions. Our ability to continue to achieve our goals may depend upon our ability to effectively integrate such businesses, to achieve cost efficiencies and to manage these businesses as part of our company. However, we may experience difficulty integrating the merged companies which could have a material adverse effect on the operating results or financial condition of the combined company. As a result of uncertainty following an acquisition and during the integration process, we could

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experience disruption in our business or employee base. There is also a risk that key employees of the combined company may seek employment elsewhere, including with competitors, or that valued employees may be lost upon the

elimination of duplicate functions. If we are not able to successfully blend our products and technologies with the acquired business to create the advantages the acquisition was intended to create, it may affect our results of operations, our ability to develop and introduce new products and the market price of our common stock. Furthermore, there may be overlap between our products, services or customers, and the combined company may create conflicts in relationships or other commitments detrimental to the integrated businesses.

IF WE FAIL TO IMPROVE THE OPERATIONS OF FUTURE ACQUIRED BUSINESSES, WE MAY BE UNABLE TO ACHIEVE OUR GROWTH STRATEGY.

Some of the businesses we have acquired or will acquire had or may have significantly lower operating margins than we do and/or operating losses prior to the time we acquired them. In the past, we have occasionally experienced temporary delays in improving the operating margins of these acquired businesses. In the future, if we are unable to improve the operating margins of acquired businesses or operate them profitably, we may be unable to achieve our growth strategy.

PHARMACEUTICAL, BIOPHARMACEUTICAL AND BIOTECHNOLOGY COMPANIES MAY DISCONTINUE OR DECREASE THEIR USAGE OF OUR SERVICES.

We depend on pharmaceutical, biopharmaceutical and biotechnology companies that use our services for a large portion of our revenues. Although there has been a trend among these companies to outsource drug production functions, this trend may not continue. We have experienced increasing pressure on the part of our customers to reduce spending, including the use of our services, as a result of negative economic trends generally and in the pharmaceutical industry. If these companies discontinue or decrease their usage of our services, including as a result of a slowdown in the overall United States or foreign economies, our revenues and earnings could be lower than we expect and our revenues may decrease or not grow at historical rates.

COMPETITION IN THE LIFE SCIENCES RESEARCH MARKET, AND/OR A REDUCTION IN DEMAND FOR OUR PRODUCTS, COULD REDUCE SALES.

The markets for our products are competitive and price sensitive. Other life science suppliers have significant financial, operational, sales and marketing resources, and experience in research and development. These and other companies may have developed or could in the future develop new technologies that would compete with our products or even render our products obsolete. If a competitor develops superior technology or cost-effective alternatives to our products or services, our business, operating results, and financial condition could be seriously harmed. In addition, demand for our products may weaken due to reduction in research and development budgets, loss of distributors or other factors, which would have an adverse effect on our financial condition.

The markets for certain of our products are also subject to specific competitive risks and can be highly price competitive. Our competitors have competed in the past by lowering prices on certain products. Our competitors may lower prices on these or other products in the future and we may, in certain cases, respond by lowering our prices. This would reduce revenues and profits. Conversely, failure to anticipate and respond to price competition may hurt our market share.

We believe that customers in our 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 we are unable to be the first to develop and supply new products, our competitive position may suffer.

(dollars in thousands, except share data)

OUR FAILURE TO OBTAIN NEW CONTRACTS OR RENEWED CONTRACTS OR CANCELLATION OF EXISTING CONTRACTS MAY ADVERSELY AFFECT OUR BUSINESS, FINANCIAL CONDITION AND

RESULTS OF OPERATIONS, AND MAKE OUR REVENUE DIFFICULT TO PREDICT.

Many of our contracts are short-term in duration. As a result, we must continually replace our contracts with new contracts to sustain our revenue. In addition, many of our long-term contracts may be cancelled or delayed by clients for any reason upon notice. Contracts may be terminated for a variety of reasons, including termination of product development, failure of products to satisfy safety requirements, unexpected or undesired results from use of the product or the client's decision to forego a particular study. Our failure to obtain new contracts or renew contracts or the cancellation or delay of existing contracts could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, because our revenue is primarily generated on a contract-by-contract or purchase order basis, our revenue is difficult to predict and contributes to the variability of our financial results from period to period. In addition, we do not believe that a backlog of contracts is a meaningful indicator of our future revenue because of the possibility that the contracts may be terminated.

THE BIOPHARMA BUSINESS SEGMENT HAS EXPERIENCED AND MAY CONTINUE TO EXPERIENCE SIGNIFICANT VOLATILITY IN PROFITABILITY AND THERE ARE NO ASSURANCES THAT IT WILL RETURN TO ITS HISTORIC PROFITABILITY LEVEL.

The Company's Biopharma business unit provides process development and manufacturing services on a contract basis to biopharmaceutical companies. This business has a very high fixed cost structure and its customers are often dependent on the availability of funding and pursuing drugs that are in earlier stages of clinical trials, and thus have high failure rates. Losses of one or more customers can result in significant swings in profitability from quarter to quarter and year to year. Returning to historic profitability levels is dependent on the Company generating significant additional revenues from existing and new customers, which can not be absolutely assured.

THE COMPANY COULD BE SUBJECT TO ADDITIONAL GOODWILL IMPAIRMENT CHARGES IN THE FUTURE.

During the third quarter 2004, the Company recorded an impairment charge of \$48,720 to reduce the goodwill recorded in the acquisition of the Baltimore site. The Company still has a substantial amount of goodwill related to this business and others, which may be subject to additional impairment charges if the business units do not perform at or near projected levels in the future. Certain other facilities do not have enterprise values that are significantly higher than the carrying value of goodwill.

Should the profit forecast for these businesses be revised significantly downward the Company may incur additional goodwill impairment charges.

OUR 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 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; and changes in government regulations. 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. In such event, the trading price of the Company's common stock would likely decline, even if the decline in revenue did not have any long-term adverse implications for the Company's business.

(dollars in thousands, except share data)

OUR MARKET SHARE DEPENDS ON NEW PRODUCT INTRODUCTIONS AND ACCEPTANCE.

Rapid technological change and frequent new product introductions are typical for the market for certain of our products and services. Our future success will depend in part on continuous, timely development and introduction of new products that address evolving market requirements and are attractive to customers. We believe successful new product introductions provide a significant competitive advantage because customers make an investment of time in selecting and learning to use a new product, and are reluctant to switch thereafter. We spend significant resources on internal research and development, as well as on technology development elsewhere to support our effort to develop and introduce new products. To the extent that we fail to introduce new and innovative products, we could fail to obtain an adequate return on these investments and could lose market share to our competitors, which may be difficult to regain. An inability, for technological or other reasons, to develop successfully and introduce new products could reduce our growth rate or otherwise damage our business.

In the past, we have experienced, and may experience in the future, delays in the development and introduction of products. We cannot be assured that we will keep pace with the rapid change in life sciences research, or that our new products will adequately meet the requirements of the marketplace or achieve market acceptance. Some of the factors affecting market acceptance of our products include:

- availability, quality and price as compared to competitive products;
- the functionality of new and existing products;
- the timing of introduction of our products as compared to competitive products;
- scientists' and customers' opinions of the product's utility and our ability to incorporate their feedback into future products;
- general trends in life sciences research.

The expenses or losses associated with unsuccessful product development activities or lack of market acceptance of our new products could adversely affect our business, financial condition and results of operations.

FAILURE TO OBTAIN PRODUCTS AND COMPONENTS FROM THIRD-PARTY MANUFACTURERS COULD AFFECT OUR ABILITY TO MANUFACTURE AND DELIVER OUR PRODUCTS.

We rely on third-party manufacturers to supply many of our raw materials, product components, and in some case, entire products. In addition, we have a single source for supplies of some raw materials and components to our products. Manufacturing problems may occur with these and other outside sources. If such problems occur, we cannot ensure that we will be able to manufacture our products profitably or on time.

ANY SIGNIFICANT REDUCTION IN GOVERNMENT REGULATION OF THE DRUG DEVELOPMENT PROCESS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The design, development, testing, manufacturing and marketing of biotechnology and pharmaceutical products are subject to extensive regulation by governmental authorities, including the FDA and comparable regulatory authorities in other countries. The Company'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, financial condition and results of operations.

(dollars in thousands, except share data)

12

VIOLATIONS OF CGMP AND OTHER GOVERNMENT REGULATIONS COULD HAVE A MATERIAL ADVERSE AFFECT ON OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

All facilities and manufacturing techniques used for manufacturing of products for clinical use or for commercial sale in the United States must be operated in conformity with current Good Manufacturing Practices ("cGMP") regulations as required by the FDA. 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, the loss of a customer contract, the disqualification of data for client submissions to regulatory authorities and/or a mandated closing of the Company's facilities. Any such material violations would have a material adverse effect on the Company's business, financial condition and results of operations.

LITIGATION MAY HARM OUR BUSINESS OR OTHERWISE NEGATIVELY IMPACT OUR MANAGEMENT AND FINANCIAL RESOURCES.

Substantial, complex or extended litigation could cause the Company to incur large expenditures and distract our management. For example, lawsuits by employees, stockholders, collaborators, distributors, customers, or end-users of our products or services could be very costly and substantially disrupt our business. Disputes from time to time with such companies or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes out of court or on terms favorable to the Company.

The Company is involved in a number of lawsuits including a class action lawsuit filed against Cambrex and certain former and current Company officers alleging the failure to disclose in a timely fashion the restatement of results for the five-year period ending December 31, 2001 as discussed in the risk factor immediately below, as well as the loss of a significant contract at our Baltimore facility. If this matter, or any of the Company's other lawsuits, is resolved in an unfavorable manner, they could have a material adverse effect on the operating results and cash flows in future periods.

THE SEC INVESTIGATION INTO OUR INTER-COMPANY ACCOUNTING MATTER COULD HURT OUR BUSINESS.

The Securities and Exchange Commission ("SEC") is currently conducting an investigation into the Company's inter-company accounting issue. The investigation began during the first half of 2003 after the Company voluntarily disclosed certain matters related to inter-company accounts for the five-year period ending December 31, 2001 that resulted in the restatement of the Company's financial statements for those years. The Company is fully cooperating with the SEC and does not expect further revisions to its historical financial statements relating to these issues. This investigation could lead to an adverse outcome and adversely affect our business, financial condition, results of operations and cash flows.

LOSS OF KEY PERSONNEL COULD HURT OUR BUSINESS.

The Company depends on a number of key executives. The loss of services of any of the Company's key executives could have a material adverse effect on the Company's business.

The Company also depends on its ability to attract and retain qualified scientific and technical employees. There is a significant shortage of, and intense competition for, qualified scientific and technical employees. There can be no assurance the Company will be able to retain its existing scientific and technical employees, or to attract and retain additional qualified employees. The Company's inability to attract and retain qualified scientific and technical employees would have a material adverse effect on the Company's business,

financial condition and results of operations.

(dollars in thousands, except share data)

13

POTENTIAL PRODUCT LIABILITY CLAIMS, ERRORS AND OMISSIONS CLAIMS IN CONNECTION WITH SERVICES WE PERFORM AND POTENTIAL LIABILITY UNDER INDEMNIFICATION AGREEMENTS BETWEEN US AND OUR OFFICERS AND DIRECTORS COULD ADVERSELY AFFECT OUR EARNINGS AND FINANCIAL CONDITION.

The Company manufactures products intended for use by the public. In addition, the Company's services include the manufacture of pharmaceutical and biologic products to be tested in human clinical trials and for consumption by humans. These activities could expose the Company to risk of liability for personal injury or death to persons using such products, although 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 clients (the scope of which may vary from client-to-client, and the performances of which are not secured), exclusion of services requiring diagnostic or other medical services, and insurance maintained by clients. 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.

ASSESSMENTS BY VARIOUS TAX AUTHORITIES MAY BE MATERIALLY DIFFERENT THAN WE HAVE PROVIDED FOR AND WE MAY EXPERIENCE SIGNIFICANT VOLATILITY IN OUR 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. While the Company believes that it has adequately provided for any such assessments, future settlements may be materially different than we have provided for and negatively affect our earnings.

During 2004, the geographic shift of forecasted income resulted in the recording of a valuation allowance against all net domestic deferred tax assets, except those for which the company has viable tax planning strategies. Going forward, until such time as the Company's domestic profitability is restored and considered by management to be sustainable for the foreseeable future, the Company will not record the income tax benefit or expense for domestic pre-tax losses and income respectively, and as such may experience significant volatility in its effective tax rate. As of December 31, 2004 the Company had identified tax planning strategies that preserved approximately \$13 million of net tax attributes. Should the Company continue to experience domestic losses, these tax planning strategies may also be negatively affected which could result in future increases to our domestic deferred tax asset valuation allowance.

WE HAVE A SIGNIFICANT AMOUNT OF DEBT THAT COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

The Company has a revolving credit facility of approximately \$269 million of which \$120 million was outstanding at December 31, 2004, and privately placed debt of \$100 million. This is a significant amount of debt. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments on the notes, including from cash and cash equivalents on hand, we will be in default under the terms of the loan agreements, and indentures under which we have outstanding debt securities.

(dollars in thousands, except share data)

14

Even if we are able to meet our debt service obligations, the amount of debt we have could adversely affect us in a number of ways, including:

- limiting our ability to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements, or other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business;
- placing us at a competitive disadvantage relative to our competitors who have lower levels of debt;
- making us more vulnerable to a downturn in our business or the economy generally;
- requiring us to use a substantial portion of our cash to pay principal and interest on our debt, instead of contributing those funds to other purposes such as working capital and capital expenditures.

INTERNATIONAL UNREST OR FOREIGN CURRENCY FLUCTUATIONS COULD ADVERSELY AFFECT OUR RESULTS.

Our international revenues, which include revenues from our non-U.S. subsidiaries and export sales from the U.S., represented 61% of our product revenues in 2004 and 61% of our product revenues in 2003. We expect that international revenues will continue to account for a significant percentage of our revenues for the foreseeable future.

There are a number of risks arising from our international business, including:

- foreign currencies we receive for sales outside the U.S. could be subject to unfavorable exchange rates with the U.S. dollar and reduce the amount of revenue that we recognize;
- the possibility that unfriendly nations or groups could boycott our products;
- general economic and political conditions in the markets in which we operate;
- 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.

A significant portion of our business is conducted in currencies other than the U.S. dollar, which is our reporting currency. We recognize foreign currency gains or losses arising from our operations in the period incurred. As a result, currency fluctuations between the U.S. dollar and the currencies in which we do business have caused and will continue to cause foreign currency transaction gains and losses. We cannot predict the effects of exchange rate fluctuations upon our future operating results because of the number of currencies involved, the variability of currency exposures, and the potential volatility of currency exchange rates. We engage in limited foreign exchange hedging transactions to manage our foreign currency exposure, but our strategies are short-term in nature and may not adequately protect our operating results from the full effects of exchange rate fluctuations.

THE MARKET PRICE OF OUR STOCK COULD BE VOLATILE.

The market price of our common stock has been subject to volatility and, in the future, the market price of our common stock may fluctuate substantially due to a variety of factors, including:

- quarterly fluctuations in our operating income and earnings per share results;
- technological innovations or new product introductions by us or our competitors;

(dollars in thousands, except share data)

15

- economic conditions;
- disputes concerning patents or proprietary rights;
- changes in earnings estimates and market growth rate projections by market research analysts;
- sales of common stock by existing holders;
- loss of key personnel; and
- securities class actions or other litigation.

The market price for our common stock may also be affected by our ability to meet analysts' expectations. Any failure to meet such expectations, even slightly, could have an adverse effect on the market price of our common stock. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of these companies.

INCIDENTS RELATED TO HAZARDOUS MATERIALS COULD ADVERSELY AFFECT OUR BUSINESS.

Portions of our operations require the controlled use of hazardous materials. Although we are diligent in designing and implementing safety procedures to comply with the standards prescribed by federal, state, and local regulations, 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, we could be liable for any damages that result, which could adversely affect our business.

Additionally, any incident could partially or completely shut down our research and manufacturing facilities and operations.

We generate 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 us to environmental liability if, in the future, such transportation and disposal is deemed to have violated such statutes and/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 "potential responsible party" for certain waste disposal sites. The Company has also retained the liabilities with respect to certain pre-closing environmental matters associated with the sale of the Rutherford Chemicals business. After reviewing information currently available, management believes any amount paid in excess of accrued liabilities will not have a material effect on its business, financial condition or results of operations. However, these matters, if resolved in a manner different from the estimates, could have a material adverse effect on financial condition, operating results and cash flows when resolved in future reporting periods.

THE POSSIBILITY WE WILL BE UNABLE TO PROTECT OUR TECHNOLOGIES COULD AFFECT OUR ABILITY TO COMPETE.

Our success depends to a significant degree upon our ability to develop proprietary products and technologies. However, we cannot be assured that patents will be granted on any of our patent applications. We also cannot be assured that the scope of any of our issued patents will be sufficiently broad to offer meaningful protection. We only have patents issued in selected countries. Therefore, third parties can make, use, and sell products covered by our patents in any country in which we do not have patent protection. In addition, our issued patents or patents we license could be successfully challenged, invalidated or circumvented so that our patent rights would not create an effective competitive barrier. We provide our customers the right to use our products under label licenses that are for research purposes only. These licenses could be

(dollars in thousands, except share data)

16

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

COMPLIANCE WITH CHANGING REGULATION OF CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE MAY RESULT IN ADDITIONAL EXPENSE.

Changing laws, regulations and standards relating to corporate governance and public disclosure including the Sarbanes-Oxley Act of 2002 are creating uncertainty for companies. These new or changed laws and standards are subject to multiple interpretations, in many cases due to their lack of specification. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies which could result in higher costs necessitated by revisions to disclosures and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result of the efforts to comply with the evolving laws and regulations increased general and administrative expenses have been experienced and are likely to continue. In particular, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002, and the related assessments have required

commitment of significant internal and external financial and operational resources.

EMPLOYEES

At December 31, 2004, the Company had 1,938 employees worldwide (885 of whom were from international operations) compared with 1,861 employees at December 31, 2003 and 1,879 at December 31, 2002.

Cambrex Karlskoga AB, Cambrex Profarmaco Landen NV, Cambrex Cork Limited, and Cambrex Profarmaco Milano S.r.l. 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 such as acquisitions, plant shutdowns, and the timing of large contract revenue streams, the Company believes that period-to-period comparisons of its operating results should not be relied upon as an indication of future performance.

EXPORT AND INTERNATIONAL SALES

The Company exports numerous products to various areas, principally Western Europe, Asia and Latin America. Export sales from the Company's domestic operations in 2004, 2003 and 2002 amounted to \$29,945, \$22,100 and \$23,684, respectively. Sales from international operations were \$238,673 in 2004, \$223,666 in 2003, and \$207,082 in 2002. Refer to Note #21 to the Cambrex Corporation and Subsidiaries Consolidated Financial Statements.

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

(dollars in thousands, except share data)

17

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 Securities and Exchange Commission ("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 450 Fifth Street, NW, 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.

The following corporate governance documents are available free of charge on the Company's website: the charters of our Audit, Compensation and Governance Committees, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics. These corporate governance documents are also available in print to any stockholder requesting a copy from our corporate secretary at our principal executive offices. Information contained on our website is not part of this report. We will also post on our website any amendments to or waivers of our

Code of Business Conduct and Ethics that relate to our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer.

(dollars in thousands, except share data)

18

ITEM 2 PROPERTIES.

Set forth below is information relating to the Company's manufacturing facilities:

LOCATION -----	ACREAGE -----	OPERATING SUBSIDIARY -----	PRODUCT LINES MANUFACTURED -----
Charles City, IA	57 acres	Cambrex Charles City, Inc.	Active Pharmaceutical Ingredients; Pharmaceutical Intermediates; Imaging Chemicals; Animal Health Products Fine Custom Chemicals
Karlskoga, Sweden	42 acres	Cambrex Karlskoga AB	Active Pharmaceutical Ingredients; Pharmaceutical Intermediates; Imaging Chemicals; Fine Custom Chemicals
Paullo (Milan), Italy	13 acres	Cambrex Profarmaco Milano S.r.l.	Active Pharmaceutical Ingredients
Walkersville, MD	116 acres	Cambrex Bio Science Walkersville, Inc.	Cells and Media; Endotoxin Detection
Verviers, Belgium	9 acres	Cambrex Bio Science Verviers Sprl	Cells and Media
Cork, Ireland	21 acres	Cambrex Cork Limited	Active Pharmaceutical Ingredients; Pharmaceutical Intermediates
Rockland, ME	93 acres	Cambrex Bio Science Rockland, Inc.	Electrophoresis and Chromatography
Copenhagen, Denmark	Leased	Cambrex Bio Science Copenhagen ApS	Electrophoresis and Chromatography
Landen, Belgium	40 acres	Cambrex Profarmaco Landen NV	Active Pharmaceutical Ingredients
Nottingham, England	Leased	Cambrex Bio Science Nottingham Limited	BioAssay Products; Reagent Kits
Baltimore, MD	Leased	Cambrex Bio Science Baltimore, Inc.	Contract Biopharmaceutical Services
Hopkinton, MA	Leased	Cambrex Bio Science Hopkinton, Inc.	Contract Biopharmaceutical Services

The Company owns all the above facilities and properties, with the exception of the leased facilities in Nottingham, England, Copenhagen, Denmark, Baltimore, Maryland and Hopkinton, Massachusetts. The Company also leases 42,000 square feet in North Brunswick, New Jersey for its Center of Technical Excellence, which has a 10 year term ending March 27, 2010. In addition, the Company owns a four acre site and buildings in North Haven, CT and thirty-one acres of undeveloped land adjacent to the North Haven facility, eighty-one acres in Walkersville, Maryland and a three acre site in Carlstadt, New Jersey. The Company believes its facilities to be in good condition, well-maintained and adequate for its current needs.

Most of the Company's products are manufactured in multi-purpose facilities. Each product has a unique requirement for equipment, and occupies such equipment for varying amounts of time. This, combined with the variations in demand for individual products, makes it difficult to estimate actual overall capacity subject

(dollars in thousands, except share data)

to regulatory approval. It is generally possible, with proper lead time and customer approval, to transfer the manufacturing of a particular product to another facility should capacity constraints dictate.

The Company plans to continue to expand capacity to meet growing needs by process improvements and construction of new facilities where needed.

ITEM 3 LEGAL PROCEEDINGS.

See "Environmental and Safety Regulations and Proceedings" under Item 1 and Note #23 to the Cambrex Corporation and Subsidiaries Consolidated Financial Statements 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 #23. Management is of the opinion that while the ultimate liability resulting from those proceedings, as well as environmental matters, may have a material effect upon the results of operations in any given year, they will not have a material adverse effect upon the Company's liquidity nor its financial position.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

(dollars in thousands, except share data)

20

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table lists the executive officers of the Company:

NAME ----	AGE ---	OFFICE -----
James A. Mack.....	67	Executive Chairman of the Board
John R. Leone.....	57	President and Chief Executive Officer
Gary L. Mossman.....	64	Executive Vice President and Chief Operating Officer
Luke M. Beshar.....	46	Executive Vice President and Chief Financial Officer
Ronnie D. Carroll, PhD.....	64	Vice President and Chief Technology Officer, Pharmaceutical Technologies
Robert J. Congiusti.....	51	Vice President, Information Technology
N. David Eansor.....	44	President, Bioproducts Business Unit
Steven M. Klosk.....	47	Executive Vice President, Administration, Chief Operating Officer, Cambrex Biopharmaceutical Business Unit
Daniel R. Marshak, PhD.....	47	Vice President and Chief Technology Officer, Biotechnology
Gary P. Morrison.....	50	Vice President, Tax
Paulo Russo.....	60	President, Cambrex Profarmaco Business Unit
Gregory P. Sargen.....	39	Vice President, Finance
Charles W. Silvey.....	46	Vice President, Internal Audit
Peter E. Thauer.....	65	Senior Vice President, Law & Environment, General Counsel & Corporate Secretary

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

Mr. Mack joined Cambrex in February 1990 and currently serves in the role of Executive Chairman of the Board of Directors. In August 2004, Mr. Leone was appointed President and Chief Executive Officer, to replace Mr. Mack, who was appointed Executive Chairman of the Board. Mr. Mack was appointed President and Chief Operating Officer and a director of Cambrex when he joined the Company in February 1990. In April 1995, he was named Chief Executive Officer with the retirement of the former Chief Executive Officer, Mr. Cyril Baldwin. In January

2003, Mr. Mack was reappointed to the position of President, while also retaining his position of Chief Executive Officer. In October 1999, Mr. Mack was elected Chairman of the Board of Directors. Prior to joining Cambrex, Mr. Mack was Vice President in charge of the worldwide Performance Chemicals business of Olin Corporation. Mr. Mack was Executive Vice President of Oakite Products, Inc. from 1982 to 1984. Prior to joining Oakite, he held various positions with The Sherwin-Williams Company, most recently as President and General Manager of the Chemicals Division from 1977 to 1981. Mr. Mack is a past Chairman of the Board of Governors of the Synthetic Organic Chemical Manufacturing Association and is a member of the Board of Trustees of the Michigan Tech Alumni Fund.

Mr. Leone was appointed President and Chief Executive Officer of Cambrex and a member of the Board of Directors in August 2004. Previously, Mr. Leone was President of the Global Dermatology Division of Aventis Pharmaceuticals, Inc. and Senior Vice President of Aventis Pharmaceuticals, Inc. from 2003 to 2004. From 1996 to 2003, he was with Aventis Pharmaceuticals, Inc., most recently in the role of Senior Vice President and Chief Operating Officer of U.S. Commercial Operations. From 1998 to 1999, he was Senior Vice President and General Manager of Rhone-Poulenc Rorer Pharmaceuticals and from 1996 to 1997, he was President and General Manager of Rhone-Poulenc Rorer Pharmaceuticals. From 1984 to 1996, Mr. Leone was with American Home Products Corporation, serving in various general management, marketing and business development roles, most recently holding the position of Vice President and General

(dollars in thousands, except share data)

Manager of Wyeth-Lederle Vaccines and Pediatrics. From 1974 to 1984, Mr. Leone was with Pfizer, Inc., serving in various marketing and operations roles.

Mr. Mossman joined Cambrex in February 2003 and currently serves in the role of Executive Vice President and Chief Operating Officer. He joined the Company as President of the Pharmaceuticals Business Unit and was appointed to the position of President and Chief Executive Officer of the Cambrex Pharmaceutical and Biopharmaceutical Business Units in October 2003. In August 2004, he was appointed to his current position of Executive Vice President and Chief Operating Officer. Prior to joining Cambrex, Mr. Mossman was with Dixie Chemical Company, Inc. from 1983 through 2003 and served in the role of President since 1990. From 1979 through 1980, Mr. Mossman was General Manager, Thiokol Specialty Chemicals Division and from 1972 through 1979, he was President and Cofounder of Southwest Specialty Chemical Company, Inc.

Mr. Beshar serves in the role of Executive Vice President and Chief Financial Officer, having joined Cambrex in December 2002. Upon his initial appointment to Cambrex, he was named Senior Vice President and Chief Financial Officer and in January 2004 was appointed Executive Vice President and Chief Financial Officer. Prior to joining Cambrex, Mr. Beshar was Senior Vice President and Chief Financial Officer with Dendrite International. Prior to Dendrite, he was Executive Vice President, Finance and Chief Financial Officer for Exp@nets, Inc. from 1998 through 2002. Mr. Beshar has served as Chief Financial Officer for other businesses in his career and has been the President and Chief Financial Officer of a company privately owned by Merrill Lynch Capital Partners. Mr. Beshar is a member of the Board of Directors of PNY Technologies, Inc.

Dr. Carroll joined Cambrex in September 1997 as Vice President Technology and has served in the role of Vice President and Chief Technology Officer, Pharmaceutical Technologies since January 2002. Prior to joining Cambrex, Dr. Carroll had been with Bristol-Myers Squibb from 1983 to 1997, most recently in the role of Vice President, Chemical Development for Bristol-Myers Squibb Technical Operations. Dr. Carroll was with Pfizer, Inc. from 1966 to 1983 in various research and development roles.

Mr. Congiusti joined Cambrex in September 1994 and has served in the role of Vice President, Information Technology since November 1998. Upon joining Cambrex, he was Director, Information Services. Prior to joining the Company, he

held various senior information systems management positions from 1984 to 1994 at International Specialty Products and American Cyanamid Company.

Mr. Eansor joined Cambrex in October 2000 as Vice President and General Manager, BioTherapeutics Business Unit and currently serves in the role of President, Bioproducts Business Unit to which he was appointed in July 2002. Prior to joining Cambrex, Mr. Eansor was with R. P. Scherer North America from 1981 until 2000, serving in various roles, including Vice President of Pharmaceutical Operations, Vice President Operations, and General Manager.

Mr. Klosk joined Cambrex in October 1992 and currently serves in the role of Chief Operating Officer, Cambrex Biopharmaceutical Business Unit and Executive Vice President, Administration of Cambrex Corporation. 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 and continues to serve as a corporate officer as Executive Vice President, Administration. From February 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.

Dr. Marshak joined Cambrex in August 2000 as Vice President -- Research and Development, BioSciences Group and has served in the role of Vice President and Chief Technology Officer, Biotechnology, since January 2002. Prior to joining Cambrex, Dr. Marshak held various Research and Development positions

(dollars in thousands, except share data)

22

with Osiris Therapeutics, Inc. from 1999 to 2000, most recently as Executive Scientific Advisor. From 1986 to 1994, he was a Senior Staff Investigator with Cold Spring Harbor Laboratory.

Mr. Morrison joined Cambrex in July 2004 as Vice President, Tax. From 2002 until 2004, he held the position of Vice President, Corporate Taxation with Movado Group, Inc. From 1998 to 2000, he was with Calvin Klein, Inc., as Tax Director and Ernst & Young as Senior Tax Manager, US Corporate Tax from 1996 to 1998. Prior experience includes BCE Telecom Corporation from 1988 to 1995 and Pirelli Cable Corporation from 1986 to 1988, serving in various management roles in corporate taxation.

Dr. Russolo is President of the Cambrex Profarmaco Business Unit 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 his current position.

Mr. Sargen joined Cambrex as Vice President, Finance in February 2003. 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 Fischer 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.

Mr. Silvey joined Cambrex in August 2004 as Vice President, Internal Audit. Prior to joining the Company, he was with Automatic Data Processing (ADP) from 2002 to 2004 as Vice President, Financial and Operational Audit. From 1998 to 2002, he was with Lucent Technologies, most recently in the role of Chief Financial Officer, Americas' -- Lucent Worldwide Services. From 1995 to 1998, he

was with CR Bard, Inc., serving in various finance and audit roles. From 1990 to 1995, he was with KPMG Peat Marwick LLP as Audit Manager.

Mr. Thauer joined the Company in August 1989 and has served in the role of Senior Vice President, Law and Environment, General Counsel, and Corporate Secretary since January 2001. Upon joining the Company, he was appointed to the position of General Counsel and Corporate Secretary and was appointed Vice President, Law and Environment in December 1992. From 1987 until 1989, he was Counsel to the business and finance group of the firm of Crummy, Del Deo, Dolan, Griffinger and Vecchione. From 1971 to 1987, Mr. Thauer held various positions with Avon Products, Inc., including U.S. Legal Department Head and Corporate Assistant Secretary.

(dollars in thousands, except share data)

PART II

ITEM 5 MARKET FOR 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:

2004	HIGH	LOW
----	-----	-----
First Quarter.....	\$28.10	\$24.18
Second Quarter.....	27.25	21.64
Third Quarter.....	24.69	20.59
Fourth Quarter.....	27.10	21.70

2003	HIGH	LOW
----	-----	-----
First Quarter.....	\$29.84	\$21.06
Second Quarter.....	24.06	15.18
Third Quarter.....	25.13	20.06
Fourth Quarter.....	25.75	21.72

As of February 28, 2005, the Company estimates that there were approximately 2,512 beneficial holders of the outstanding Common Stock of the Company.

The quarterly dividend on common stock was \$0.03 for 2004 and 2003.

2004 Equity Compensation Table

The following table provides information as of December 31, 2004 with respect to shares of common stock that may be issued under the Company's existing equity compensation plans.

COLUMN (A)	COLUMN (B)	COLUMN (C)
-----	-----	-----
		NUMBER OF SECURITIES REMAINING FOR FUTURE

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
Equity compensation plans approved by security holders.....	3,606,357	\$25.72	838,235
Equity compensation plans not approved by security holders.....	330,000	\$41.88	165,834
Total.....	3,936,357 =====	\$27.07 =====	1,004,069 =====

2000 EMPLOYEE PERFORMANCE STOCK OPTION PLAN (NOT APPROVED BY SECURITY HOLDERS)

The 2000 Employee Performance Stock Option Plan provides for the grant of stock options (both incentive stock options and "non-qualified" stock options) primarily to key employees of the Company and its subsidiaries who are not executive officers. The plan is generally administered by the Compensation Committee of the Board, which has full authority, subject to the terms of the plan, to determine the provision of awards, including the amount and type of the awards and vesting schedules, as well as to interpret the plan.

Individual award agreements set forth the applicable vesting schedule for such awards, which are based on the Company's publicly traded share price but which may also be based on the passage of time or otherwise. In general, following a "change in control" (as defined in the plan), each stock option will be canceled in exchange for a cash settlement equal to the excess of the "change in control price," which means

(dollars in thousands, except share data)

24

the highest price per share paid or offered in any bona fide transaction related to a change in control (as determined by the Compensation Committee), over the exercise price of the stock option.

Stock options are granted with an exercise price of not less than one hundred percent of the fair market value of the underlying Cambrex common stock on the date of grant. Stock options are not exercisable more than ten years from the date of grant.

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, 2004 are derived from the audited financial statements. The consolidated financial statements of the Company as of December 31, 2004 and December 31, 2003 and for each of the years in the three year period ended December 31, 2004 and the report of independent registered public accounting firm thereon are included elsewhere in this annual report. On November 10, 2003, the Company completed the sale of the Rutherford Chemicals business (See Note #13 consolidated financial statements). As a result, the businesses comprising the Rutherford Chemicals segment are being reported as a discontinued operation 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,

	2004 (1)	2003 (2)	2002 (3)	2001 (4) (5)	2000 (6)
INCOME DATA:					
Gross sales.....	\$439,115	\$405,591	\$394,430	\$356,555	\$326,505

Net revenues.....	443,657	410,644	399,066	356,830	330,364
Gross profit.....	170,740	162,406	177,718	157,972	144,963
Selling, general and administrative.....	102,769	95,117	85,762	80,099	75,643
Research and development.....	19,659	17,123	15,794	17,379	11,802
Impairment and other charges.....	48,720	11,342	4,238	2,022	--
Operating profit.....	(408)	38,824	71,924	58,472	57,518
Interest expense, net.....	10,950	11,840	11,264	10,602	11,565
Other expense (income), net.....	73	139	7,890	(323)	(213)
(Loss)/income from continuing operations before taxes.....	(11,431)	26,845	52,770	48,193	46,166
Provision for taxes.....	14,461	26,600	12,815	13,205	13,171
(Loss)/income from continuing operations....	(25,892)	245	39,955	34,988	32,995
(Loss)/income from discontinued operations.....	(978)	(54,308)	(6,546)	(9,676)	13,712
Net (loss)/income.....	(26,870)	(54,063)	33,409	25,312	46,707
EARNINGS PER SHARE DATA:					
(Loss)/earnings per common share (basic):					
(Loss)/income from continuing operations.....	\$ (0.99)	\$ 0.01	\$ 1.54	\$ 1.36	\$ 1.32
(Loss)/income from discontinued operations.....	\$ (0.04)	\$ (2.11)	\$ (0.25)	\$ (0.37)	\$ 0.55
Net (loss)/income.....	\$ (1.03)	\$ (2.10)	\$ 1.29	\$ 0.99	\$ 1.87
(Loss)/earnings per common share (diluted):					
(Loss)/income from continuing operations.....	\$ (0.99)	\$ 0.01	\$ 1.51	\$ 1.32	\$ 1.26
(Loss)/income from discontinued operations.....	\$ (0.04)	\$ (2.08)	\$ (0.25)	\$ (0.36)	\$ 0.53
Net (loss)/income.....	\$ (1.03)	\$ (2.07)	\$ 1.26	\$ 0.96	\$ 1.79
Weighted average common share outstanding:					
Basic.....	26,094	25,775	25,954	25,648	25,015
Diluted.....	26,094	26,174	26,520	26,495	26,157
DIVIDENDS PER COMMON SHARE.....	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12

(dollars in thousands, except share data)

25

YEARS ENDED DECEMBER 31,

	2004 (1)	2003 (2)	2002 (3)	2001 (4) (5)	2000 (6)
BALANCE SHEET DATA: (AT END OF PERIOD)					
Working capital.....	\$182,238	\$138,458	\$154,324	\$159,224	\$137,500
Total assets.....	791,985	778,503	835,283	818,375	681,617
Long-term obligations.....	226,187	212,369	267,434	312,524	168,591
Total stockholders' equity.....	391,316	396,630	410,954	345,098	330,995

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- (1) 2004 results include a goodwill impairment charge related to the Baltimore reporting unit of the Biopharma segment of \$48,720.
 - (2) 2003 results include a pre-tax charge of \$11,342 recorded in operating expenses for the settlement of certain class action lawsuits involving Mylan Laboratories and the establishment of valuation allowances against net domestic deferred tax assets totaling \$21,487 within the provision for income taxes.
 - (3) 2002 results include a pre-tax charge of \$4,238 for asset impairment and severance related to the closure of a small manufacturing facility and a \$7,344 pre-tax charge for investment impairments recorded in other expense.
 - (4) Includes the results of Cambrex Bio Science Baltimore, Inc. from the date of acquisition effective June 2001 and the results of Cambrex Bio Science Hopkinton, Inc. from the date of acquisition effective October 2001.
 - (5) 2001 results include a pre-tax charge of \$2,022 related to the closure of a small manufacturing facility and \$2,000 for inventory write-offs in the Bioproducts segment.
 - (6) Includes the results of Cambrex Profarmaco Landen NV from the date of acquisition effective March 2000 and the results of Cambrex Bio Science

Wokingham Limited from the date of acquisition effective July 2000.

(dollars in thousands, except share data)

26

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

EXECUTIVE OVERVIEW

The Company's business consists of three segments: Bioproducts, Biopharma and Human Health. The Bioproducts segment consists of research products and therapeutic applications. The Biopharma segment consists of the Company's contract biopharmaceutical process development and manufacturing business. The Human Health segment is primarily comprised of active pharmaceutical ingredients derived from organic chemistry and pharmaceutical intermediates.

Members of the senior management team regularly review key financial metrics and the status and strategy of operating initiatives within our business. These metrics include sales growth, gross margin performance, operating income margins, cash flows from operations, working capital levels, and return on capital employed at both a business unit and consolidated level in addition to earnings per share at a consolidated level. Management reviews this information on a monthly basis through extensive business unit reviews which include, among other operating issues, detailed discussions related to significant sales opportunities, proposed and ongoing investments in new businesses or property plant and equipment, cost reduction efforts, and the status of new product development.

In 2004, the Company continued to see strong growth across many product categories within its Bioproducts segment. The Bioproducts segment is primarily driven by biotechnology research spending levels, the overall demand for endotoxin detection products and services and the Company's ability to continually provide product upgrades and innovative new products and services.

The loss of a large customer in 2003 whose product did not receive FDA approval negatively affected our Biopharma segment and the Company continues to take aggressive steps to replace this business. The Company believes its Biopharma business will experience more volatility than its other businesses until such time that it is able to secure more long-term commercial contracts, but believes the overall growth trend predicted for the contract biopharmaceutical manufacturing market will result in significant long-term growth for businesses providing these services.

In the Human Health segment, the Company saw net sales growth primarily driven by the impact of a weaker U.S. dollar, with increases in sales of several active pharmaceutical ingredients offset by reductions in others, and pricing pressure within certain product categories. This segment is driven primarily by patent expirations of branded drugs, population demographics, pressures to contain health care costs, the level of capacity available for outsourcing and the level of outsourcing by branded pharmaceutical companies.

During 2004, the Company evaluated the carrying value of the goodwill related to its Baltimore site, which is reported in the Biopharma segment, and determined that it may not be recoverable due to the lowering of Baltimore's revenue and operating income forecasts for 2004 and beyond versus prior projections. The Company tested for impairment and determined that the carrying value exceeded its fair value, as determined by using a discounted cash flow model. Management utilized appraisals to determine the value of its tangible and identifiable intangible assets for purposes of determining the implied fair value of goodwill. Upon completion of the assessment, the Company recorded a non-cash impairment charge of \$48,720 to reduce the carrying value of goodwill in the Baltimore reporting unit to its estimated fair value of \$65,584. Refer to Note #5 for further details.

During 2003, the Company completed its transformation to a pure life

sciences company with the sale of the Rutherford Chemicals business unit during the fourth quarter.

During 2003, the Company settled its Mylan lawsuit and took a pre-tax charge for approximately \$11,342 as discussed more fully below and in Note #23, and recorded valuation allowances against net domestic deferred tax assets totaling \$21,487 within the Provision for income taxes, explained more fully below and in Note #9. The Company's tax rate may experience volatility from the mix of domestic and foreign earnings until such time that domestic operations achieve sustainable profitability.

(dollars in thousands, except share data)

27

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are those which we believe 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 various 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 our critical accounting policies, the underlying judgments and uncertainties affecting their application and the likelihood that materially different amounts would be reported under different conditions or using different assumptions, is as follows:

Revenue Recognition

Revenues in our Bioproducts and Human Health segments 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.

Sales terms to certain customers include remittance of discounts 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 estimated 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.

Some contracts in our Bioproducts and Biopharma segments are based on time and materials and revenue for those are recognized as services are performed. The Biopharma segment also utilizes contracts that contain milestone based payments. The Company utilizes the EITF-91-6 "Revenue Recognition of Long-term Power Sales Contracts" model for recording revenue from these contracts. Under this method, revenue is based on the cost of efforts (since contract commencement) up to the reporting date, divided by the total estimated contractual cost (from the contract commencement to the end of the development arrangement), multiplied by the total expected contractual payments under the arrangement. However, revenue is limited to the amount of nonrefundable cash payments received or contractually receivable at the reporting date.

In each of our segments we have certain contracts that contain multiple deliverables. These deliverables often include process development services and commercial production. The Company follows the guidance contained in EITF 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables". Revenue for each element is recognized when delivered to the customer based on the fair value of the element as determined based on sales price when sold separately.

Amounts billed in advance are recorded as deferred revenue on the balance sheet.

Asset Valuations and Review for Potential Impairments

In accordance with FAS 144, our review of long-lived assets, principally fixed assets and other amortizable intangibles requires us 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 which equals the discounted cash flows.

Our 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 in accordance with FAS 142 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, we then estimate the fair value of the other assets and liabilities utilizing appraisals and discounted cash flow analyses to calculate an impairment charge.

(dollars in thousands, except share data)

28

The determination of fair value for both FAS 144 and FAS 142 is judgmental in nature and involves the use of significant estimates and assumptions, including projected future cash flows, 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.

As noted previously and in Note #5, in the third quarter of 2004, the Company recorded a goodwill impairment loss of \$48,720 related to its Baltimore reporting unit. The Company's annual review for goodwill impairment, which was performed during the fourth quarter, did not result in any additional charges for 2004.

Environmental and Litigation Contingencies

The Company periodically assesses the potential liabilities related to any lawsuits or claims brought against us. See Note #23 in the accompanying financial statements for a discussion of our current environmental and litigation matters, reserves recorded and our 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 jurisdiction to utilize the deferred tax asset. In the event the Company determines that future taxable income will not be sufficient to utilize the deferred tax asset, a valuation allowance is recorded. When assessing the valuation allowance, the Company takes into account certain

tax planning strategies. The Company's valuation allowances primarily relate to net operating loss carryforwards, foreign tax credits, and alternative minimum tax credits in the U.S., where profitability is uncertain and net operating loss carryforwards in certain state and foreign jurisdictions with little or no history of generating taxable income.

Employee Benefit Plans

The Company provides a range of benefits to employees and retired employees, including pensions, post-retirement, 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, compensation increases, 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.

(dollars in thousands, except share data)

RESULTS OF OPERATIONS

As discussed in Note #13 of the accompanying financial statements, on November 10, 2003, the sale of Rutherford Chemicals was completed and accordingly, the business comprising the Rutherford Chemicals segment is being reported as a discontinued operation in all periods presented.

The following table sets forth, for the periods indicated, certain items from the selected consolidated financial information as a percentage of gross sales:

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
Gross sales.....	100.0%	100.0%	100.0%
Net revenues.....	101.0	101.2	101.2
Gross profit.....	38.9	40.0	45.1
Selling, general and administrative expenses.....	23.4	23.4	21.7
Research and development expenses.....	4.5	4.2	4.1
Impairment and other charges.....	11.1	2.8	1.1
Operating (loss)/profit.....	(0.1)	9.6	18.2
Interest expense, net.....	2.5	2.9	2.8
Provision for income taxes.....	3.3	6.6	3.2
(Loss)/income from continuing operations.....	(5.9)	0.1	10.1
Loss on discontinued operations.....	(0.2)	(13.4)	(1.6)
Net (loss)/income.....	(6.1)	(13.3)	8.5

The following tables show the gross sales of the Company's three segments, in dollars and as a percentage of the Company's total gross sales for the years ended December 31, 2004, 2003 and 2002, as well as the gross profit by product segment for 2004 and 2003:

YEARS ENDED DECEMBER 31,		
2004	2003	2002

GROSS SALES			
Bioproducts.....	\$136,108	\$119,298	\$107,870
Biopharma.....	43,270	44,128	55,218
Human Health.....	259,737	242,165	231,342

Total Gross Sales.....	\$439,115	\$405,591	\$394,430
=====			
Total Net Revenues.....	\$443,657	\$410,644	\$399,066
=====			
Total Gross Profit.....	\$170,740	\$162,406	\$177,718
=====			
GROSS SALES DISTRIBUTION			
Bioproducts.....	31.0%	29.4%	27.3%
Biopharma.....	9.9	10.9	14.0
Human Health.....	59.1	59.7	58.7

Total Gross Sales Distribution.....	100.0%	100.0%	100.0%
=====			

(dollars in thousands, except share data)

30

2004-2003 GROSS SALES & GROSS PROFIT BY PRODUCT SEGMENT

	2004			2003		
	GROSS SALES	GROSS PROFIT	GROSS PROFIT %	GROSS SALES	GROSS PROFIT	GROSS PROFIT %
Bioproducts.....	\$136,108	\$ 74,930	55.1%	\$119,298	\$ 60,056	50.3%
Biopharma.....	43,270	4,880	11.3	44,128	11,829	26.8
Human Health.....	259,737	90,930	35.0	242,165	90,521	37.4

Total.....	\$439,115	\$170,740	38.9%	\$405,591	\$162,406	40.0%
=====						

2004 COMPARED TO 2003

Gross sales for 2004 increased 8.3% to \$439,115 from \$405,591 in 2003. Sales in the Bioproducts and Human Health segments increased compared to 2003 more than offsetting the decrease in the Biopharma segment. Gross sales were favorably impacted 4.5% due to the exchange rates reflecting the weakness in the U.S. dollar primarily versus the Euro and Swedish Krona.

Gross profit in 2004 was \$170,740 compared to \$162,406 in 2003. Gross margin in 2004 decreased to 38.9% from 40.0% in 2003, reflecting lower margins in the Biopharma and Human Health segments partially offset by higher margins in the Bioproducts segment.

The following table shows gross sales by geographic area for the years ended December 31, 2004 and 2003:

	2004	2003
North America.....	\$213,668	\$206,079
Europe.....	198,540	173,035
Asia.....	17,723	16,401
Other.....	9,184	10,076

Total.....	\$439,115	\$405,591
=====		

The Bioproducts Segment gross sales in 2004 of \$136,108 were \$16,810 or 14.1% above 2003. Bioproducts sales were favorably impacted 4.0% due to exchange rates reflecting a weaker U.S. dollar. The increased sales before the impact of foreign currency are primarily due to higher sales across most product categories including research products, endotoxin detection products, bioservices sales and process development products due to stronger demand, higher pricing, new products and customers and investments in sales and marketing. These higher sales were partially offset by lower sales in biotherapeutic serum mainly due to timing of shipments and stronger sales in 2003.

The Bioproducts segment gross margins increased primarily due to higher sales volume, increased pricing in most product categories, lower bad debt reserves due to favorable collections and favorable impact of foreign currency partly offset by higher costs for raw materials.

The Biopharma Segment gross sales in 2004 of \$43,270 were \$858 or 1.9% below 2003. The sales decrease primarily reflects reduced billings in our biopharmaceutical manufacturing business driven by the completion or timing of projects and a change in contract terms from time and material to milestone payments. This decrease was partially offset by higher reimbursable materials revenue due to timing of current projects. Foreign currency had no impact on Biopharma sales.

The Biopharma segment gross margins were down significantly compared to the prior year due to higher production costs, increased fixed costs associated with the addition of the 2800 liter fermentation suite (a new suite which will increase the production capabilities in the facility) and higher reimbursable materials revenue which has very low margins.

(dollars in thousands, except share data)

31

The Human Health Segment gross sales in 2004 of \$259,737 were \$17,572 or 7.3% above 2003. Human Health sales were favorably impacted 5.6% due to exchange rates reflecting a weaker U.S. dollar. Excluding the currency impact, the increase in sales is due mainly to higher sales of custom development products, a pharmaceutical intermediate used for end-stage kidney treatment, higher sales of cardiovascular, gastrointestinal and Alzheimer treatment APIs, and higher sales of amphetamines due to higher volumes. These sales were partially offset by lower sales of central nervous system APIs due to increasing competition resulting in lower volumes sold.

The Human Health segment gross margins decreased due to pricing pressures on APIs and other fine custom chemicals, unfavorable impact of foreign currency and higher production costs partially offset by increased sales volume and favorable product mix.

Selling, general and administrative expenses of \$102,769 or 23.4% as a percentage of gross sales in 2004 increased from \$95,117 or 23.4% in 2003. Sales and marketing expenses increased primarily due to additional sales and marketing personnel in our Human Health and Bioproducts segments and the impact of foreign currency exchange. Higher administrative costs are primarily due to the impact of currency translation due to the weaker U.S. dollar, regulatory compliance costs associated with the Sarbanes-Oxley Act and higher information technology, legal and environmental costs, partially offset by lower medical claims, the vesting of stock appreciation rights in the fourth quarter 2003 and lower pension expense.

Research and development expenses of \$19,659 were 4.5% of gross sales in 2004, compared to \$17,123 or 4.2% of gross sales in 2003. The increase primarily reflects investments in new product technologies for pathogen testing, higher custom development costs and the impact of foreign currency exchange partially offset by decreased spending for endotoxin detection technologies.

The 2004 results include a pre-tax impairment charge of \$48,720. During the third quarter of 2004, the Company evaluated whether the carrying value of the goodwill related to its Baltimore reporting unit, which is a component of the Biopharma segment, was recoverable due to the lowering of Baltimore's revenue and operating income forecasts for 2004 and beyond versus prior projections. The Company tested for impairment and determined that the carrying value exceeded its fair value, as determined by using a discounted cash flow model. Management utilized appraisals to value its tangible and identifiable intangible assets for purposes of determining the implied fair value of goodwill. Upon completion of the assessment, the Company recorded a non-cash impairment charge of \$48,720 to reduce the carrying value of goodwill in the Baltimore reporting unit to its estimated fair value of \$65,584. The Company still has a substantial amount of goodwill related to this business and others, which may be subject to additional impairment charges if the business units do not perform at or near projected levels in the future. Certain other facilities do not have enterprise values that are significantly higher than the carrying value of goodwill. Refer to Note #5 for further details.

The 2003 results include a pre-tax provision of \$11,342 (discounted to the present value of the five year pay-out) related to an agreement reached with Mylan Laboratories under which Cambrex will contribute \$12,415 to the settlement of consolidated litigation brought by a class of direct purchasers. Of this amount, \$6,015 has been paid as of December 31, 2004 with the balance due in equal installments over the next four years. In exchange, Cambrex received from Mylan a release and full indemnity against future costs or liabilities in related litigation brought by the purchasers, as well as potential future claims related to this matter.

The operating loss in 2004 was \$408 compared to income of \$38,824 in 2003. The results reflect lower gross margins in the Biopharma and Human Health segments partially offset by higher margins in the Bioproducts segment, the \$48,720 pre-tax charge for the goodwill impairment discussed above and higher operating expenses. 2003 operating profit includes the \$11,342 pre-tax charge for the Mylan settlement discussed above.

Net interest expense of \$10,950 in 2004 decreased \$890 from 2003. 2004 net interest expense was reduced by interest income accrued on an income tax refund, while in 2003 interest expense also included a

(dollars in thousands, except share data)

32

write off of deferred charges in 2003 associated with the 364-day renewable senior revolving credit facility that was not renewed. Average debt balance, year over year, was virtually unchanged, while the average interest rate, net of the items discussed above, was 5.5% in 2004 versus 4.8% in 2003. The higher average rate in 2004 was due to the full year impact of \$100 million of privately placed long-term debt, which carries a fixed rate that is currently higher than the Company's revolving credit facility and the impact of slightly higher variable interest rates on the revolver.

The Company recorded tax expense of \$14,461 in 2004 compared to \$26,600 in 2003. During 2003, the Company concluded that \$21,487 of domestic deferred tax assets were deemed unlikely to be realized, and as such, valuation allowances for this amount were recorded against these assets. Since that time, the Company has maintained a full valuation allowance on its domestic net deferred tax assets and no tax benefit has been recognized for domestic pre-tax losses. Accordingly, for the year ended December 31, 2004 a valuation allowance of \$24,047 on the Company's domestic net deferred tax assets, including amounts related to the goodwill impairment charge, was recorded. The majority of the 2004 tax expense represents taxes on international profits.

The Company will continue to record a full valuation allowance on its domestic net deferred tax assets 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 assets would be realized. If the Company continues to report pre-tax losses in the United States, income tax benefits associated with those losses will not be recognized and, therefore, those losses would not be reduced by such income tax benefits. Additionally, should domestic losses continue, it is possible that certain tax planning strategies preserving certain domestic tax assets could be deemed inadequate, resulting in additional valuation allowances in the future. The carryforward periods for foreign tax credits, research and experimentation tax credits, net operating losses, and the federal 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.

During the 2004 year-end financial reporting process, the Company identified certain accounting adjustments principally related to amortization of leasehold improvements, employee benefit accruals, inventory and taxes that impacted prior years and prior quarters within 2004. The cumulative impact of the prior years' adjustments was a reduction to net income of \$475 and is not considered material to any prior period. The prior years' adjustment of \$475 has been reflected in the restated first quarter 2004 results. The impact on net income for the first, second and third quarters of 2004 was a decrease of \$439 or \$0.02 per fully diluted share, an increase of \$229 or \$0.01 per fully diluted share and a decrease of \$666 or \$0.03 per fully diluted share, respectively. The Company has restated the results of the first three quarters of 2004 to reflect these adjustments.

The loss from continuing operations in 2004 was \$25,892, or \$0.99 per diluted share versus income of \$245, or \$0.01 per diluted share in 2003. The 2004 loss from continuing operations includes a goodwill impairment charge of \$48,720 discussed above. The 2003 income from continuing operations includes a charge of approximately \$21,487 for the deferred tax valuation allowance and an \$11,342 pretax charge for the Mylan settlement both discussed above.

In the third quarter 2003, the Company announced that an agreement to sell the Rutherford Chemicals business had been signed and on November 10, 2003 the transaction was completed. As a result, this business is being reported as a discontinued operation for all periods presented. The terms of sale resulted in a write-down of assets to fair value of approximately \$53,098 recorded in the third quarter of 2003 which was based on the selling price, including fees associated with the transaction. In 2003, loss on discontinued operations, net of tax was \$54,308 including the write-down of assets. In 2004, the Company recorded an additional \$978 loss from discontinued operations primarily resulting from a working capital adjustment made in the first quarter of 2004.

(dollars in thousands, except share data)

33

The net loss in 2004 was \$26,870, or \$1.03 per diluted share versus a net loss of \$54,063, or \$2.07 per diluted share in the same period a year ago.

2003 COMPARED TO 2002

Gross sales for 2003 increased 2.8% to \$405,591 from \$394,430 in 2002. Sales in the Human Health and Bioproducts segments increased compared to 2002 more than offsetting the decrease in the Biopharma segments. Gross sales were favorably impacted 7.0% due to the exchange rates reflecting the weakness in the U.S. dollar primarily versus the Euro and Swedish Krona.

Gross profit in 2003 was \$162,406 compared to \$177,718 in 2002. Gross margin in 2003 decreased to 40.0% from 45.1% in 2002, reflecting lower margins in all segments.

The following table shows sales by geographic area for the years ended December 31, 2003 and 2002:

	2003	2002
	-----	-----
North America.....	\$206,079	\$216,591
Europe.....	173,035	150,180
Asia.....	16,401	17,745
Other.....	10,076	9,914
	-----	-----
Total.....	\$405,591	\$394,430
	=====	=====

The Bioproducts Segment gross sales in 2003 of \$119,298 were \$11,428 or 10.6% above 2002. Bioproducts sales were favorably impacted 5.2% due to exchange rates reflecting a weaker U.S. dollar. The increased sales before the impact of foreign currency are primarily due to higher cell therapy services due to increased demand and higher sales of normal human cells and media products due to increased demand, higher pricing and new product launches in Europe. These increases were partly offset by the impact of the sale of the In Vitro diagnostic cell business during the first quarter of 2002.

The Bioproducts segment gross margins decreased primarily due to additional bad debt reserves in 2003 and certain 2002 favorable inventory adjustments which did not repeat in 2003, partly offset by favorable production volumes, pricing, cost reduction activities and the favorable impact of foreign currency.

The Biopharma Segment gross sales in 2003 of \$44,128 were \$11,090 or 20.1% below 2002. The sales decrease primarily reflects the reduced volumes and suite utilization in our biopharmaceutical manufacturing business driven by the loss of a biopharmaceutical customer whose product failed to receive FDA approval, changes in terms of an existing contract and completion of other 2002 contracts that were only partially replaced. Foreign currency had no impact on Biopharma sales.

The Biopharma segment gross margins were down significantly compared to the prior year due to lower suite utilization and lower pricing on an existing contract.

The Human Health Segment gross sales in 2003 of \$242,165 were \$10,823 or 4.7% above 2002. Human Health sales were favorably impacted 9.1% due to exchange rates reflecting a weaker U.S. dollar. Excluding the currency impact, the decrease results from the reduced pricing and market share of certain imaging products, lower shipments of a respiratory API due to reduced demand in the U.S., lower shipments of cardiovascular APIs due primarily to the loss of a U.S. customer and lower prices in Europe. Partly offsetting these decreases were higher sales of central nervous system APIs and a hypertension API due to increased demand, signing of a long-term sales agreement for an API to treat Alzheimer's disease and increased sales of crop protection and feed additive products due to high demand and successful implementation of higher capacity production lines.

The Human Health segment gross margins decreased due to pricing pressures on APIs and other fine custom chemicals including a volume-based rebate adjustment and the unfavorable impact of foreign currency partly offset by favorable product mix.

(dollars in thousands, except share data)

Selling, general and administrative expenses of \$95,117 or 23.4% as a percentage of gross sales in 2003 increased from \$85,762 or 21.7% in 2002. Sales and marketing expenses increased primarily due to the impact of foreign currency exchange and an investment in the Company's sales force. Higher administrative costs reflect higher pension expenses, regulatory compliance costs associated with the Sarbanes-Oxley Act, the costs incurred for the ongoing SEC

investigation into the restatement of results disclosed in the fourth quarter 2002, the vesting of stock appreciation rights in the fourth quarter 2003 and the impact of currency translation due to the weaker U.S. dollar.

Research and development expenses of \$17,123 were 4.2% of gross sales in 2003, compared to \$15,794 or 4.1% of gross sales in 2002. The increase primarily reflects investments in new product technologies for endotoxin detection and molecular biology and the impact of foreign currency exchange.

The 2003 results include a pre-tax provision of \$11,342 (discounted to the present value of the five year pay-out) related to an agreement reached with Mylan Laboratories under which Cambrex will contribute \$12,415 to the settlement of consolidated litigation brought by a class of direct purchasers. As of December 31, 2004, \$6,015 has been paid with the balance due in equal installments over the next four years. In exchange, Cambrex received from Mylan a release and full indemnity against future costs or liabilities in related litigation brought by the purchasers, as well as potential future claims related to this matter. The 2002 results include a pre-tax charge of \$4,238 for asset impairment and other charges related to the closure of a small manufacturing facility and other severance charges.

The operating profit in 2003 was \$38,824 compared to \$71,924 in 2002. The results reflect lower gross margins in all segments, the \$11,342 pre-tax charge for the Mylan settlement discussed above and higher operating expenses.

Net interest expense of \$11,840 in 2003 increased \$576 from 2002 reflecting higher average interest rates due primarily to the higher fixed interest rate on certain senior notes issued in 2003, partly offset by the lower average debt due primarily to cash flows from operations and the proceeds from the sale of the Rutherford Chemicals business. The average interest rate was 4.8% for the year 2003 versus 4.3% in 2002.

The provision for income taxes in 2003 resulted in an effective rate of 99.1% as compared with 24.3% in the same period of 2002. The combination of a loss due to the sale of Rutherford Chemicals, the Mylan settlement, and a geographic shift of forecasted income resulted in \$21,487 of domestic deferred tax assets being deemed unlikely to be realized, and as such, a valuation allowance for this amount was recorded against these assets in 2003. The deferred tax assets deemed unlikely to be realized for financial reporting purposes include foreign tax credit carry-forwards, carrying a ten year life from inception, the tax benefit related to domestic net operating losses from continuing operations and research and experimentation tax credits that can be carried forward 20 years, and a credit related to a federal alternative minimum tax that can be carried forward indefinitely. The long carry-forward period for domestic net operating losses and the alternative minimum credit and expected improvements in domestic continuing operations may result in these tax benefits ultimately being realized, however, there is no assurance that such improvements can be achieved.

The income from continuing operations in 2003 was \$245, or \$0.01 per diluted share versus \$39,955, or \$1.51 per diluted share in 2002. The 2003 income from continuing operations includes a charge of approximately \$21,487 for the deferred tax valuation allowance and a \$11,342 pretax charge for the Mylan settlement both discussed above. The 2002 results include \$4,238 consisting of an asset impairment and other charges related to the closure of a small manufacturing facility and other severance charges and a \$7,344 pre-tax charge for investment impairments recorded in Other expense.

In the third quarter 2003, the Company announced that an agreement to sell the Rutherford Chemicals business had been signed and on November 10, 2003 the transaction was completed. As a result, this business is being reported as a discontinued operation for all periods presented. The terms of sale resulted in a write-down of assets to fair value of approximately \$53,098 which was based on the selling price, including fees associated with the transaction. In 2003, loss on discontinued operations, net of tax was \$54,308 compared to

(dollars in thousands, except share data)

\$6,546 in 2002. The 2003 results include the write-down of assets discussed above. The loss in 2002 includes pre-tax charges of \$10,000 for Vitamin B-3 litigation and \$10,849 for asset impairment and other charges, pretax benefits of \$2,620 due to a favorable insurance settlement and \$3,760 for a favorable arbitration settlement. In addition to the special items discussed above, the 2003 loss from discontinued operations included unfavorable product mix and higher energy and raw material prices.

The net loss in 2003 was \$54,063, or \$2.07 per diluted share versus net income of \$33,409, or \$1.26 per diluted share in 2002.

LIQUIDITY AND CAPITAL RESOURCES

During 2004 cash and cash equivalents on hand increased \$27,238 to \$91,532. Net cash flow from operations was \$48,733 for the year ended for December 31, 2004, down from \$73,286 in 2003. The decrease in cash flow is due primarily to loss of operating cash flows from Rutherford Chemicals, an increase in accounts receivable due to higher shipments in the fourth quarter 2004 compared to 2003, and an increase in inventories due to timing of receipts partially offset by lower payments in 2004 for Vitamin B-3 litigation and the Mylan legal settlement. Cash flows used in investing activities of \$44,513 in 2004 included capital expenditures of \$39,480 and the acquisition of Genolife SA for approximately \$5,256 compared to capital expenditures of \$37,857 in 2003. Cash flows from financing activities in 2004 of \$16,674 included net borrowings of debt of \$13,510, proceeds from the exercise of stock options of \$6,284, partially offset by payment of dividends of \$3,113. Cash flows used in financing activities in 2003 were \$60,588 including net repayments of debt of \$56,253, \$2,420 to repurchase treasury stock and \$3,100 to pay dividends offset by proceeds from the exercise of stock options of \$1,130.

Capital expenditures were \$39,480, \$37,857 and \$40,443 in 2004, 2003 and 2002, respectively. In 2004, part of the funds were used for suite expansion at our Biopharma sites; cell therapy manufacturing capabilities, upgrades to powder media facilities and a large scale media preparation suite at our Bioproducts sites; and warehouse upgrades and new small scale production equipment for generic pharmaceuticals at our Human Health sites.

In November 2003, the Company amended its five-year Syndicated Senior Revolving Credit Facility ("The 5-Year Agreement") of \$268,750, which originated in November 2001 and expires in November 2006. The 5-Year Agreement is led by JPMorganChase as the Administrative Agent. The 5-Year Agreement was amended to include an "accordion feature" which, if utilized, will allow for the increase of the total commitments of up to \$75,000 with bank approval.

The 5-Year Agreement allows the Company to choose among various interest rate options and to specify the portion of the borrowing to be covered by specific interest rates. Under the 5-Year Agreement the interest rate options available to the Company are the following:

- 1) U.S. Prime Rate,
- 2) LIBOR plus an applicable margin that ranges from .575% to 1.20%, or
- 3) Money Market rate plus an applicable margin that ranges from .575% to 1.20%.

The applicable margin discussed above is based upon the ratio of consolidated funded indebtedness to consolidated EBITDA. The Company also pays a facility fee between .175% to .30% on the entire credit facility.

The bank loan 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.

(dollars in thousands, except share data)

36

As of December 31, 2004, there was \$120,000 outstanding and \$148,750 undrawn under the 5-year Agreement. Of the undrawn amount, \$63,057 is available to be borrowed as of December 31, 2004 due to limits established in the Credit Agreement.

The 5-Year Agreement is subject to financial covenants requiring the Company to maintain certain levels of net worth, interest coverage ratio, leverage ratios and limitations on indebtedness. The Company complied with all covenants during 2004.

In June 2003, the Company borrowed \$75,000 in a private offering consisting of 7-year guaranteed senior Notes due in June 2010 with interest payments due semi-annually at an annual rate of 5.31%. During October 2003, the Company borrowed an additional \$25,000 in a private offering consisting of 10-year guaranteed senior Notes due in October 2013 with interest payments due semi-annually at an annual rate of 7.05%. These Notes rank equally with the Company's other senior indebtedness. The funds were used primarily to pay down existing bank debt and to provide Cambrex with longer term fixed rate debt.

The 2004 and 2003 average interest rates were 5.5% and 4.8%, respectively.

CONTRACTUAL OBLIGATIONS

At December 31, 2004, our contractual obligations with initial or remaining terms in excess of one year were as follows:

	TOTAL	2005	2006	2007	2008	2009+
	-----	-----	-----	-----	-----	-----
Long Term Debt, including						
Capital Leases.....	\$227,587	\$ 1,400	\$121,721	\$ 1,436	\$ 1,460	\$101,570
Interest on Debt, including Swaps....	50,360	12,576	11,254	5,922	5,846	14,762
Operating Leases.....	25,853	4,223	4,063	4,163	3,606	9,798
Purchase Obligations.....	15,162	8,065	2,459	986	928	2,724
Mylan Settlement.....	6,400	1,600	1,600	1,600	1,600	--
	-----	-----	-----	-----	-----	-----
Contractual Cash Obligations.....	\$325,362	\$27,864	\$141,097	\$14,107	\$13,440	\$128,854
	=====	=====	=====	=====	=====	=====

See Notes #10, #11, #12 and #22 for additional information regarding our debt and other commitments.

Management believes that existing sources of capital, together with cash flows from operations, will be sufficient to meet foreseeable cash flow requirements. A key to our access to liquidity is the maintenance of our strong long-term credit ratings and ability to meet debt covenants to maintain certain levels of net worth, an interest coverage ratio and leverage ratios. The Company met all bank covenants during 2004 and does not anticipate any covenant compliance issues in the coming year. Any events that change the status of our ability to meet debt covenants or maintain our credit ratings could adversely impact our ability to fund operations.

Our 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, as well as other factors. See the Risk Factors section of this document for further explanation of factors that may negatively impact our 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

In the normal course of business, the Company uses a variety of techniques and instruments, including derivatives, as part of its overall risk management strategy to lower its exposure to market risks arising from adverse changes in interest rates and foreign currency exchange rates.

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, Swedish Krona and British pound sterling. The Company currently uses foreign currency exchange forward

(dollars in thousands, except share data)

37

contracts to mitigate the effect of short-term foreign exchange rate movements on the Company's operating results. The notional amount of these contracts at December 31, 2004 was \$16,692. The Company estimates the forward contracts to be approximately 44% of the non-local currency exposure during the period. Unrealized foreign exchange contract losses do not subject the Company's actual results to risk as gains or losses on these contracts generally offset gains or losses on the transactions that are hedged.

Given a scenario that the operating companies' non-local currency collections match their forecasts, and all exchange rates move 10% against their local currencies, no more than \$2,147 of pre-tax profits for a twelve-month period would be at risk. This is based on unhedged risk of \$21,471. As of December 31, 2004, the non-local forecasted currency exposures were \$38,084. Of this forecasted exposure, \$16,613 was hedged with major banks and through offsetting inter-company hedge contracts, thereby reducing the non-hedged risk to \$21,471.

Interest Rate Management

Each of the interest rate options in the Revolving Credit Agreement includes floating rates. This arrangement has the advantage of making lower interest rates available in a declining rate market. However, it also exposes the Company to any upward swings in interest rates.

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, 2004, the Company had eight interest rate swaps in place with an aggregate notional value of \$80,000, at an average fixed rate of 4.65%, and with varying maturity dates through the year 2006. The Company's strategy has been to cover a portion of outstanding bank debt with interest rate protection. At December 31, 2004, the coverage was approximately 67% of our variable interest rate debt.

The swap stabilizes interest costs by converting floating or variable rates to fixed rates through a contract with a financial institution. The Company monitors the debt position and market trends to protect it from unforeseen shifts in interest rates.

For example, at December 31, 2004 the company had variable debt of \$120,000, of which \$80,000 is fixed by an interest rate swap. 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 \$400.

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/or disclosures as deemed necessary based on these facts and circumstances and as such facts and circumstances develop.

Environmental

In connection with laws and regulations pertaining to the protection of the environment, the Company and/or its subsidiaries is a party to several environmental proceedings and remediation investigations and cleanups and, along with other companies, has been named a "potentially responsible party" for certain waste disposal sites ("Superfund sites"). Additionally, as discussed in the "Sale of Rutherford Chemicals" section of Note #23, the Company has retained the liability for certain environmental proceedings associated with the Rutherford Chemicals business. 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 and/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 extent of liabilities 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 \$5,570 and \$5,100 at

(dollars in thousands, except share data)

38

December 31, 2004 and 2003, respectively. The increase in the accrual is due to currency fluctuation of \$252, payments of \$332 and an increase to the reserve of \$550. A portion of this increase relates to an increase in an existing reserve associated with the on-going investigation and remediation at the Company's Carlstadt, New Jersey location. An assessment of remedial costs based on information currently known resulted in the increase. Based upon currently available information and analysis, the Company's current accrual represents management's best estimate of what it believes are the probable and estimable costs associated with environmental proceedings, including amounts for legal and investigation fees where a range of remediation costs may not be estimatable at the reporting date.

The Company expects to receive information in the near future on three matters, as described below that could impact the Company's current assessment of its probable and estimable costs and as such may require an adjustment to the reserves.

As a result of the sale of the Bayonne, New Jersey facility (see "Sale of Rutherford Chemicals" section of this Note), an obligation to investigate site conditions and conduct required remediation under the New Jersey Industrial Site Recovery Act was triggered and the Company has retained the responsibility for such obligation. The Company completed a Preliminary Assessment (PA) of the Site and submitted the PA to the New Jersey Department of Environmental Protection. The PA identified potential areas of concern based on historical operations and proposed certain sampling at the Site. The Company has reserved for the costs of the sampling. The results of the sampling will be used to develop an estimate of the Company's future liability for remediation costs, if required.

In March 2000, the Company completed the acquisition of the Cambrex Profarmaco Landen facility in Belgium. At the time of acquisition, Cambrex was aware of certain site contamination and recorded a reserve for the estimated costs of remediation. This property has been the subject of an extensive on-going environmental investigation, which has been completed with no change to

the reserve warranted based on such information. The health risk assessment related to the site contamination is on-going.

The Company's Cosan subsidiary conducted manufacturing operations in Clifton, New Jersey from 1968 until 1979. In 1997, Cosan entered into an Administrative Consent Order with the State of New Jersey Department of Environmental Protection. Under the Administrative Consent Order, Cosan is required to complete an investigation of the Clifton site conditions and conduct remediation as may be necessary. The investigation of site conditions continues and is expected to be completed in mid-2005. The results of the investigation will enable the Company to estimate its liability, if any. In February 2005, the New Jersey Federal District Court ruled that a lawsuit against Cosan by the owners of property adjacent to the Clifton location could be placed on the active calendar. The outcome of this matter could also affect the reserves.

The Company is involved in other 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 recording an accrual, should an accrual be required.

If any of the Company's environmental matters are resolved in a more unfavorable manner than presently estimated, 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 when resolved in a future reporting period.

LITIGATION AND OTHER MATTERS

Mylan Laboratories

In 1998 the Company and its subsidiary Profarmaco S.r.l. (currently known as Cambrex Profarmaco Milano S.r.l.) ("Profarmaco") were named as defendants (along with Mylan Laboratories, Inc. ("Mylan") and Gyma Laboratories of America, Inc., Profarmaco's distributor in the United States) in a proceeding instituted by the Federal Trade Commission ("FTC") in the United States District Court for the District of Columbia (the "District Court"). The allegations arose from exclusive license agreements between Profarmaco and Mylan covering two active pharmaceutical ingredients ("APIs"). The FTC alleged violations of the Federal Trade Commission Act; including unlawful restraint of trade and conspiracy to monopolize markets for the APIs. A lawsuit making similar allegations against the same parties seeking injunctive relief and treble damages was filed by the Attorneys General of 31 states in the District Court on behalf of those

(dollars in thousands, except share data)

39

states and persons in those states who were purchasers of the generic pharmaceuticals. The FTC and Attorneys General's suits were settled in February 2001, with Mylan (on its own behalf and on behalf of Profarmaco and Cambrex) agreeing to pay over \$140,000 and with Mylan, Profarmaco and Cambrex agreeing to monitor certain future conduct.

The same parties including the Company and Profarmaco have also been named in purported class action complaints brought by private plaintiffs in various state courts on behalf of purchasers of the APIs in generic form, making allegations similar to those raised in the FTC's complaint and seeking various forms of relief including treble damages.

On April 7, 2003, Cambrex reached an agreement with Mylan under which Cambrex would contribute \$12,415 to the settlement of consolidated litigation brought by a class of direct purchasers. In exchange, Cambrex and Profarmaco received from Mylan a release and full indemnity against future costs or liabilities in related litigation brought by purchasers, as well as potential future claims related to this matter. In accordance with the agreement approximately \$6,015 has been paid through 2004, with the remaining \$6,400 to be paid over the next four years. Cambrex recorded an \$11,342 charge (discounted to

the present value due to the five year pay-out) in the first quarter of 2003 as a result of this settlement. As of December 31, 2004 the outstanding balance for this liability was \$5,885.

Vitamin B-3

On May 14, 1998, the Company's subsidiary, Nepera, which formerly operated the Harriman facility and manufactured and sold niacinamide (Vitamin B-3), received a Federal Grand Jury subpoena for the production of documents relating to the pricing and possible customer allocation with regard to that product. In 2000, Nepera reached agreement with the Government as to its alleged role in Vitamin B-3 violations from 1992 to 1995. The Canadian government claimed similar violations. All government suits in the U.S. and Canada have now been concluded.

Nepera has been named as a defendant, along with several other companies, in a number of private civil actions brought on behalf of alleged purchasers of Vitamin B-3. The actions seek injunctive relief and unspecified but substantial damages. An accrual of \$6,000 was recorded in the fourth quarter 1999 to cover the anticipated government settlements, related litigation, and legal expenses. During 2002 based on information developed during 2002 this accrual was increased to \$10,000. Several actions have been concluded during 2003 and 2004. All settlement amounts are fully reserved. Additional settlements are being discussed in several more indirect purchaser cases and we believe that current reserves are sufficient to complete the settlements.

Litigation in the United States under the U.S. antitrust laws was commenced some years ago by a group of European purchasers. On motion by the Vitamin B-3 defendants, the District Court dismissed the litigation, under the long-standing rule that foreign purchasers cannot sue in U.S. courts under U.S. antitrust statutes. Thereafter, the Federal Circuit Court for the District of Columbia reversed the District Court's decision. The Vitamin B-3 defendants, supported by the U.S. Department of Justice, appealed to the United States Supreme Court and oral arguments were heard on April 29, 2004. In June 2004, the United States Supreme Court ruled that foreign purchasers could not sue in U.S. courts under U.S. antitrust statutes if the conduct at issue resulted in purely foreign harm. However, the Court left open potential claims where foreign injuries suffered by foreign plaintiffs were dependent upon domestic harm resulting from conduct that violates the U.S. antitrust laws. The Supreme Court remanded the matter to the Circuit Court for briefing on the issue of whether Plaintiffs preserved such a claim in the underlying proceedings, in which case a hearing on the claim would proceed in District Court. At December 31, 2004, the Company had an accrual of approximately \$3,043 for this matter. This accrual has been recorded in accrued liabilities. Any adjustments to this liability will be recorded as part of discontinued operations.

Sale of Rutherford Chemicals

The Company completed the sale of its Rutherford Chemicals business on November 10, 2003. Under the agreement for the sale, the Company provided standard representations and warranties and included various covenants concerning the business, operations, liabilities and financial condition of the Rutherford Chemicals business. Most of such representations and warranties will survive for a period of thirty days after

(dollars in thousands, except share data)

40

the Buyer's preparation of its audited financial statements for year-end 2004. Therefore, claims for breaches of such representations would have to be brought during that time frame. Certain specified representations and warranties and covenants, such as those relating to employee benefit matters and certain environmental matters, will survive for longer periods and claims under such representations, warranties and covenants could be brought during such longer periods. Under the sale agreement, the Company has indemnified the Buyer for breaches of representations, warranties and covenants. Indemnifications for

certain but not all representations and warranties are subject to a deductible of \$750 and a cap at 25 percent of the purchase price. On March 31, 2005, the Company received a claim by the purchasers of the Rutherford Chemicals business claiming breach of representations and warranties contained in the October 2003 Purchase Agreement. The Company is in the process of evaluating the claim and cannot determine at this time if it has any merit.

Under the agreement for sale, the Company has retained the liabilities associated with existing general litigation matters related to Rutherford Chemicals, including Vitamin B-3 as stated above. With respect to certain pre-closing environmental matters, the Company retains the responsibility for: (i) certain existing matters including violations, environmental testing for the New York facility incinerator and off-site liabilities; and (ii) completing the on-going remediation at the New York facility. Further, as a result of the sale of the Bayonne, New Jersey facility, the obligation to investigate site conditions and conduct required remediation under the provisions of the New Jersey Industrial Site Recovery Act was triggered; and the Company has retained the responsibility for completion of any such investigation and remediation. With respect to all other pre-closing environmental liabilities, whether known or unknown, the Buyer is responsible for the management of potential future matters; however, the Buyer and the Company may share the costs of associated remediation with respect to such potential future matters, subject to certain limitations defined in the agreement for sale. The Company has accrued for expenses which are deemed probable and estimable.

Class Action Matter

In October 2003, the Company was notified of a securities class action lawsuit filed against Cambrex and five former and current Company officers. Five class action suits were filed with the New Jersey Federal District Court. Under the rules applicable to class action litigation, the various plaintiffs appeared in Federal Court on January 12, 2004, and the Court designated the lead plaintiff and selected counsel to represent the class. The cases were also consolidated and an amended complaint was filed on March 30, 2004. The lawsuit has been brought as a class action in the names of purchasers of the Company's common stock from October 21, 1998 through July 25, 2003. The complaint alleges that the Company failed to disclose in timely fashion the January 2003 accounting restatement and subsequent SEC investigation, as well as the loss of a significant contract at the Baltimore facility.

The Company filed a motion to dismiss in May 2004. Thereafter the plaintiff filed a reply brief. The Company responded and is awaiting a decision from the Court. The Company considers the complaints to be without merit and will vigorously defend against them. As such, the Company has recorded no reserves related to this matter.

Securities and Exchange Commission

The Securities and Exchange Commission is currently conducting an investigation into the Company's inter-company accounting procedures from the period 1997-2001. The investigation began in the first half of 2003 after the Company voluntarily disclosed certain matters related to inter-company accounts for the five-year period ending December 31, 2001 that resulted in the restatement of the Company's financial statements for those years. To Cambrex's knowledge, the investigation is limited to this inter-company accounting matter, and the Company does not expect further revisions to its historical financial statements relating to these issues. The Company is fully cooperating with the SEC.

Other

The Company has commitments incident to the ordinary course of business including corporate guarantees of financial assurance obligations under certain environmental laws for remediation, closure and/or third party liability requirements of certain of its subsidiaries and a former operating location; contract provisions for indemnification protecting its customers and suppliers, etc. against third party liability for

(dollars in thousands, except share data)

41

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 has agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was serving, at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have 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 significant based on currently available information, and as such, the Company has no liabilities recorded for these agreements as of December 31, 2004.

In addition to the matters identified above, Cambrex's subsidiaries are party to a number of other proceedings. While it is not possible to predict with certainty the outcome of the Company's litigation matters and various other lawsuits and contingencies, it is the opinion of management based on information currently available that the ultimate resolution of these matters should not have a material adverse effect on the Company's results of operations, cash flows and financial position. These matters, if resolved in an unfavorable manner, could have a material effect on the operating results and cash flows when resolved in a future reporting period.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

Share-Based Payment

In December 2004, the Financial Accounting Standards Board ("FASB") published SFAS No. 123 (revised 2004) "Share-Based Payment". SFAS No. 123R supersedes APB Opinion No. 25 "Accounting for Stock Issued to Employees", and its related implementation guidance. This Statement eliminates the alternative to use Opinion No. 25's intrinsic value method of accounting that was provided in Statement 123 as originally issued. This Statement requires entities to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards (with limited exceptions). This Statement shall be effective as of the beginning of the first interim or annual period that begins after June 15, 2005. This Statement applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. The cumulative effect of initially applying this Statement, if any, is recognized as of the required effective date. The Company is in the process of reviewing the SFAS No. 123 implementation and determining its transition methodology and impact on the second half of 2005.

Consolidation of Variable Interest Entities

In January 2003, FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). The interpretation provides guidance on consolidating variable interest entities and applies immediately to variable interests created after January 31, 2003. The guidelines of the interpretation became applicable for the Company in its fourth quarter 2003 financial statements for variable interest entities created before February 1, 2003. The interpretation requires variable interest entities to be consolidated if the equity investment at risk is not sufficient to permit an entity to finance its activities without support from other parties or the equity investors lack certain specified characteristics.

In December 2003, the FASB issued FIN 46R which requires the application of either FIN 46 or FIN 46R by public entities created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after December 15, 2003. All entities created after January 31, 2003 by public entities were already required to be analyzed under FIN 46, and they must continue to do so, unless FIN 46R was adopted early. FIN 46R is applicable to all non-special purpose entities created prior to February 1, 2003 by Public Entities that are not small business issuers at the end of the first interim or annual reporting period ending after March 15, 2004. The Company has reviewed FIN 46 and FIN 46R and determined their impact did not have an effect on the Company's consolidated financial position or results in operations.

(dollars in thousands, except share data)

42

Employer's Disclosure about Pensions and Other Postretirement Benefits

In May 2004, the FASB issued FASB Staff Position (FSP) No. 106-2 "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act ("the Act") of 2003", which supersedes FASB issued Staff Position 106-1 of the same title. The Act allows for the federal government to make subsidy payments (beginning in 2006) to employers that sponsor postretirement benefit plans under which retirees receive prescription drug benefits that are "actuarially equivalent" to the prescription drug benefit provided under Medicare. The Staff Position clarifies the accounting for the benefits attributable to the Act. The Company has determined that the benefits provided under the Company's plan are not actuarially equivalent to the Medicare Part D benefit under the Act. As a result, FSP No. 106-2 will not have any effect on the Company's consolidated financial position or results of operations.

Inventory Costs

In November 2004, the FASB published SFAS No. 151 "Inventory Costs -- an amendment of ARB No. 43, Chapter 4". SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing" to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criteria of "so abnormal". In addition, this Statement requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facility. This Statement shall be effective for inventory costs incurred during fiscal years beginning after June 15, 2005 or earlier application is permitted for inventory costs incurred during fiscal years beginning after the date this Statement is issued. The Company is reviewing SFAS No. 151 to determine its impact on the Company's financial position or results of operations.

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, 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 financial and operating performance. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Form 10-K. The 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 the risks and other factors described under the caption "Risk Factors That May Affect Future Results" in this Form 10-K, global economic

trends, pharmaceutical outsourcing trends, competitive pricing or product developments, government legislation and/or regulations (particularly environmental issues), tax rate, technology, manufacturing and legal issues, changes in foreign exchange rates, performance of minority investments, un-collectable receivables, loss on disposition of assets, cancellation or delays in renewal of contracts, and lack of suitable raw materials or packaging materials. 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 us to predict which will arise. In addition, we cannot assess the impact of each factor on our 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 Risk" section of Item 7 on pages 37-38 of this Form 10-K.

(dollars in thousands, except share data)
43

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)

Report of Independent Registered Public Accounting Firm.....	45
Consolidated Balance Sheets as of December 31, 2004 and 2003.....	47
Consolidated Income Statements for the Years Ended December 31, 2004, 2003 and 2002.....	48
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2004, 2003 and 2002.....	49
Consolidated Statements of Cash Flows for the Years Ended December 31, 2004, 2003 and 2002.....	50
Notes to Consolidated Financial Statements.....	51

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

(dollars in thousands, except share data)
44

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
of Cambrex Corporation:

We have completed an integrated audit of Cambrex Corporation's 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2004 and audits of its 2003 and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits,

are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Cambrex Corporation and its subsidiaries (the "Company") at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. The financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements 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 of financial statements 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of December 31, 2004 based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by COSO. The Company'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. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting 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. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

/s/ PRICEWATERHOUSECOOPERS LLP

Florham Park, New Jersey
March 31, 2005

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31,	
	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 91,532	\$ 64,294
Trade receivables, less allowances of \$2,304 and \$3,281 at respective dates.....	68,370	58,324
Inventories, net.....	91,039	82,013
Deferred tax assets.....	2,605	8,757
Prepaid expenses and other current assets.....	20,825	16,294
	-----	-----
Total current assets.....	274,371	229,682
Property, plant and equipment, net.....	280,790	269,147
Goodwill.....	176,275	220,742
Other intangible assets, net.....	54,381	51,391
Other assets.....	6,168	7,541
	-----	-----
Total assets.....	\$791,985	\$778,503
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 38,552	\$ 35,326
Accrued liabilities.....	52,181	54,522
Short-term debt and current portion of long-term debt.....	1,400	1,376
	-----	-----
Total current liabilities.....	92,133	91,224
Long-term debt.....	226,187	212,369
Deferred tax liabilities.....	21,686	29,196
Other non-current liabilities.....	60,663	49,084
	-----	-----
Total liabilities.....	\$400,669	\$381,873
Commitments and contingencies (see Notes 22 and 23)		
Stockholders' equity:		
Common Stock, \$.10 par value; issued 28,825,603 and 28,471,652 shares at respective dates.....	\$ 2,883	\$ 2,847
Additional paid-in capital.....	213,120	206,256

Retained earnings.....	175,804	205,787
Treasury stock, at cost, 2,593,129 and 2,614,910 shares at respective dates.....	(21,991)	(22,101)
Deferred compensation.....	(1,982)	(1,616)
Accumulated other comprehensive income.....	23,482	5,457
	-----	-----
Total stockholders' equity.....	391,316	396,630
	-----	-----
Total liabilities and stockholders' equity.....	\$791,985	\$778,503
	=====	=====

See accompanying notes to consolidated financial statements.

47

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
	-----	-----	-----
Gross Sales.....	\$439,115	\$405,591	\$394,430
Allowances and rebates.....	2,258	3,780	3,194
	-----	-----	-----
Net sales.....	436,857	401,811	391,236
Other revenues.....	6,800	8,833	7,830
	-----	-----	-----
Net revenues.....	443,657	410,644	399,066
Cost of goods sold.....	272,917	248,238	221,348
	-----	-----	-----
Gross profit.....	170,740	162,406	177,718
Selling, general and administrative expenses.....	102,769	95,117	85,762
Research and development expenses.....	19,659	17,123	15,794
Goodwill impairment.....	48,720	--	--
Legal settlement.....	--	11,342	--
Asset impairment and other charges.....	--	--	4,238
	-----	-----	-----
Operating (loss)/profit.....	(408)	38,824	71,924
Other (income)/expenses			
Interest income.....	(1,103)	(1,164)	(946)
Interest expense.....	12,053	13,004	12,210
Other -- net.....	73	139	7,890
	-----	-----	-----
(Loss)/income before income taxes.....	(11,431)	26,845	52,770
Provision for income taxes.....	14,461	26,600	12,815
	-----	-----	-----
(Loss)/income from continuing operations.....	\$(25,892)	\$ 245	\$ 39,955
Discontinued operations:			
Loss from discontinued operations.....	(978)	(54,341)	(8,933)
Income tax benefit.....	--	(33)	(2,387)
	-----	-----	-----
Loss from discontinued operations.....	(978)	(54,308)	(6,546)
	-----	-----	-----
Net (loss)/income.....	\$(26,870)	\$(54,063)	\$ 33,409
	=====	=====	=====
Basic earnings/(loss) per share			
(Loss)/income from continuing operations.....	\$ (0.99)	\$ 0.01	\$ 1.54
Loss from discontinued operations.....	\$ (0.04)	\$ (2.11)	\$ (0.25)
	-----	-----	-----
Net (loss)/income.....	\$ (1.03)	\$ (2.10)	\$ 1.29
Diluted earnings/(loss) per share			
(Loss)/income from continuing operations.....	\$ (0.99)	\$ 0.01	\$ 1.51
Loss from discontinued operations.....	\$ (0.04)	\$ (2.08)	\$ (0.25)
	-----	-----	-----
Net (loss)/income.....	\$ (1.03)	\$ (2.07)	\$ 1.26
Weighted average shares outstanding:			
Basic.....	26,094	25,775	25,954
Diluted.....	26,094	26,174	26,520

See accompanying notes to consolidated financial statements.

48

CAMBREX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED COMPENSATION	TREASURY STOCK	COMPREHENSIVE INCOME/ (LOSS)
	SHARES ISSUED	PAR VALUE (\$.10)					
BALANCE AT DECEMBER 31, 2001....	28,007,825	\$2,823	\$197,748	\$232,658	\$ --	\$(16,911)	
Comprehensive Income							
Net Income.....				33,409			33,409
Other comprehensive income							
Foreign currency translation adjustments.....							38,865
Unrealized losses on hedging contracts, net of tax of \$928.....							(1,246)
Minimum pension liability adjustment, net of tax of \$2,891.....							(3,269)
Other comprehensive income...							34,350
Total comprehensive income.....							\$ 67,759
Cash dividends at \$0.12 per share.....				(3,117)			
Purchase of treasury stock.....						(5,549)	
Retirement of treasury stock....	(65,100)	(7)	(2,282)			2,289	
Exercise of stock options.....	341,200	16	5,033				
Tax benefit of stock options exercised.....			1,662				
Other.....	39,134		1,283		(1,561)	330	
BALANCE AT DECEMBER 31, 2002....	28,323,059	\$2,832	\$203,444	\$262,950	\$(1,561)	\$(19,841)	
Comprehensive income/(loss)							
Net loss.....				(54,063)			(54,063)
Other comprehensive income/(loss)							
Foreign currency translation adjustments.....							41,340
Unrealized gains on hedging contracts, net of tax of \$52.....							2,532
Minimum pension liability adjustment, net of tax of \$0.....							(1,545)
Other comprehensive income...							42,327
Total Comprehensive loss.....							\$ (11,736)
Cash dividends at \$0.12 per share.....				(3,100)			
Purchase of treasury stock.....						(2,420)	
Exercise of stock options.....	122,750	12	1,118				
Other.....	25,843	3	1,694		(55)	160	
BALANCE AT DECEMBER 31, 2003....	28,471,652	\$2,847	\$206,256	\$205,787	\$(1,616)	\$(22,101)	
Comprehensive income/(loss)							
Net loss.....				(26,870)			(26,870)
Other comprehensive income/(loss)							
Foreign currency translation adjustments.....							20,224
Unrealized gains on hedging contracts, net of tax of \$716.....							1,276
Minimum pension liability adjustment, net of tax of \$513.....							(3,488)
Unrealized gains on available for sale marketable securities, net of tax expense of \$7.....							13
Other comprehensive income...							18,025
Total Comprehensive loss.....							\$ (8,845)
Cash dividends at \$0.12 per share.....				(3,113)			
Purchase of treasury stock.....						(219)	
Exercise of stock options.....	353,951	36	6,248				
Other.....			616		(366)	329	

BALANCE AT DECEMBER 31, 2004....	28,825,603	\$2,883	\$213,120	\$175,804	\$(1,982)	\$(21,991)
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	ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	TOTAL STOCKHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2001....	\$ (71,220)	\$345,098
Comprehensive Income		
Net Income.....		33,409
Other comprehensive income		
Foreign currency translation adjustments.....		
Unrealized losses on hedging contracts, net of tax of \$928.....		
Minimum pension liability adjustment, net of tax of \$2,891.....		
Other comprehensive income....	34,350	34,350
Total comprehensive income.....		
Cash dividends at \$0.12 per share.....		(3,117)
Purchase of treasury stock.....		(5,549)
Retirement of treasury stock....		--
Exercise of stock options.....		5,049
Tax benefit of stock options exercised.....		1,662
Other.....		52
BALANCE AT DECEMBER 31, 2002....	\$ (36,870)	\$410,954
Comprehensive income/(loss)		
Net loss.....		(54,063)
Other comprehensive income/(loss)		
Foreign currency translation adjustments.....		
Unrealized gains on hedging contracts, net of tax of \$52.....		
Minimum pension liability adjustment, net of tax of \$0.....		
Other comprehensive income....	42,327	42,327
Total Comprehensive loss.....		
Cash dividends at \$0.12 per share.....		(3,100)
Purchase of treasury stock.....		(2,420)
Exercise of stock options.....		1,130
Other.....		1,802
BALANCE AT DECEMBER 31, 2003....	\$ 5,457	\$396,630
Comprehensive income/(loss)		
Net loss.....		(26,870)
Other comprehensive income/(loss)		
Foreign currency translation adjustments.....		
Unrealized gains on hedging contracts, net of tax of \$716.....		
Minimum pension liability adjustment, net of tax of \$513.....		
Unrealized gains on available for sale marketable securities, net of tax expense of \$7.....		
Other comprehensive income....	18,025	18,025
Total Comprehensive loss.....		
Cash dividends at \$0.12 per share.....		(3,113)
Purchase of treasury stock.....		(219)
Exercise of stock options.....		6,284
Other.....		579
BALANCE AT DECEMBER 31, 2004....	\$ 23,482	\$391,316

See accompanying notes to consolidated financial statements.

CAMBREX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net (loss) income.....	\$ (26,870)	\$ (54,063)	\$ 33,409
Depreciation and amortization.....	40,858	35,834	30,838
Asset impairments.....	48,720	--	9,033
Deferred income tax provision.....	466	8,005	(7,973)
Mylan settlement, net of cash payments.....	(1,600)	7,186	--
Vitamin B-3 provision, net of cash payments.....	(793)	(5,198)	4,688
Changes in assets and liabilities:			
Trade receivables.....	(6,731)	5,030	(1,614)
Inventories.....	(4,552)	1,017	(952)
Prepaid expenses and other current assets.....	8,600	1,244	(2,311)
Accounts payable and accrued liabilities.....	7,951	10,200	10,483
Income taxes payable.....	(7,774)	(2,741)	(4,981)
Other non-current assets and liabilities.....	(8,469)	1,595	1,635
Discontinued operations:			
Non-cash charges and changes in operating assets and liabilities.....	(1,073)	12,079	21,458
Writedown of assets held for sale.....	--	53,098	--
Asset impairments and other charges.....	--	--	10,627
Net cash provided from operating activities.....	48,733	73,286	104,340
Cash flows from investing activities:			
Capital expenditures.....	(39,480)	(37,857)	(40,443)
Acquisition of businesses (net of cash acquired).....	(5,256)	--	--
Other investing activities.....	223	(1,548)	1,278
Discontinued operations:			
Capital expenditures, net of insurance proceeds.....	--	671	(9,860)
Proceeds from sale of Rutherford Chemicals.....	--	50,215	--
Net cash (used in) provided from investing activities....	(44,513)	11,481	(49,025)
Cash flows from financing activities:			
Dividends.....	(3,113)	(3,100)	(3,117)
Net (decrease) increase in short-term debt.....	--	(1,071)	(2,737)
Long-term debt activity (including current portion):			
Borrowings.....	86,218	359,611	60,800
Repayments.....	(72,708)	(414,793)	(103,964)
Proceeds from the stock options exercised.....	6,284	1,130	5,049
Purchase of treasury stock.....	(219)	(2,420)	(5,549)
Other.....	212	55	282
Net cash provided by (used in) financing activities....	16,674	(60,588)	(49,236)
Effect of exchange rate changes on cash.....	6,344	6,819	3,521
Net increase in cash and cash equivalents.....	27,238	30,998	9,600
Cash and cash equivalents at beginning of year.....	64,294	33,296	23,696
Cash and cash equivalents at end of year.....	\$ 91,532	\$ 64,294	\$ 33,296
Supplemental disclosure:			
Interest paid, net of capitalized interest.....	\$ 11,848	\$ 11,725	\$ 11,905
Income taxes paid.....	\$ 20,182	\$ 18,107	\$ 18,512
Non-cash transactions:			
Liabilities assumed in connection with acquisition.....	\$ 642	\$ --	\$ --

See accompanying notes to consolidated financial statements.

50

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 and biopharmaceutical companies, generic drug companies, biotech companies and research organizations. The Company is dedicated to providing essential products and services to accelerate drug discovery, development and manufacturing processes for human therapeutics. The Company reports results in three segments: Bioproducts, consisting of research products and therapeutic application products; Biopharma segment, consisting of contract biopharmaceutical process development and manufacturing services; and Human Health segment, consisting of active pharmaceutical ingredients and pharmaceutical intermediates produced under Food and Drug Administration cGMP for use in the production of prescription and over-the-counter drug products and other fine custom chemicals derived from organic chemistry.

In 2004 one customer, a distributor which represents multiple customers, accounted for 10.1% of the Company's total consolidated gross sales. In 2003 and 2002 no single customer accounted for more than 10% of total consolidated gross sales. As discussed in Note #13, on November 10, 2003, the sale of Rutherford Chemicals was completed and accordingly, the business comprising the Rutherford Chemicals segment is being reported as a discontinued operation in all periods presented.

(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 and virtually no risk of loss in value are considered cash equivalents.

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 use and mix of hedging instruments can vary depending on business and economic conditions and management's risk assessments. The Company uses a variety of strategies, including foreign currency forward contracts and transaction hedging, to minimize or eliminate 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 derivative instruments only as hedges or as an integral part of borrowings. 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.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Inventories

Inventories are stated at the lower of standard cost, which approximates 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. 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 2004, 2003 and 2002 amounted to \$400, \$339 and \$1,041, respectively.

Intangible Assets

Intangible assets are recorded at cost and amortized on a straight-line basis as follows:

Patents.....	Amortized over the remaining life of individual patents
Product technology.....	5 to 18 years
Non-compete agreements.....	5 years
Trademarks and other.....	up to 40 years

Impairment of Goodwill

In January 2002, the Company adopted FASB Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"), which required that goodwill, and indefinite-lived other intangible assets deemed to have an indefinite useful life, cease amortizing. The new rules also required that goodwill and certain intangible assets be assessed for impairment using fair value measurement techniques. The Company reviews the carrying value of acquired intangible assets, including goodwill, to determine whether impairment may exist on an annual basis or whenever it has reason to believe goodwill may not be recoverable.

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 a reporting unit, generally the

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Company's operating segments, determined using various valuation techniques, with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires one to make various judgmental assumptions including assumptions about cash flows, growth rates and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on market participant comparables. 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 implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

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 under FAS 144, 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 which equals discounted cash flow.

Revenue Recognition

Revenues in the Bioproducts and Human Health segments 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.

Sales terms to certain customers include remittance of discounts 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 estimated 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.

Some contracts in the Bioproducts and Biopharma segments are based on time and materials and revenue for those contracts is recognized as services are performed. For contracts that contain milestone based payments the Company utilizes the EITF-91-6 "Revenue Recognition of Long-term Power Sales Contracts" model for recording revenue. Under this method, revenue is based on the cost of efforts (since the contract's commencement) up to the reporting date, divided by the total estimated contractual costs (from the contract's commencement to the end of the development arrangement), multiplied by the total expected contractual payments under the arrangement. However, revenue is limited to the

amount of nonrefundable cash payments received or contractually receivable at the reporting date.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

In each of the segments the Company has certain contracts that contain multiple deliverables. These deliverables often include process development services and commercial production. The Company follows the guidance contained in EITF 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables". Revenue for each element is recognized when that element is delivered to the customer based on the fair value for each element as determined based on sales price when sold separately.

Amounts billed in advance are recorded as deferred revenue on the balance sheet.

Income Taxes

Deferred income taxes reflect the differences between assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws currently enacted.

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 adopted a policy to indefinitely reinvest the un-remitted earnings of certain non-U.S. subsidiaries, and as such, U.S. taxes have not been provided on their un-remitted earnings. At December 31, 2004, the cumulative amount of un-remitted earnings of non-U.S. subsidiaries was approximately \$71 million.

On October 22, 2004, the President signed the American Jobs Creation Act of 2004 (the "Act"). The Act creates a temporary incentive for U.S. corporations to repatriate accumulated earnings by providing an 85% dividends received deduction for certain dividends from controlled foreign corporations. The Company is evaluating whether, and to what extent, it may repatriate foreign earnings that have not yet been remitted to the U.S.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

In the ordinary course of business, 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.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

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 gains were \$1,161, \$2,600 and \$1,083 in 2004, 2003 and 2002, respectively.

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, using the treasury stock method.

Earnings per share calculations are as follows:

	FOR THE YEARS ENDED,		
	2004	2003	2002
Numerator:			
(Loss)/income from continuing operations available to common stockholders.....	\$ (25,892)	\$ 245	\$39,955
Loss from discontinued operations available to common stockholders.....	(978)	(54,308)	(6,546)
Net (loss)/income available to common stockholders.....	\$ (26,870)	\$ (54,063)	\$33,409
Denominator:			
Basic weighted average shares outstanding.....	26,094	25,775	25,954
Effect of dilutive stock options *.....	--	399	566
Diluted weighted average shares outstanding.....	26,094	26,174	26,520
(Loss)/Earnings per share (basic):			
(Loss)/income from continuing operations.....	\$ (0.99)	\$ 0.01	\$ 1.54
Loss from discontinuing operations.....	\$ (0.04)	\$ (2.11)	\$ (0.25)
Net (loss)/income.....	\$ (1.03)	\$ (2.10)	\$ 1.29
(Loss)/Earnings per share (diluted): *			
(Loss)/income from continuing operations.....	\$ (0.99)	\$ 0.01	\$ 1.51
Loss from discontinued operations.....	\$ (0.04)	\$ (2.08)	\$ (0.25)
Net (loss)/income.....	\$ (1.03)	\$ (2.07)	\$ 1.26

 * For 2004, the effect of stock options would be anti-dilutive and is therefore excluded.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

For the year ended December 31, 2004, 2003 and 2002, 2,083,716, 2,095,939, and 1,223,150 shares respectively, were not included in the calculation of diluted shares outstanding because the option price was greater than the market price.

Freight Billing and Costs

The Company bills a portion of freight cost incurred on shipments to customers. Freight costs are reflected in Cost of goods sold and amounts billed to customers are recorded within Net revenues. These amounts are not material to the Company's operating results.

Stock Based Compensation

At December 31, 2004, the Company has seven active stock-based employee compensation plans currently in effect, which are described more fully in Note #15. The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. No stock-based employee compensation cost related to the stock option plans is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123 as amended by FASB No. 148, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
Net (loss)/income, as reported.....	\$ (26,870)	\$ (54,063)	\$ 33,409
Add: stock based compensation expense included in reported net income.....	1,228	1,589	419
Deduct: stock-based compensation expenses determined using fair value method, net of tax effects in 2002.....	(5,969)	(6,570)	(2,133)
Proforma net (loss)/income.....	\$ (31,611)	\$ (59,044)	\$ 31,695
(Loss)/earnings per share:			
Basic - as reported.....	\$ (1.03)	\$ (2.10)	\$ 1.29
Basic - proforma.....	\$ (1.21)	\$ (2.29)	\$ 1.22
Diluted - as reported.....	\$ (1.03)	\$ (2.07)	\$ 1.26
Diluted - proforma.....	\$ (1.21)	\$ (2.26)	\$ 1.20

The pro-forma compensation expense pertaining to stock options of \$4,741, \$4,981, and \$1,714 for 2004, 2003 and 2002, respectively, was calculated based on recognizing ratably over the vesting period the fair value of each option determined using the Black-Scholes option-pricing model for non-performance options and a path dependent model for performance options. The following assumptions were used in the Black-Scholes model to determine fair value on grant date of grants issued in 2004, 2003 and 2002, respectively: (i) average

dividend yield of 0.55%, 0.57% and 0.30% (ii) expected volatility of 41.75%, 40.81% and 33.77%, (iii) risk-free interest rate ranging from 2.75% to 3.95% , 2.75% to 3.95%, and 3.84% to 4.84%, and (iv) expected life of 6-7 years.

Comprehensive Income

SFAS 130, "Reporting Comprehensive Income," requires foreign currency translation adjustments and certain other items, which were reported separately in stockholders' equity, to be included in other

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

comprehensive income. Included within accumulated other comprehensive income 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, unrealized gain on available for sale securities and changes in the minimum pension liability, net of related tax benefit. Total comprehensive income for the years ended 2004 and 2003 is included in the Statement of Stockholders' Equity.

The components of Accumulated Other Comprehensive Income in Stockholders' Equity are as follows:

	2004	2003
	-----	-----
Foreign currency translation.....	\$ 33,104	\$12,880
Unrealized gain (loss) on hedging contracts.....	792	(484)
Unrealized gain on available for sale securities.....	13	--
Minimum pension liability.....	(10,427)	(6,939)
	-----	-----
Total.....	\$ 23,482	\$ 5,457
	=====	=====

Software and Development Costs

In 2004, 2003 and 2002, the Company capitalized purchased software from a third party vendor and software development costs incurred under the provisions of SOP 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use." Capitalized costs include only (1) external direct costs of materials and services incurred in developing or obtaining internal use software, (2) payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the internal-use software project, and (3) interest costs incurred, while developing internal-use software. Amortization begins when assets are ready for their intended purpose and are placed in service. Capitalized software and development costs were \$1,039, \$817 and \$2,823 for 2004, 2003 and 2002, respectively. Software and development costs are being amortized using the straight-line method over the expected life of the product, which ranges from 3 to 7 years.

Research and development costs, business process re-engineering costs, training and computer software maintenance costs are expensed as incurred.

(3) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Consolidation of Variable Interest Entities

In January 2003, the Financial Accounting Standards Board ("FASB") issued

FASB interpretation No. 46 "Consolidation of Variable Interest Entities" ("FIN 46"). The interpretation provides guidance on consolidating variable interest entities and applies immediately to variable interests created after January 31, 2003. The guidelines of the interpretation became applicable for the Company in its fourth quarter 2003 financial statements for variable interest entities created before February 1, 2003. The interpretation requires variable interest entities to be consolidated if the equity investment at risk is not sufficient to permit an entity to finance its activities without support from other parties or the equity investors lack certain specified characteristics

In December 2003, the FASB issued FIN 46R which requires the application of either FIN 46 or FIN 46R by public entities created prior to February 1, 2003 at the end of the first interim or annual reporting period ending after December 15, 2003. All entities created after January 31, 2003 by public entities were already required to be analyzed under FIN 46, and they must continue to do so, unless FIN 46R is adopted early. FIN 46R will be applicable to all non-SPEs created prior to February 1, 2003 by Public Entities that are

57

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(3) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS -- (CONTINUED)

not small business issuers at the end of the first interim or annual reporting period ending after March 15, 2004. The Company has reviewed FIN 46 and FIN 46R and determined their impact did not have an effect on the Company's consolidated financial position or results of operations.

Employer's Disclosure about Pension and Other Post-Retirement Benefits

In May 2004, the FASB issued FASB Staff Position (FSP) No. 106-2 "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act ("the Act") of 2003", which supersedes FASB issued Staff Position 106-1 of the same title. The Act allows for the federal government to make subsidy payments (beginning in 2006) to employers that sponsor postretirement benefit plans under which retirees receive prescription drug benefits that are "actuarially equivalent" to the prescription drug benefit provided under Medicare. The Staff Position clarifies the accounting for the benefits attributable to the Act. The Company has determined that the benefits provided under the Company's plan are not actuarially equivalent to the Medicare Part D benefit under the Act. As a result, FSP No. 106-2 will not have any effect on the Company's consolidated financial position or results of operations.

Inventory Costs

In November 2004, the FASB published SFAS No. 151 "Inventory Costs -- an amendment of ARB No. 43, Chapter 4". SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing" to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criteria of "so abnormal". In addition, this Statement requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facility. This Statement shall be effective for inventory costs incurred during fiscal years beginning after June 15, 2005 or earlier application is permitted for inventory costs incurred during fiscal years beginning after the date this Statement is issued. The Company is reviewing SFAS No. 151 to determine its impact on the Company's financial position or results of operations.

Share-Based Payment

In December 2004, the FASB published SFAS No. 123 (revised 2004)

"Share-Based Payment". SFAS No. 123R supersedes APB Opinion No. 25 "Accounting for Stock Issued to Employees", and its related implementation guidance. This Statement eliminates the alternative to use Opinion No. 25's intrinsic value method of accounting that was provided in Statement No. 123 as originally issued. This Statement requires entities to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards (with limited exceptions). This Statement shall be effective as of the beginning of the first interim or annual period that begins after June 15, 2005. This Statement applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. The cumulative effect of initially applying this Statement, if any, is recognized as of the required effective date. The Company is in the process of reviewing the SFAS No. 123 implementation and determining its transition methodology and impact on the second half of 2005.

(4) ACQUISITIONS

In October 2004, Cambrex completed the acquisition of Genolife SA., located in Saint Beauzire, France, for approximately \$6,000 in cash. Genolife is an innovative biotechnology company specializing in rapid microbial detection testing for the pharmaceutical, agriculture, food and cosmetic industries. The acquisition will expand the project offerings in the Bioproducts segment.

58

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(4) ACQUISITIONS -- (CONTINUED)

The acquisition was accounted for under the purchase method of accounting. The purchase price was allocated to the acquired assets and liabilities on the basis of their respective fair values. As a result, the Company recognized goodwill and intangible assets of \$2,063 and \$2,857, respectively. The goodwill was assigned to the Bioproducts segment. Of the \$2,857 of acquired intangible assets, \$2,028 was assigned to patents with a useful life of 18 years, and \$829 was assigned to developed technology with useful lives ranging from 9 to 18 years.

Acquisitions are accounted for under the purchase method of accounting and accordingly the results of operations of acquisitions are included in the accompanying consolidated financial statements from the date of acquisition. The acquisition would not have had a material impact on the results of operations had the acquisition occurred at the beginning of 2004 and as such no proforma results have been presented.

(5) GOODWILL AND INTANGIBLE ASSETS

In accordance with SFAS 142, "Goodwill and Other Intangible Assets" the Company has established units based on its current segment structure for purposes of testing goodwill for impairment. Goodwill has been assigned to the reporting units to which the value of the goodwill relates. The Company evaluates goodwill and other intangible assets not subject to amortization at least on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable based on the estimated future cash flows.

In the third quarter of 2004, the Company evaluated whether the carrying value of the goodwill related to its Baltimore reporting unit, which is a component of the Biopharma segment, was recoverable due to the lowering of Baltimore's revenue and operating income forecast for the remainder of 2004 and beyond versus prior projections. The Company tested for impairment and determined that the carrying value exceeded its fair value, as determined by using a discounted cash flow model. Management then valued its tangible and identifiable intangible assets for purposes of determining the implied fair value of goodwill. Upon completion of the assessment, the Company recorded a non-cash impairment charge of \$48,720 to reduce the carrying value of goodwill

in the Baltimore reporting unit to its estimated fair value of \$65,584.

The changes in the carrying amount of goodwill for the years ended December 31, 2004 and 2003, are as follows:

	BIOPRODUCTS SEGMENT	BIOPHARMA SEGMENT	HUMAN HEALTH SEGMENT	TOTAL
	-----	-----	-----	-----
Balance as of January 1, 2003.....	\$52,308	\$125,338	\$36,708	\$214,354
Other, including contingent purchase price adjustment.....	188	--	--	188
Translation effect.....	1,291	--	4,909	6,200
	-----	-----	-----	-----
Balance as of December 31, 2003....	53,787	125,338	41,617	220,742
Goodwill impairment.....	--	(48,720)	--	(48,720)
Genolife acquisition.....	2,063	--	--	2,063
Other, including contingent purchase price adjustment.....	(865)	--	--	(865)
Translation effect.....	321	--	2,734	3,055
	-----	-----	-----	-----
Balance as of December 31, 2004....	\$55,306	\$ 76,618	\$44,351	\$176,275
	=====	=====	=====	=====

59

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(5) GOODWILL AND INTANGIBLE ASSETS -- (CONTINUED)

Other intangible assets that are not subject to amortization beginning January 1, 2003, consist of the following:

	AS OF DECEMBER 31, 2004	AS OF DECEMBER 31, 2003
	-----	-----
Proprietary Process.....	\$ 1,675	\$ 1,675
Trademarks.....	33,898	33,898
	-----	-----
Total.....	\$35,573	\$35,573
	=====	=====

Intangible Assets:

Other intangible assets, which will continue to be amortized, consist of the following:

	AS OF DECEMBER 31, 2004 GROSS CARRYING AMOUNT	AS OF DECEMBER 31, 2003 GROSS CARRYING AMOUNT
	-----	-----
Patents.....	\$ 5,792	\$ 3,122

Proprietary Process.....	8,189	6,972
Supply Agreements.....	2,110	2,110
Trademarks.....	1,384	785
Unpatented Technology.....	5,912	5,912
Other.....	2,674	2,249
Fully Amortized Assets*.....	2,883	2,883
	-----	-----
Total.....	28,944	24,033
	-----	-----
Accumulated Amortization.....	(10,136)	(8,215)
	-----	-----
Net.....	\$ 18,808	\$15,818
	=====	=====

*This category includes certain fully amortized patents, proprietary process and non-compete agreements.

Amortization expense amounted to \$1,921, \$1,626 and \$1,554 for the years ended December 31, 2004, 2003 and 2002, respectively.

The expected future amortization expense related to current intangible assets currently recorded in the future is as follows:

For the year ended December 31, 2005.....	\$2,134
For the year ended December 31, 2006.....	\$2,117
For the year ended December 31, 2007.....	\$2,040
For the year ended December 31, 2008.....	\$1,740
For the year ended December 31, 2009.....	\$1,636

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(6) NET INVENTORIES

Net inventories consist of the following:

	DECEMBER 31,	
	2004	2003
	-----	-----
Finished goods.....	\$45,002	\$42,045
Work in process.....	23,658	19,105
Raw materials.....	17,222	16,601
Supplies.....	5,157	4,262
	-----	-----
Total.....	\$91,039	\$82,013
	=====	=====

(7) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

DECEMBER 31,

	2004	2003
	-----	-----
Land.....	\$ 12,022	\$ 11,543
Buildings and improvements.....	132,091	123,727
Machinery and equipment.....	334,367	302,041
Furniture and fixtures.....	19,345	16,976
Construction in progress.....	43,113	24,285
	-----	-----
Total.....	540,938	478,572
Accumulated depreciation.....	(260,148)	(209,425)
	-----	-----
Net.....	\$ 280,790	\$ 269,147
	=====	=====

Depreciation expense was \$38,937, \$34,208 and \$29,284 for the years ended December 31, 2004, 2003 and 2002, respectively.

(8) ACCRUED LIABILITIES

The components of accrued liabilities are as follows:

	YEARS ENDED DECEMBER 31,	
	2004	2003
	-----	-----
Salaries and employee benefits payable.....	\$14,917	\$19,115
Unrealized losses on interest rate swaps.....	1,277	4,215
Other accrued liabilities.....	35,987	31,192
	-----	-----
Total.....	\$52,181	\$54,522
	=====	=====

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(9) INCOME TAXES

(Loss)/income from continuing operations before income taxes consisted of the following:

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
	-----	-----	-----
Domestic.....	\$ (60,058)	\$ (20,211)	\$ 1,615
International.....	48,627	47,056	51,155
	-----	-----	-----
Total.....	\$ (11,431)	\$ 26,845	\$52,770
	=====	=====	=====

The provision for income taxes for continuing operations consists of the following expenses (benefits):

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
Current:			
Federal.....	\$ --	\$ 2,060	\$ --
State.....	347	232	777
International.....	13,648	16,303	20,011
	\$13,995	\$18,595	\$20,788
	=====	=====	=====
Deferred:			
Federal.....	\$ --	\$ 8,980	\$ (7,973)
State.....	(17)	186	--
International.....	483	(1,161)	--
	\$ 466	\$ 8,005	\$ (7,973)
	-----	-----	-----
Total.....	\$14,461	\$26,600	\$12,815
	=====	=====	=====

The provision for income taxes for continuing operations differs from the statutory federal income tax rate of 35% for 2004, 2003 and 2002 as follows:

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
Income tax at Federal statutory rate.....	\$ (4,001)	\$ 9,396	\$18,470
State and local taxes, net of Federal income tax benefits.....	208	232	505
Difference between Federal statutory rate and statutory rates on non-US income.....	(2,888)	(3,480)	(933)
Net change in valuation allowance.....	21,142	21,487	(2,455)
Research and experimentation credits.....	--	(1,100)	(1,237)
Other.....	--	65	(1,535)
	-----	-----	-----
Total.....	\$14,461	\$26,600	\$12,815
	=====	=====	=====

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(9) INCOME TAXES -- (CONTINUED)

The components of deferred tax assets and liabilities as of December 31, 2004 and 2003 relate to temporary differences and carryforwards as follows:

	DECEMBER 31,	
	2004	2003
Current deferred tax assets:		
Net operating loss carryforwards (foreign).....	\$ --	\$ 2,721
Inventory.....	1,273	2,061
Receivables.....	254	433
Vitamin B-3, legal and related reserves.....	5,104	7,034
Italian substitute tax benefit.....	--	2,000

Other.....	3,275	5,246
	-----	-----
Current deferred tax assets.....	9,906	19,495
Valuation allowances.....	(7,301)	(10,738)
	-----	-----
Total current deferred tax assets.....	\$ 2,605	\$ 8,757
	=====	=====
Non-current deferred tax assets:		
Foreign tax credits.....	\$ 15,712	\$ 15,491
Environmental.....	745	594
Net operating loss carryforwards (domestic).....	42,248	34,766
Net operating loss carryforwards (foreign).....	3,996	--
Employee benefits.....	5,765	4,543
Restructuring.....	74	157
Impairment of investment in securities.....	2,764	2,764
Research & experimentation tax credits.....	5,697	4,658
Alternative minimum tax credits.....	4,155	4,155
Italian substitute tax benefit.....	1,922	--
Other -- non-current Assets.....	3,752	--
	-----	-----
Non-current deferred tax assets.....	86,830	67,128
Valuation allowances.....	(71,711)	(43,031)
	-----	-----
Total non-current deferred tax assets.....	\$ 15,119	\$ 24,097
	-----	-----
Non-current deferred tax liabilities:		
Depreciation.....	\$ 22,621	\$ 23,030
Intangibles.....	11,954	25,071
Other.....	2,230	5,192
	-----	-----
Total non-current deferred tax liabilities....	\$ 36,805	\$ 53,293
	=====	=====
Total net non-current deferred tax liabilities.....	\$ 21,686	\$ 29,196
	=====	=====

SFAS 109, Accounting for Income Taxes, requires the Company to establish 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 \$75,678 against a

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(9) INCOME TAXES -- (CONTINUED)

portion of its domestic deferred tax assets. However, the Company has not recorded a valuation allowance against domestic tax assets which are offset by domestic deferred tax liabilities that are expected to reverse in the future. In addition, the Company has not recorded a valuation allowance against domestic deferred tax assets of approximately \$13 million at December 31, 2004, that the Company could utilize upon the implementation of certain tax planning strategies. Should the Company continue to experience losses, these tax planning strategies may be negatively affected which could result in future increases to the domestic deferred tax asset valuation allowance. With respect to the Company's foreign deferred tax assets, the Company has recorded a valuation allowance of \$3,334.

The Company expects to maintain a full valuation allowance against its net domestic deferred tax assets, 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 change in the domestic valuation allowance for the years ended December 31, 2004 and 2003 was \$24,047 and \$51,536, respectively. The change in the foreign valuation allowance for the years ended December 31, 2004 and 2003 was \$1,196 and (\$588), respectively.

Under the tax laws of the various jurisdictions in which the Company operates, net operating losses (NOLs) may be carried forward, subject to statutory limitations, to reduce taxable income in future years. The tax effect of such NOL carryforwards aggregated approximately \$46,244 and \$37,487 at December 31, 2004 and 2003, respectively. These NOLs will expire during the period from 2018 through 2024.

As of December 31, 2004, approximately \$15,712 of foreign tax credits were available as credits against future U.S. income taxes. Under the U.S. Internal Revenue Code, these foreign tax credits will expire in 2010 through 2014 and are offset by a full valuation allowance, as discussed above.

Certain adjustments to 2003 deferred tax balances and cumulative translation adjustments have been recorded in 2004. The amounts are not considered material to prior periods.

On October 22, 2004, the President signed the American Jobs Creation Act of 2004 (the "Act"). The Act creates a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85% dividends received deduction for certain dividends from controlled foreign corporations. The deduction is subject to a number of limitations and uncertainty remains as to how to interpret numerous provisions in the Act. The Company is evaluating whether, and to what extent, it may repatriate foreign earnings that have not yet been remitted to the U.S.

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. The Company believes that its positions comply with applicable law and intends to continue to defend its positions. The Company believes that it has adequately provided for the estimated outcome related to these matters.

(10) SHORT-TERM DEBT

The Company has lines of credit in Italy with local banks (the "Facility"). The Facility is short-term and provides three types of financing with the following limits: Overdraft protection of approximately \$9,000, export financing of approximately \$9,000 and advances on uncleared deposits of approximately \$300. The overdraft protection and export financing facilities bear interest at varying rates when utilized, however, advances on uncleared deposits bear no interest. There are no amounts outstanding as of December 31, 2004 and 2003. The 2004 and 2003 average interest rates were 1.6% and 1.7%, respectively.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(10) SHORT-TERM DEBT -- (CONTINUED)

Short-term debt at December 31, 2004 and 2003 consists of the following:

DECEMBER 31,	

2004	2003

Current portion of long-term debt.....	\$1,400	\$1,376
	=====	=====

(11) LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31,	
	2004	2003
	-----	-----
Bank credit facilities(a).....	\$120,000	\$105,200
Senior notes(b).....	100,000	100,000
Capitalized leases(c).....	7,280	8,545
Notes payable.....	307	--
	-----	-----
Subtotal.....	227,587	213,745
Less: current portion.....	(1,400)	(1,376)
	-----	-----
Total.....	\$226,187	\$212,369
	=====	=====

(a) In November 2003, the Company amended its five-year Syndicated Senior Revolving Credit Facility ("The 5-Year Agreement") of \$268,750, which originated in November 2001 and expires in November 2006, led by JPMorganChase as the Administrative Agent. The 5-Year Agreement was amended to include an "accordion feature" which, if utilized, will allow for the increase of the total commitments of up to \$75,000 with bank approval.

The 5-Year Agreement allows the Company to choose among various interest rate options and to specify the portion of the borrowing to be covered by specific interest rates. Under the 5-Year Agreement the interest rate options available to the Company are the following:

- 1) U.S. Prime Rate,
- 2) LIBOR plus an applicable margin that ranges from .575% to 1.20%, or
- 3) Money Market rate plus an applicable margin that ranges from .575% to 1.20%.

The applicable margin discussed above is based upon the ratio of consolidated funded indebtedness to consolidated EBITDA of Cambrex Corporation. The Company also pays a facility fee between .175% to .30% on the entire credit facility.

The bank loan 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 certain of the Company's non-U.S. operating subsidiaries.

As of December 31, 2004, there was \$120,000 outstanding and \$148,750 undrawn under the 5-year Agreement. Of the undrawn amount, \$63,057 is available to be borrowed as of December 31, 2004 due to limits established in the Credit Agreement.

The 5-Year Agreement is subject to financial covenants requiring the Company to maintain certain levels of net worth, interest coverage ratio, leverage ratios and limitations on indebtedness. The Company complied with all covenants during 2004.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(11) LONG-TERM DEBT -- (CONTINUED)

(b) In June 2003, the Company borrowed \$75,000 in a private offering consisting of 7-year guaranteed senior Notes due in June 2010 with interest payments due semi-annually at an annual rate of 5.31%. During October 2003, the Company borrowed an additional \$25,000 in a private offering consisting of 10-year guaranteed senior Notes due in October 2013 with interest payments due semi-annually at an annual rate of 7.05%. These Notes rank equal with the Company's other senior indebtedness. The funds were used primarily to pay down existing bank debt and provide Cambrex with longer term fixed rate debt.

(c) The Company assumed three capital leases as part of the acquisition of Cambrex BioScience Baltimore, Inc. in June 2001 of \$12,100. The leases are for buildings and improvements. There is \$7,280 outstanding at December 31, 2004. All capital leases are collateralized by their underlying assets.

The 2004 and 2003 average interest rates were 5.5% and 4.8% respectively.

Aggregate maturities of long-term debt are as follows:

2005.....	\$ 1,400
2006.....	121,721
2007.....	1,436
2008.....	1,460
2009.....	1,570
Thereafter.....	100,000

Total.....	\$227,587
	=====

(12) DERIVATIVES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to reduce exposures to market risks resulting from fluctuations in interest rates and foreign exchange rates. The Company does not enter into financial instruments for trading or speculative purposes. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap and forward exchange contracts. However, the Company does not anticipate non-performance by the counterparties.

The Company adopted (SFAS 133) Statement of Financial Accounting Standard No. 133 "Accounting for Derivative Instruments and Hedging Activities," and its corresponding amendments under SFAS No. 138, (referred to hereafter as "SFAS 133"), which establishes accounting and reporting standards for derivative financial instruments. The Company's policy is to enter into forward exchange contracts and/or currency options to hedge foreign currency transactions. This hedging strategy mitigates the impact of short-term foreign exchange rate movements on the Company's operating results primarily in Sweden, Belgium, England 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, British Pound Sterling 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. The Company also 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.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(12) DERIVATIVES AND FAIR VALUE OF FINANCIAL INSTRUMENTS -- (CONTINUED)

All forward and swap contracts outstanding at December 31, 2004 have been designated as cash flow hedges and, accordingly, changes in the fair value of derivatives are recorded each period in Accumulated other comprehensive income. Changes in the fair value of the derivative instruments reported in Accumulated other comprehensive income will be reclassified as 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 is recognized in current-period earnings and is immaterial to the Company's financial results. The unrealized net gain recorded in Accumulated other comprehensive income at December 31, 2004 was \$792. This amount will be reclassified into earnings as the underlying forecasted transactions occur. The net gain recognized in earnings related to foreign currency forward contracts during the twelve months ended December 31, 2004 was \$1,161. The net loss on interest rate swap contracts recognized in interest expense was \$2,797 for the twelve months ended December 31, 2004.

Interest Rate Swap Agreements

The notional amounts provide an indication of the extent of the Company's involvement in such agreements but do not represent its exposure to market risk. The following table shows the notional amounts outstanding, maturity dates, and the weighted average receive and pay rates of interest rate swap agreements as of December 31, 2004.

NOTIONAL AMOUNTS -----	MATURITY DATE -----	WEIGHTED AVG. RATE -----	
		PAY ----	RECEIVE -----
\$10,000.....	2006	4.72%	2.30%
\$10,000.....	2006	5.05%	2.55%
\$10,000.....	2005	4.66%	2.47%
\$10,000.....	2005	4.73%	2.47%
\$ 5,000.....	2005	3.37%	2.13%
\$10,000.....	2005	4.75%	2.55%
\$20,000.....	2005	4.98%	2.44%
\$ 5,000.....	2005	3.35%	2.13%

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, based on quoted market prices, was in a loss position of \$1,255 at December 31, 2004.

Foreign Exchange Instruments

The table below reflects the notional and fair value amounts of foreign exchange contracts at December 31, 2004 and 2003.

	2004		2003	
	NOTIONAL AMOUNTS	FAIR VALUE	NOTIONAL AMOUNTS	FAIR VALUE
Forward exchange contracts.....	\$16,692	\$1,189	\$28,036	\$2,089

The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying amount reported for long-term debt approximates fair value since approximately 53% of the underlying debt has variable rate terms and reprices quarterly. Of this amount, the Company has interest rate swaps covering 67% of the outstanding debt at December 31,

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(12) DERIVATIVES AND FAIR VALUE OF FINANCIAL INSTRUMENTS -- (CONTINUED)

2004. The remaining 47% of the debt has fixed interest rates, however, at current market interest rates, the carrying amount and fair market values are not notionally different as of December 31, 2004. The balance of unrealized gains included in comprehensive income at December 31, 2004 will be recognized in earnings over the next 12 months.

(13) DISCONTINUED OPERATIONS -- SALE OF RUTHERFORD CHEMICALS

On November 10, 2003, the Company completed the sale of Rutherford Chemicals. As a result of the completion of the transaction, the business comprising the Rutherford Chemicals segment is being reported as a discontinued operation in all periods presented. The agreement specified proceeds for the sale of \$55,000 in cash at closing, a \$2,000 subordinated 12% interest bearing note payable in full in 5 1/2 years from the closing date, and an \$8,000 performance-based cash earn-out if certain future operating profit targets are achieved in each of the next 3 years. These terms resulted in a write-down of assets to estimated fair value of approximately \$53,098 which is based on the selling price, including fees associated with the transaction. The Company has not included any of the performance based cash earn-out in the computation of the \$53,098 loss and income for discontinued operations will be recorded in future periods if the Company receives any payments under the earn-out arrangement. In the first quarter of 2004, the Company finalized the post closing working capital adjustment. This adjustment, along with legal and other charges associated with the sale, resulted in an additional \$742 charge to discontinued operations in the first quarter 2004. In the third quarter of 2004, the Company incurred an additional \$236 primarily for revised estimates of environmental liabilities associated with Rutherford Chemicals. These losses have not been tax effected, the reasons for which are more fully explained in Note #9.

In accordance with the sale agreement, the Company has retained certain liabilities of the Rutherford Chemicals business including existing general litigation matters, including the Vitamin B-3 matter, pre-closing environmental liabilities and post retirement benefits and pension liabilities. See Note #23.

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

YEARS ENDED DECEMBER 31,		
2004	2003	2002

	-----	-----	-----
Revenues.....	\$ --	\$108,569	\$127,746
	=====	=====	=====
Pre-tax loss from operations of discontinued operations.....	(978)	(1,243)	(8,933)
Write-down to fair value.....	--	(53,098)	--
	-----	-----	-----
Loss from discontinued operations before taxes.....	\$ (978)	\$ (54,341)	\$ (8,933)
	=====	=====	=====

(14) STOCKHOLDERS' EQUITY

The Company has two classes of common shares designated Common Stock and Nonvoting Common Stock. Authorized shares of Common Stock were 100,000,000 at December 31, 2004 and 2003. Authorized shares of Nonvoting Common Stock were 730,746 at December 31, 2004 and 2003.

At December 31, 2004 there were 1,004,069 of authorized shares of Common Stock reserved for issuance for stock option plans.

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,

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(14) STOCKHOLDERS' EQUITY -- (CONTINUED)

subject to any legal requirements applicable to holders restricting the extent to which they may own voting stock. As of December 31, 2004 and 2003, no shares of Nonvoting Common Stock were outstanding.

The Company held treasury stock of 2,593,129 and 2,614,910 shares at December 31, 2004 and 2003, respectively, and are used for issuance to the Cambrex Savings Plan. In May 2000, the Board of Directors authorized the Company to purchase an additional 1,000,000 shares of Company Stock in the open market from time to time at a price determined by the Share Repurchase Committee. The Company has purchased 419,300 shares under this authorization as of December 31, 2004.

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, 2004 and 2003, there was no preferred stock outstanding.

(15) STOCK BASED COMPENSATION

The Company has seven stock-based compensation plans currently in effect. The 1994 Stock Option Plan ("1994 Plan"), the 1996 Performance Stock Option Plan ("1996 Plan"), the 1998 Stock Option Plan ("1998 Plan"), the 2001 Performance Stock Option Plan ("2001 Plan"), the 2003 Performance Stock Option Plan ("2003 Plan"), and the 2004 Omnibus Incentive Plan ("2004 Plan") provide for the granting of non-qualified and incentive stock options (ISOs) intended to qualify as additional incentives to management and other key employees. The 2000 Non-Executive Stock Option Plan ("2000 Plan") provides for the granting of non-qualified stock options and ISOs intended to qualify as additional incentives to non-executive employees. The 1996 Plan, the 1998 Plan, the 2001 Plan, the 2003 Plan and the 2004 Plan also provide for the granting of non-qualified stock options to non-employee directors.

Certain options under the 1996 Plan, the 1998 Plan, the 2000 Plan, the 2001 Plan, and the 2003 Plan may become exercisable six years after the date of grant, subject to acceleration if the publicly traded share price of the

Company's Common Stock equals or exceeds levels determined by the Compensation Committee of the Board of Directors within certain time periods or in the event of a change in control. Options may also become exercisable based on the passage of time, such that the option becomes fully exercisable in a series of cumulating portions over a four-year period. Options have a term of no more than ten years from the date of grant. In addition, stock option awards may be transferred to a member of the Participant's immediate family or to a trust or similar vehicle for the benefit of such transferee.

The Company applies the provisions of APB Opinion No. 25 and related Interpretations in accounting for its stock-based compensation plans. Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" (SFAS 123) amended by FAS 148 establishes financial accounting and reporting standards for stock-based employee compensation plans. The Company has adopted the disclosure only provisions available under SFAS 123. Accordingly, no compensation cost has been recognized for stock option plans under SFAS 123.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(15) STOCK BASED COMPENSATION -- (CONTINUED)

Shares of Common Stock subject to outstanding options under the stock option plans were as follows:

	AUTHORIZED FOR ISSUANCE	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
		NUMBER OF SHARES	OPTION PRICE PER SHARE \$	WEIGHTED AVERAGE		NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE \$
				REMAINING CONTRACTUAL LIFE (YRS)	EXERCISE PRICE \$		
1994 Plan.....	300,000	9,000	11.438	0.32	11.438	9,000	11.44
		14,000	26.667	6.31	26.667	14,000	26.67
1996 Plan.....	3,000,000	391,000	12.375 - 17.500	1.00	13.698	391,000	13.70
		201,700	18.675 - 27.500	5.86	23.693	93,177	24.74
		206,582	27.562 - 41.290	5.97	35.735	111,209	33.54
		258,667	43.625 - 46.850	5.05	43.637	97,001	43.63
1998 Plan.....	1,180,000	451,849	21.903 - 27.563	3.41	22.615	424,599	22.66
		139,039	34.750 - 46.850	5.56	41.549	66,172	39.39
2000 Plan.....	500,000	88,500	34.750 - 37.070	6.22	35.332	--	--
		241,500	40.125 - 46.850	5.85	44.285	53,828	44.19
2001 Plan.....	750,000	503,000	18.675 - 29.750	8.00	26.522	204,250	27.03
		198,194	36.950 - 46.850	7.08	39.940	85,194	42.82
2003 Plan.....	500,000	396,476	18.675 - 25.560	5.42	19.900	96,491	19.72
2004 Plan.....	1,500,000	836,850	21.903	6.64	21.903	142,546	21.90
TOTAL SHARES.....	7,730,000	3,936,357	11.438 - 46.850		27.07	1,788,467	25.11

Information regarding the Company's stock option plans is summarized below:

	NUMBER OF SHARES	WEIGHTED AVERAGE	
		EXERCISE PRICE \$	OPTIONS EXERCISABLE
Outstanding at December 31, 2001.....	3,146,267	29.10	2,248,352
Granted.....	583,932	34.57	
Exercised.....	(306,200)	20.21	
Cancelled.....	(263,284)	42.65	
Outstanding at December 31, 2002.....	3,160,715		1,789,383
Granted.....	715,900	20.99	
Exercised.....	(122,750)	8.97	
Cancelled.....	(53,000)	37.71	

Outstanding at December 31, 2003.....	3,700,865		1,865,331

Granted.....	1,015,350	22.08	
Exercised.....	(353,951)	17.48	
Cancelled.....	(425,907)	35.76	

Outstanding at December 31, 2004.....	3,936,357		1,788,467
	=====		

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(15) STOCK BASED COMPENSATION -- (CONTINUED)

The weighted-average grant-date fair value of options granted during 2004, 2003 and 2002 was \$9.68, \$9.09 and \$14.51, respectively, per share.

Cambrex senior executives participate in a long-term incentive plan which rewards achievement of long-term strategic goals with restricted stock units. Awards are made annually to key executives 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, the participant is entitled to the vested portion of the restricted stock units and forfeits the remaining amount; the three-year restriction remains in place. In the event of death, retirement, or permanent disability, all shares vest and the deferred sales restriction lapses. For the years ended December 31, 2004, 2003 and 2002 the Company recorded \$952, \$695 and \$419 respectively, in compensation expense for this plan. Shares are held in trust for the restricted stock grants. The number of shares held at December 31, 2004 and 2003 was 87,314 and 73,783, respectively. The fair value of these shares was \$2,366 and \$1,864 at 2004 and 2003, respectively.

In May 2003, the former Chief Executive Officer and current Executive Chairman of the Board was granted 150,000 incentive stock appreciation rights. In the fourth quarter 2003 these rights vested and, as such, the Chairman of the Board is entitled to a cash settlement representing the difference in value between the closing price of Cambrex stock on the day of the grant, which was \$19.30, and the closing price of Cambrex stock on the day the rights are exercised. These rights terminate one year after his retirement as an employee of the Company. These rights will be marked to market until the rights are exercised or expire with the amount being recorded as compensation expense or benefit in the applicable period. For the years ended December 31, 2004 and 2003 the Company recorded \$276 and \$894, respectively, in compensation expense.

(16) RETIREMENT PLANS

Domestic Pension Plans

The Company maintains two U.S. defined-benefit pension plans: (1) the Nepera Hourly Pension Plan (the "Nepera Plan") which covers the union employees at the Harriman, New York plant, which the Company sold on November 10, 2003, and (2) the Cambrex Pension Plan (the "Cambrex Plan") which covers all other eligible employees.

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. Effective January 1, 2003, newly hired employees (except those covered by collective bargaining) will not participate in these plans.

The Company's policy is to fund pension costs currently to the full extent required by the Internal Revenue Code. Pension plan assets consist primarily of balanced fund investments.

The net periodic pension expense for both 2004 and 2003 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 the September 30 measurement date.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

The funded status of these plans, incorporating fourth quarter contributions, as of September 30, 2004 and 2003 is as follows:

	2004	2003
	-----	-----
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at October 1.....	\$47,267	\$40,326
Service cost.....	2,395	2,598
Interest cost.....	3,010	2,841
Curtailments.....	--	(1,214)
Actuarial loss.....	2,494	4,388
Benefits paid.....	(1,913)	(1,672)
	-----	-----
Benefit obligation at September 30.....	\$53,253	\$47,267
	-----	-----
	2004	2003
	-----	-----
CHANGE IN PLAN ASSETS		
Fair value of plan assets at October 1.....	\$ 28,951	\$ 24,621
Actual return on plan assets.....	3,411	3,920
Contributions.....	4,438	2,082
Benefits paid.....	(1,913)	(1,672)
	-----	-----
Fair value of plan assets at September 30.....	\$ 34,887	\$ 28,951
	-----	-----
Funded status.....	(18,366)	(18,316)
Unrecognized prior service cost.....	522	567
Unrecognized net loss.....	14,266	13,008
Additional minimum liability.....	(9,601)	(9,857)
	-----	-----
Accrued benefit cost at September 30,.....	(13,179)	(14,598)
Fourth quarter contributions.....	901	481
	-----	-----
Accrued benefit cost at December 31,.....	\$ (12,278)	\$ (14,117)
	=====	=====

Major assumptions used in determining the benefit obligation as of September 30 for the Company's domestic pension plans are presented in the following table:

	-----	-----
Discount rate.....	5.75%	6.00%
Rate of compensation increase.....	4.50%	4.50%

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

The components of net periodic pension cost are as follows:

	2004	2003	2002
	-----	-----	-----
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service Cost.....	\$ 2,395	\$ 2,598	\$ 1,625
Interest Cost.....	3,010	2,841	2,339
Expected return on plan assets.....	(2,768)	(2,098)	(2,190)
Amortization of prior service cost.....	46	68	38
Recognized actuarial loss.....	592	519	88
Curtailment loss on sale of Rutherford.....	--	351	--
	-----	-----	-----
Net periodic benefit cost.....	\$ 3,275	\$ 4,279	\$ 1,900
	=====	=====	=====

Major assumptions used in determining the net cost for the Company's domestic pension plans are presented in the following table:

	2004	2003	2002
	-----	-----	-----
Discount rate.....	6.00%	6.75%	6.75%
Expected return on plan assets.....	8.50%	8.50%	8.50%
Rate of compensation increase.....	4.50%	4.50%	5.00%

In making its assumption for the long-term rate of return, the Company has utilized historical rates earned on securities allocated consistently with its investments.

The aggregate Accumulated Benefit Obligation (ABO) as of September 30, 2004 of \$48,066 exceeds plan assets by \$13,179 in 2004 for all domestic plans.

The Company expects to contribute approximately \$500 in cash to its two U.S. defined-benefit pension plans in 2005.

Estimated Future Benefit Payments

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

PENSION
BENEFITS

2005.....	\$ 1,822
2006.....	1,896
2007.....	2,055
2008.....	2,174
2009.....	2,351
2010-2014.....	14,858

The investment objective for plan assets is to achieve long-term growth of capital with exposure to risk set at an appropriate level. The objective shall be accomplished through the utilization of a diversified asset mix consisting of equities (domestic and international) and taxable fixed income securities. The account is to be managed on a fully discretionary basis to obtain the highest total rate of return in keeping with a moderate level of risk.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

The allocation of pension plan assets is as follows:

ASSET CATEGORY: -----	TARGET ALLOCATION -----	PERCENTAGE OF PLAN ASSETS -----	
		2004	2003
U.S. Equities.....	30%-65%	50.2%	46.3%
International Equities.....	0%-15%	10.4%	10.1%
U.S. Fixed Income.....	30%-50%	37.6%	43.6%
Cash.....	N/A	1.8%	--
		-----	-----
		100.0%	100.0%

The Company has a Supplemental Executive Retirement Plan (SERP) for key executives. This plan is non-qualified and unfunded. It consists of two plans, the Corporate SERP plan and the BioWhittaker SERP Plan.

The benefit obligation for these plans as of December 31, 2004 and 2003 is as follows:

	2004 -----	2003 -----
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year.....	\$ 7,021	\$ 6,136
Service cost.....	215	251
Interest cost.....	440	423
Actuarial (gain)/loss.....	(29)	436
Benefits paid.....	(225)	(225)
	-----	-----
Benefits obligation at end of year.....	7,422	7,021
	=====	=====
Funded status.....	(7,422)	(7,021)
Unrecognized prior service cost.....	24	28
Unrecognized net loss.....	1,807	1,995
Additional minimum liability.....	(1,536)	(1,718)
	-----	-----
Accrued benefit at December 31,.....	\$ (7,127)	\$ (6,716)

=====

Major assumptions used in determining the benefit obligation as of December 31 for the Company's SERP Plans are presented in the following table:

	2004	2003
	-----	-----
Discount rate.....	5.75%	6.00%
Rate of compensation increase.....	5.00%	5.00%

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

The components of net periodic benefit cost are as follows:

	2004	2003	2002
	----	----	----
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service Cost.....	\$215	\$251	\$226
Interest Cost.....	440	423	396
Amortization of prior service cost.....	4	4	15
Recognized actuarial loss.....	159	132	114
	----	----	----
Net periodic benefit cost.....	\$818	\$810	\$751
	====	====	====

Major assumptions used in determining the net cost for the Company's SERP plans are presented in the following table:

	2004	2003	2002
	-----	-----	-----
Discount rate.....	6.00%	6.75%	7.50%
Rate of compensation increase.....	5.00%	5.00%	5.00%

Estimated Future Benefit Payments

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

	SERP

2005.....	\$ 336
2006.....	359

2007.....	461
2008.....	569
2009.....	563
2010-2014.....	2,761

International Pension Plans

Certain foreign subsidiaries of the Company maintain pension plans for their employees that conform to the common practice in their respective countries. Based on local laws and customs, some of those plans are not funded. For those plans that are funded, the amount in the trust supporting the plan is actuarially

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

determined, and where applicable, in compliance with local statutes. The funded status of these plans, as of December 31, 2004 and 2003 is as follows:

	2004	2003
	-----	-----
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year.....	\$ 19,336	\$ 13,664
Service cost.....	882	633
Interest cost.....	990	828
Plan participants' contribution.....	(33)	(37)
Actuarial loss.....	1,777	1,232
Benefits paid.....	(17)	(134)
Foreign exchange.....	1,953	3,150
	-----	-----
Benefit obligation at end of year.....	\$ 24,888	\$ 19,336
	=====	=====
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year.....	\$ 3,738	\$ 2,490
Actual return on plan assets.....	354	343
Company contributions.....	551	310
Plan participant contribution.....	169	145
Benefits paid.....	(17)	(134)
Foreign exchange.....	393	583
	-----	-----
Fair value of plan assets at end of year.....	\$ 5,188	\$ 3,737
	-----	-----
Funded status.....	\$ (19,700)	\$ (15,599)
Unrecognized actuarial loss.....	7,952	5,851
Unrecognized prior service cost.....	(87)	(85)
Unrecognized net gain.....	(433)	(442)
Additional minimum liability.....	(3,919)	--
Foreign exchange.....	352	628
	-----	-----
Accrued benefit.....	\$ (15,835)	\$ (9,647)
	=====	=====

Certain adjustments were made in 2004 for the 2003 additional minimum pension liability. The adjustments were not considered material to prior periods.

Major assumptions used in determining the benefit obligation as of December

31, for the Company's International pension plans are presented in the following table:

	2004 -----	2003 -----
Discount rate.....	4.50% - 5.26%	5.20% - 5.50%
Rate of compensation increase.....	3.00% - 3.50%	3.00% - 3.75%

76

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

The components of the net periodic pension cost is as follows:

	2004 -----	2003 -----	2002 -----
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service Cost.....	\$ 882	\$ 633	\$ 471
Interest Cost.....	990	828	598
Expected return on plan assets.....	(288)	(182)	(221)
Amortization of excess plan net.....	(35)	(32)	(27)
Amortization of prior service cost.....	166	127	107
	-----	-----	-----
Net periodic benefit cost.....	\$1,715	\$1,374	\$ 928
	=====	=====	=====

Major assumptions used in determining the net cost for the Company's international pension plans are presented in the following table:

	2004 -----	2003 -----	2002 -----
Discount rate.....	4.50% - 5.26%	5.20% - 5.50%	5.50% - 5.60%
Expected return on plan assets.....	6.89%	7.34%	6.90% - 7.60%
Rate of compensation increase.....	3.00% - 3.50%	3.00% - 3.75%	3.00% - 3.50%

The aggregate ABO of \$21,023 for international plans exceeds plan assets by \$15,835 in 2004.

The Company expects to contribute approximately \$669 in cash to its international pension plans in 2005.

Estimated Future Benefit Payments

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

PENSION
BENEFITS

2005.....	\$ 297
2006.....	340
2007.....	384
2008.....	464
2009.....	538
2010-2014.....	3,654

The allocation of pension plan assets is as follows:

ASSET CATEGORY: -----	PERCENTAGE OF PLAN ASSETS -----	
	2004	2003
Equities.....	92.2%	95.8%
Fixed Income.....	3.6%	1.7%
Property.....	1.4%	0.6%
Cash.....	2.8%	1.9%
	-----	-----
	100.0%	100.0%

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(16) RETIREMENT PLANS -- (CONTINUED)

Savings Plan

Cambrex makes available to all 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 \$2,092, \$2,113 and \$1,941 in 2004, 2003 and 2002, 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 annual bonus and/or annual base salary. Included within other liabilities at December 31, 2004 and 2003 there is \$1,270 and \$1,611, respectively, representing the Company's obligation under the plan. To assist in the funding of this obligation, the Company invests in certain mutual funds and as such, included within other assets at December 31, 2004 and 2003 is \$1,270 and \$1,611, respectively, representing the fair value of these funds. During 1995, the Board amended the Deferred Plan to permit officers and key employees to elect to defer receipt of Company stock which would otherwise have been issued upon the exercise of Company options. Total shares held in trust as of December 31, 2004 and 2003 are 228,677 and 248,504, respectively, and are included as a reduction of equity at cost. The value of the shares held in trust and the corresponding liability of \$6,197 at December 31, 2004 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.

(17) OTHER POSTRETIREMENT BENEFITS

Cambrex provides postretirement health and life insurance benefits ("postretirement benefits") to all eligible retired employees. Employees who retire at or after age 55 with ten years of service are eligible to participate in the postretirement benefit plans. The Company's responsibility for such

premiums for each plan participant is based upon years of service subject to an annual maximum of one thousand dollars. Such plans are self-insured and are not funded.

Effective January 1, 2003, the Company made significant changes to these benefits affecting current and future retirees, both in reducing the level of benefits and reducing the subsidy the Company provides.

Certain subsidiaries and all employees hired after December 31, 2002 (excluding those covered by collective bargaining) are not eligible for these benefits.

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(17) OTHER POSTRETIREMENT BENEFITS -- (CONTINUED)

The benefit obligation of the plan as of September 30, 2004 and 2003, incorporating fourth quarter payments, is as follows:

	2004	2003
	-----	-----
CHANGE IN BENEFIT OBLIGATION		
Accumulated benefit obligation at beginning of year.....	\$ 2,532	\$ 7,323
Service cost.....	53	124
Interest cost.....	154	198
Prior service cost.....	--	(3,446)
Actuarial loss/(gain).....	207	(742)
Curtailment.....	--	(737)
Benefits paid.....	(291)	(188)
	-----	-----
Accumulated benefit obligation at end of year.....	\$ 2,655	\$ 2,532
Unrecognized net loss.....	(2,227)	(2,139)
Unrecognized prior service cost.....	1,146	1,298
	-----	-----
Accrued benefit cost at September 30,.....	\$ 1,574	\$ 1,691
Fourth quarter benefits paid.....	(36)	(48)
	-----	-----
Accrued benefit obligation at end of year.....	\$ 1,538	\$ 1,643
	=====	=====

The periodic postretirement benefit cost includes the following components:

	YEARS ENDED DECEMBER 31,		
	2004	2003	2002
	-----	-----	-----
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service cost of benefits earned.....	\$ 53	\$ 124	\$ 379
Interest cost.....	154	198	465
Amortization of transition obligation.....	--	--	93
Actuarial loss recognized.....	119	211	163
Amortization of unrecognized prior service cost.....	(151)	(175)	--
Curtailment gain on Rutherford.....	--	(1,046)	--
	-----	-----	-----
Total periodic postretirement benefit cost.....	\$ 175	\$ (688)	\$1,100
	=====	=====	=====

Major assumptions used in determining the benefit obligation and net cost for the Company's postretirement benefits are presented in the following table as weighted averages:

	BENEFIT OBLIGATION		NET COST		
	2004	2003	2004	2003	2002
WEIGHTED-AVERAGE ASSUMPTIONS:					
Discount rate.....	5.75%	6.00%	6.00%	6.75%	7.50%

79

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(17) OTHER POSTRETIREMENT BENEFITS -- (CONTINUED)

Estimated Future Benefit Payments

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

	OPEB BENEFITS

2005.....	\$101
2006.....	110
2007.....	124
2008.....	139
2009.....	150
2010-2014.....	871

The assumed health care cost trend rate used to determine the accumulated postretirement benefit obligation is 10% in 2004 decreasing 1% per year to an ultimate rate of 5% in 2009 (11% in 2003). A one-percentage-point increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation by \$86 and would increase the sum of interest and service cost by \$7. A one-percentage-point decrease would lower the accumulated postretirement benefit obligation by \$100 and would decrease the sum of interest and service cost by \$9.

(18) RESTRUCTURING, IMPAIRMENTS AND OTHER CHARGES

2004 Actions

In the first quarter of 2004, management communicated to employees that a workforce reduction would occur at one of the Company's European facilities within the Human Health segment. The Company recorded a \$1,000 charge in Other, net operating expenses to accrue for the termination benefits related to the workforce reduction of 13 employees. As of December 31, 2004 approximately \$900 has been paid.

The following table displays the activity related to the 2004 reduction in workforce reserve through December 31, 2004 (in millions):

	2004 ACTIVITY		DECEMBER 31, 2004 RESERVE BALANCE
	2004 EXPENSE	CASH PAYMENTS	
Workforce reduction.....	\$1.0 =====	\$ (0.9) =====	\$0.1 =====

2002 Actions

In 2002, Cambrex completed its plan to realign its businesses. In 2002, the Company recorded special pre-tax charges of \$15,087. These charges included: Continuing operations fixed asset impairments of \$1,599, closure costs for a small manufacturing facility of \$1,700 and severance costs of \$939. Discontinued operations consists of fixed asset impairments of \$6,079, a goodwill impairment of \$3,962, inventory write-downs of \$586 (included in cost of sales), dismantling costs of \$100 and severance of \$122.

The fixed asset impairments related to certain assets at a Rutherford Chemicals domestic site, and a domestic site included as part of continuing operations, and were based on an assessment completed in the third quarter that indicated the return on investment was below management's expectations. As a result, an impairment charge was recorded reflecting the asset value associated with the discontinued product line. The closure costs relate to a domestic facility and include asset write downs, disposal, and other related costs.

80

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(18) RESTRUCTURING, IMPAIRMENTS AND OTHER CHARGES -- (CONTINUED)

Severance charges, which apply to a Rutherford Chemicals domestic site and the Corporate office, relate to the termination of approximately 19 employees. As of January 31, 2003, all these employees have been terminated.

The accrual balance related to the 2002 actions for severance and other costs included above was approximately \$200 at December 31, 2004.

The following table displays the activity related to the 2002 restructuring, impairments and other charges through December 31, 2004 (in millions):

	TOTAL CHARGES	NON-CASH WRITEOFFS	CASH PAYMENTS	DECEMBER 31, 2002 RESERVE BALANCE	CASH PAYMENTS	DECEMBER 31, 2003 RESERVE BALANCE	CASH PAYMENTS	DECEMBER 31, 2004 RESERVE BALANCE
Restructuring, Impairments and Other Charges:								
Fixed asset impairments.....	7.7	(7.7)	--	--	--	--	--	--
Goodwill impairment....	4.0	(4.0)	--	--	--	--	--	--
Employee severance....	1.0	--	--	1.0	(0.8)	0.2	(0.2)	--
Facility closure costs.....	1.8	--	(0.2)	1.6	(0.6)	1.0	(0.8)	0.2
Total restructuring, impairments and other charges.....	14.5	(11.7)	(0.2)	2.6	(1.4)	1.2	(1.0)	0.2
Inventory write-offs.....	0.6	(0.6)	--	--	--	--	--	--
Total.....	15.1 =====	(12.3) =====	(0.2) =====	2.6 ===	(1.4) =====	1.2 ===	(1.0) =====	0.2 ===

(19) OTHER INCOME AND EXPENSE -- NET

The Other-net component of Other (income) expense is \$73, \$139 and \$7,890 for 2004, 2003 and 2002 respectively. The 2002 amount consisted primarily of two equity investment impairments totaling \$7,344 related to investments in emerging technology companies. One company, in which an investment was held, had experienced significant financial difficulties in 2002. This led Cambrex to evaluate the market value of the investment. This evaluation indicated that a decline in the market value was other than temporary and accordingly, an impairment charge was recorded for \$3,089. Cambrex performed an assessment in the carrying value of the other investment and concluded that a \$4,255 impairment was necessary in the second quarter 2002. Also included in the 2002 expense were \$312 of costs due to a convertible debt arrangement that was abandoned, and \$194 of costs associated with an investment in a joint venture.

(20) SEGMENT INFORMATION

The Company classifies its business units into three reportable segments: Bioproducts, consisting of research products and other therapeutic application products, Biopharma, consisting of contract biopharmaceutical process development and manufacturing services and Human Health, consisting of active pharmaceutical ingredients and pharmaceutical intermediates produced under Food and Drug Administration cGMP for use in the production of prescription and over-the-counter drug products and other fine custom chemicals derived from organic chemistry.

Information as to the operations of the Company in each of its business segments is set forth below based on the nature of the products and services offered. Cambrex evaluates performance based gross profit and operating profit. Operating profit is most similar to income from continuing operations and a reconciliation is

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(20) SEGMENT INFORMATION -- (CONTINUED)

included below. Intersegment sales are not material. The Company allocates certain corporate expenses to each of the segments.

The following is a summary of business segment information:

	2004 -----	2003 -----	2002 -----
GROSS SALES			
Bioproducts.....	\$136,108	\$119,298	\$107,870
Biopharma.....	43,270	44,128	55,218
Human Health.....	259,737	242,165	231,342
	-----	-----	-----
	\$439,115	\$405,591	\$394,430
	=====	=====	=====

	2004 -----	2003 -----	2002 -----
GROSS PRODUCT SALES DETAIL FOR EACH SEGMENT			
Bioproducts:			
Research Products.....	\$ 70,657	\$ 62,650	\$ 58,308
Therapeutic Application.....	65,451	56,648	49,562
	-----	-----	-----
Total Bioproducts.....	\$136,108	\$119,298	\$107,870
	=====	=====	=====

Biopharma:			
Contract Biopharmaceutical Manufacturing.....	\$ 43,270	\$ 44,128	\$ 55,218
	-----	-----	-----
Total Biopharma.....	\$ 43,270	\$ 44,128	\$ 55,218
	=====	=====	=====
Human Health:			
Active Pharmaceutical Ingredients.....	\$200,555	\$183,632	\$172,953
Pharmaceutical Intermediates.....	27,365	24,349	24,194
Other.....	31,817	34,184	34,195
	-----	-----	-----
Total Human Health.....	\$259,737	\$242,165	\$231,342
	=====	=====	=====

	2004	2003	2002
	-----	-----	-----
GROSS PROFIT			
Bioproducts.....	\$ 74,930	\$ 60,056	\$ 56,614
Biopharma.....	4,880	11,829	27,049
Human Health.....	90,930	90,521	94,055
	-----	-----	-----
	\$170,740	\$162,406	\$177,718
	=====	=====	=====

82

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(20) SEGMENT INFORMATION -- (CONTINUED)

	2004	2003	2002
	-----	-----	-----
OPERATING (LOSS)/PROFIT			
Bioproducts.....	\$ 26,386	\$ 17,205	\$ 15,306
Biopharma.....	(53,813)	2,256	16,798
Human Health.....	50,651	56,818	59,718
Corporate.....	(23,632)	(37,455)	(19,898)
	-----	-----	-----
Total Operating (Loss)/profit.....	\$ (408)	\$ 38,824	\$ 71,924
	=====	=====	=====
Interest expense, net.....	\$ 10,950	\$ 11,840	\$ 11,264
Other, net.....	73	139	7,890
Taxes.....	14,461	26,600	12,815
	-----	-----	-----
(Loss)/income from continuing operations...	\$ (25,892)	\$ 245	\$ 39,955
	=====	=====	=====

	2004	2003
	-----	-----
TOTAL ASSETS		
Bioproducts.....	\$220,791	\$197,689
Biopharma.....	134,591	176,467
Human Health.....	399,538	358,811
Corporate.....	37,065	45,536
	-----	-----
	\$791,985	\$778,503
	=====	=====

	2004	2003	2002
	-----	-----	-----
CAPITAL SPENDING			
Bioproducts.....	\$ 10,601	\$ 8,477	\$ 6,197
Biopharma.....	9,167	12,319	5,098
Human Health.....	18,593	15,646	28,180
Corporate.....	1,119	1,415	968
	-----	-----	-----
	\$ 39,480	\$ 37,857	\$ 40,443
	=====	=====	=====

	2004	2003	2002
	-----	-----	-----
DEPRECIATION			
Bioproducts.....	\$ 5,514	\$ 5,125	\$ 4,966
Biopharma.....	4,239	2,277	2,122
Human Health.....	27,950	25,072	20,409
Corporate.....	1,234	1,734	1,787
	-----	-----	-----
	\$ 38,937	\$ 34,208	\$ 29,284
	=====	=====	=====

83

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(20) SEGMENT INFORMATION -- (CONTINUED)

	2004	2003	2002
	-----	-----	-----
AMORTIZATION			
Bioproducts.....	\$ 1,455	\$ 1,206	\$ 1,169
Biopharma.....	431	413	379
Human Health.....	35	7	6
	-----	-----	-----
	\$ 1,921	\$ 1,626	\$ 1,554
	=====	=====	=====

(21) FOREIGN OPERATIONS AND EXPORT SALES

The following summarized data represents the gross sales and long lived tangible assets for the Company's domestic and foreign entities for 2004, 2003 and 2002:

	DOMESTIC	FOREIGN	TOTAL
	-----	-----	-----
2004			
Gross Sales.....	\$200,442	\$238,673	\$439,115
Long-lived tangible assets.....	124,595	156,195	280,790
2003			
Gross Sales.....	\$181,925	\$223,666	\$405,591
Long-lived tangible assets.....	118,509	150,638	269,147

2002			
Gross Sales.....	\$187,348	\$207,082	\$394,430
Long-lived tangible assets.....	111,208	128,736	239,944

Export sales, included in domestic gross sales, in 2004, 2003 and 2002 amounted to \$29,945, \$22,100, and \$23,684, respectively.

Sales by geographic area consist of the following:

	2004	2003	2002
	-----	-----	-----
North America.....	\$213,668	\$206,079	\$216,591
Europe.....	198,540	173,035	150,180
Asia.....	17,723	16,401	17,745
Other.....	9,184	10,076	9,914
	-----	-----	-----
Total.....	\$439,115	\$405,591	\$394,430
	=====	=====	=====

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(22) COMMITMENTS

The Company has operating leases expiring on various dates through the year 2013. The leases are primarily for office and laboratory equipment and vehicles. At December 31, 2004, future minimum commitments under non-cancelable operating lease arrangements were as follows:

Year ended December 31:	
2005.....	\$ 4,223
2006.....	4,063
2007.....	4,163
2008.....	3,606
2009 and thereafter.....	9,798

Total commitments.....	\$25,853
	=====

Total operating lease expense was \$4,815, \$4,205 and \$5,017 for the years ended December 31, 2004, 2003 and 2002, 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 include commitments to purchase raw materials and equipment and for the construction of a new warehouse. At December 31, 2004 future commitments under these obligations were as follows:

Year ended December 31:

2005.....	\$ 8,065
2006.....	2,459
2007.....	986
2008.....	928
2009 and thereafter.....	2,724

Total Commitments.....	\$15,162
	=====

In the first quarter 2003, the Company reached an agreement with Mylan Laboratories, Inc. under which the Company would contribute \$12,415 to the settlement of consolidated litigation brought by a class of direct purchasers. Approximately \$6,015 was paid as of December 31, 2004 in accordance with the agreement, with the remaining \$6,400 to be paid over the next four years. At December 31, 2004 future commitments under this agreement were as follows:

Year ended December 31:

2005.....	\$1,600
2006.....	1,600
2007.....	1,600
2008.....	1,600

Total Commitments.....	\$6,400
	=====

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(23) 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/or disclosures as deemed necessary based on these facts and circumstances and as such facts and circumstances develop.

Environmental

In connection with laws and regulations pertaining to the protection of the environment, the Company and/or its subsidiaries is a party to several environmental proceedings and remediation investigations and cleanups and, along with other companies, has been named a "potentially responsible party" for certain waste disposal sites ("Superfund sites"). Additionally, as discussed in the "Sale of Rutherford Chemicals" section of this Note, the Company has retained the liability for certain environmental proceedings, associated with the Rutherford Chemicals business. 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 and/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 extent of liabilities 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 \$5,570 and \$5,100 at December 31, 2004 and 2003, respectively. The increase in the accrual is due to currency fluctuation of \$252, payments of \$332 and an increase to the reserve of \$550. A portion of this increase relates to an increase in an existing reserve associated with the on-going investigation and remediation at the Company's Carlstadt, New Jersey location. An assessment of remedial costs based on information currently known resulted in the increase. Based upon currently available information and analysis, the Company's current accrual represents management's best estimate of what it believes are the probable and estimable costs associated with environmental proceedings including amounts for legal and investigation fees where remediation costs may not be estimable at the reporting date.

The Company expects to receive information in the near future on three matters, as described below that could impact the Company's current assessment of its probable and estimable costs and as such may require an adjustment to the reserves.

As a result of the sale of the Bayonne, New Jersey facility (see "Sale of Rutherford Chemicals" section of this Note), an obligation to investigate site conditions and conduct required remediation under the New Jersey Industrial Site Recovery Act was triggered and the Company has retained the responsibility for such obligation. The Company completed a Preliminary Assessment (PA) of the Site and submitted the PA to the New Jersey Department of Environmental Protection. The PA identified potential areas of concern based on historical operations and proposed certain sampling at the Site. The Company has reserved for the costs of the sampling. The results of the sampling will be used to develop an estimate of the Company's future liability for remediation costs, if required.

In March 2000, the Company completed the acquisition of the Cambrex Profarmaco Landen facility in Belgium. At the time of acquisition, Cambrex was aware of certain site contamination and recorded a reserve for the estimated costs of remediation. This property has been the subject of an extensive on-going

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(23) CONTINGENCIES -- (CONTINUED)

environmental investigation, which has been completed with no change to the reserve warranted based on such information. The health risk assessment related to the site contamination is on-going.

The Company's Cosan subsidiary conducted manufacturing operations in Clifton, New Jersey from 1968 until 1979. In 1997, Cosan entered into an Administrative Consent Order with the State of New Jersey Department of Environmental Protection. Under the Administrative Consent Order, Cosan is required to complete an investigation of the Clifton site conditions and conduct remediation as may be necessary. The investigation of site conditions continues and is expected to be completed in mid-2005. The results of the investigation will enable the Company to estimate its liability, if any. In February 2005, the New Jersey Federal District Court ruled that a lawsuit against Cosan by the owners of property adjacent to the Clifton location could be placed on the active calendar. The outcome of this matter could also affect the reserves.

The Company is involved in other 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 recording an accrual, should an accrual be required.

If any of the Company's environmental matters are resolved in a more unfavorable manner than presently estimated, 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 when resolved in a future reporting period.

Litigation and Other Matters

Mylan Laboratories

In 1998 the Company and its subsidiary Profarmaco S.r.l. (currently known as Cambrex Profarmaco Milano S.r.l.) ("Profarmaco") were named as defendants (along with Mylan Laboratories, Inc. ("Mylan") and Gyma Laboratories of America, Inc., Profarmaco's distributor in the United States) in a proceeding instituted by the Federal Trade Commission ("FTC") in the United States District Court for the District of Columbia (the "District Court"). The allegations arose from exclusive license agreements between Profarmaco and Mylan covering two active pharmaceutical ingredients ("APIs"). The FTC alleged violations of the Federal Trade Commission Act; including unlawful restraint of trade and conspiracy to monopolize markets for the APIs. A lawsuit making similar allegations against the same parties seeking injunctive relief and treble damages was filed by the Attorneys General of 31 states in the District Court on behalf of those states and persons in those states who were purchasers of the generic pharmaceuticals. The FTC and Attorneys General's suits were settled in February 2001, with Mylan (on its own behalf and on behalf of Profarmaco and Cambrex) agreeing to pay over \$140,000 and with Mylan, Profarmaco and Cambrex agreeing to monitor certain future conduct.

The same parties including the Company and Profarmaco have also been named in purported class action complaints brought by private plaintiffs in various state courts on behalf of purchasers of the APIs in generic form, making allegations similar to those raised in the FTC's complaint and seeking various forms of relief including treble damages.

On April 7, 2003, Cambrex reached an agreement with Mylan under which Cambrex would contribute \$12,415 to the settlement of consolidated litigation brought by a class of direct purchasers. In exchange, Cambrex and Profarmaco received from Mylan a release and full indemnity against future costs or liabilities in related litigation brought by purchasers, as well as potential future claims related to this matter. In accordance with the agreement approximately \$6,015 has been paid through 2004, with the remaining \$6,400 to be paid over the next four years. Cambrex recorded an \$11,342 charge (discounted to the present value due to the five

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(23) CONTINGENCIES -- (CONTINUED)

year pay-out) in the first quarter of 2003 as a result of this settlement. As of December 31, 2004 the outstanding balance for this liability was \$5,885.

Vitamin B-3

On May 14, 1998, the Company's subsidiary, Nepera, which formerly operated the Harriman facility and manufactured and sold niacinamide (Vitamin B-3), received a Federal Grand Jury subpoena for the production of documents relating to the pricing and possible customer allocation with regard to that product. In 2000, Nepera reached agreement with the Government as to its alleged role in Vitamin B-3 violations from 1992 to 1995. The Canadian government claimed similar violations. All government suits in the U.S. and Canada have now been concluded.

Nepera has been named as a defendant, along with several other companies, in a number of private civil actions brought on behalf of alleged purchasers of Vitamin B-3. The actions seek injunctive relief and unspecified but substantial damages. An accrual of \$6,000 was recorded in the fourth quarter 1999 to cover

the anticipated government settlements, related litigation, and legal expenses. During 2002 based on information developed during 2002 this accrual was increased to \$10,000. Several actions have been concluded during 2003 and 2004. All settlement amounts are fully reserved. Additional settlements are being discussed in several more indirect purchaser cases and we believe that current reserves are sufficient to complete the settlements.

Litigation in the United States under the U.S. antitrust laws was commenced some years ago by a group of European purchasers. On motion by the Vitamin B-3 defendants, the District Court dismissed the litigation, under the long-standing rule that foreign purchasers cannot sue in U.S. courts under U.S. antitrust statutes. Thereafter, the Federal Circuit Court for the District of Columbia reversed the District Court's decision. The Vitamin B-3 defendants, supported by the U.S. Department of Justice, appealed to the United States Supreme Court and oral arguments were heard on April 29, 2004. In June 2004, the United States Supreme Court ruled that foreign purchasers could not sue in U.S. courts under U.S. antitrust statutes if the conduct at issue resulted in purely foreign harm. However, the Court left open potential claims where foreign injuries suffered by foreign plaintiffs were dependent upon domestic harm resulting from conduct that violates the U.S. antitrust laws. The Supreme Court remanded the matter to the Circuit Court for briefing on the issue of whether Plaintiffs preserved such a claim in the underlying proceedings, in which case a hearing on the claim would proceed in District Court. The balance of this accrual as of December 31, 2004 was approximately \$3,043. This accrual has been recorded in accrued liabilities. Any adjustments to this liability will be recorded as part of discontinued operations.

Sale of Rutherford Chemicals

The Company completed the sale of its Rutherford Chemicals business on November 10, 2003. Under the agreement for the sale, the Company provided standard representations and warranties and included various covenants concerning the business, operations, liabilities and financial condition of the Rutherford Chemicals business. Most of such representations and warranties will survive for a period of thirty days after the Buyer's preparation of its audited financial statements for year-end 2004. Therefore, claims for breaches of such representations would have to be brought during that time frame. Certain specified representations and warranties and covenants, such as those relating to employee benefit matters and certain environmental matters, will survive for longer periods and claims under such representations, warranties and covenants could be brought during such longer periods. Under the sale agreement, the Company has indemnified the Buyer for breaches of representations, warranties and covenants. Indemnifications for certain but not all representations and warranties are subject to a deductible of \$750 and a cap at 25 percent of the purchase price. On March 31, 2005, the Company received a claim by the purchasers of the Rutherford Chemicals business claiming breach

88

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(23) CONTINGENCIES -- (CONTINUED)

of representations and warranties contained in the October 2003 Purchase Agreement. The Company is in the process of evaluating the claim and cannot determine at this time if it has any merit.

Under the agreement for sale, the Company has retained the liabilities associated with existing general litigation matters related to Rutherford Chemicals, including Vitamin B-3 as stated above. With respect to certain pre-closing environmental matters, the Company retains the responsibility for: (i) certain existing matters including violations, environmental testing for the New York facility incinerator and off-site liabilities; and (ii) completing the on-going remediation at the New York facility. Further, as a result of the sale of the Bayonne, New Jersey facility, the obligation to investigate site conditions and conduct required remediation under the provisions of the New

Jersey Industrial Site Recovery Act was triggered; and the Company has retained the responsibility for completion of any such investigation and remediation. With respect to all other pre-closing environmental liabilities, whether known or unknown, the Buyer is responsible for the management of potential future matters; however, the Buyer and the Company may share the costs of associated remediation with respect to such potential future matters, subject to certain limitations defined in the agreement for sale. The Company has accrued for exposures which are deemed probable and estimable.

Class Action Matter

In October 2003, the Company was notified of a securities class action lawsuit filed against Cambrex and five former and current Company officers. Five class action suits were filed with the New Jersey Federal District Court. Under the rules applicable to class action litigation, the various plaintiffs appeared in Federal Court on January 12, 2004, and the Court designated the lead plaintiff and selected counsel to represent the class. The cases were also consolidated and an amended complaint was filed on March 30, 2004. The lawsuit has been brought as a class action in the names of purchasers of the Company's common stock from October 21, 1998 through July 25, 2003. The complaint alleges that the Company failed to disclose in timely fashion the January 2003 accounting restatement and subsequent SEC investigation, as well as the loss of a significant contract at the Baltimore facility.

The Company filed a motion to dismiss in May 2004. Thereafter the plaintiff filed a reply brief. The Company responded and is awaiting a decision from the Court. The Company considers the complaints to be substantially without merit and will vigorously defend against them. As such, the Company has recorded no reserves related to this matter.

Securities and Exchange Commission

The Securities and Exchange Commission ("SEC") is currently conducting an investigation into the Company's inter-company accounting procedures from the period 1997-2001. The investigation began in the first half of 2003 after the Company voluntarily disclosed certain matters related to inter-company accounts for the five-year period ending December 31, 2001 that resulted in the restatement of the Company's financial statements for those years. To Cambrex's knowledge, the investigation is limited to this inter-company accounting matter, and the Company does not expect further revisions to its historical financial statements relating to these issues. The Company is fully cooperating with the SEC.

Other

The Company has commitments incident to the ordinary course of business including corporate guarantees of financial assurance obligations under certain environmental laws for remediation, closure and/or third party liability requirements of certain of its subsidiaries and a former operating location; contract provisions for indemnification protecting its customers and suppliers, etc. against third party liability for

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(23) CONTINGENCIES -- (CONTINUED)

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 has agreements whereby we indemnify our officers and directors for certain events or

occurrences while the officer or director is, or was serving, at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have 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 significant based on currently available information, and as such, the Company has no liabilities recorded for these agreements as of December 31, 2004.

In addition to the matters identified above, Cambrex's subsidiaries are party to a number of other proceedings. While it is not possible to predict with certainty the outcome of the Company's litigation matters and various other lawsuits and contingencies, it is the opinion of management based on information currently available that the ultimate resolution of these matters should not have a material adverse effect on the Company's results of operations, cash flows and financial position. These matters, if resolved in an unfavorable manner, could have a material effect on the operating results and cash flows when resolved in a future reporting period.

90

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(24) CONSOLIDATED SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	1ST QUARTER (1) ----- (RESTATED)	2ND QUARTER (1) ----- (RESTATED)	3RD QUARTER (1) (4) ----- (RESTATED)	4TH QUARTER -----	YEAR -----
2004					
Gross sales.....	\$113,549	\$108,951	\$99,250	\$117,365	\$439,115
Net revenues.....	115,632	110,049	100,336	117,640	443,657
Gross profit.....	45,471	42,006	39,194	44,069	170,740
Income/(loss) from continuing operations.....	7,759	6,339	(44,861)	4,871	(25,892)
Loss on discontinued operations.....	(742)	--	(236)	--	(978)
Net income/(loss).....	7,017	6,339	(45,097)	4,871	(26,870)
Basic earnings per share:(2)					
Income/(loss) from continuing operations.....	0.30	0.24	(1.72)	0.19	(0.99)
Loss on discontinued operations.....	(0.03)	--	(0.01)	--	(0.04)
Net income/(loss).....	0.27	0.24	(1.73)	0.19	(1.03)
Diluted earnings per share:(2)					
Income/(loss) from continuing operations.....	0.29	0.24	(1.72)	0.18	(0.99)
Loss on discontinued operations.....	(0.03)	--	(0.01)	--	(0.04)
Net income/(loss).....	0.26	0.24	(1.73)	0.18	(1.03)
Average shares:					
Basic.....	26,001	26,112	26,109	26,154	26,094
Diluted.....	26,605	26,383	26,109	26,540	26,094

	1ST QUARTER (3) -----	2ND QUARTER -----	3RD QUARTER -----	4TH QUARTER -----	YEAR -----
2003					
Gross sales.....	\$105,231	\$103,116	\$95,179	\$102,065	\$405,591
Net revenues.....	106,986	104,169	96,379	103,110	410,644
Gross profit.....	45,254	40,209	36,998	39,945	162,406
Income/(loss) from continuing operations.....	1,564	7,512	(14,901)	6,070	245
Income/(loss) on discontinued operations.....	795	539	(54,611)	(1,031)	(54,308)
Net income/(loss).....	2,359	8,051	(69,512)	5,039	(54,063)
Basic earnings per share:(2)					
Income/(loss) from continuing operations.....	0.06	0.29	(0.58)	0.24	0.01
Income/(loss) on discontinued operations.....	0.03	0.02	(2.12)	(0.04)	(2.11)
Net income/(loss).....	0.09	0.31	(2.70)	0.20	(2.10)
Diluted earnings per share:(2)					
Income/(loss) from continuing operations.....	0.06	0.29	(0.58)	0.23	0.01
Income/(loss) on discontinued operations.....	0.03	0.02	(2.12)	(0.04)	(2.08)
Net income/(loss).....	0.09	0.31	(2.70)	0.19	(2.07)
Average shares:					
Basic.....	25,853	25,732	25,721	25,796	25,775
Diluted.....	26,154	25,973	25,721	26,255	26,174

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- (1) During the 2004 year-end financial reporting process, the Company identified certain accounting adjustments principally related to amortization of leasehold improvements, employee benefit accruals, inventory and taxes that impacted prior years and prior quarters within 2004. The aggregate impact of the prior years' adjustments was a reduction to net income of \$475 and is not considered material to any prior period. The impact on net income for the first, second and third quarters of 2004 was an increase of \$36, an increase of \$229 or \$0.01 per fully diluted share and a decrease of \$666 or \$0.03 per fully diluted share, respectively. The Company has restated the results of the first three quarters of 2004 to reflect these adjustments. The prior years' adjustment of \$475 has been reflected in the restated first quarter results, netting to a \$439 reduction to net income or \$0.02 per fully diluted share. See Note #25.
 - (2) 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.
 - (3) The first quarter 2003 includes a special pre-tax charge of \$11.3 million recorded in operating expenses for the settlement of certain class action lawsuits involving Mylan Laboratories.

91

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

- (24) CONSOLIDATED SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) -- (CONTINUED)
- (4) The third quarter 2004 includes a goodwill impairment charge related to the Baltimore reporting unit of the Biopharma segment of \$48,720.
- (25) RESTATEMENT OF 2004 QUARTERLY RESULTS -- UNAUDITED

During the 2004 year-end financial reporting process, the Company identified certain accounting adjustments principally related to amortization of leasehold improvements, employee benefit accruals, inventory and taxes that impacted prior years and prior quarters within 2004. The cumulative impact of the prior years' adjustments was a reduction to net income of \$475 and is not considered material to any prior period. The prior years' adjustment of \$475 has been reflected in the restated first quarter 2004 results. The impact on net income for the first, second and third quarters of 2004 was a decrease of \$439 or \$0.02 per fully diluted share, an increase of \$229 or \$0.01 per fully diluted share and a decrease of \$666 or \$0.03 per fully diluted share, respectively. The Company has restated the results of the first three quarters of 2004 to reflect these adjustments.

The Company also identified certain adjustments to the December 31, 2003 foreign deferred tax balances, minimum pension liability and other comprehensive income which have been reflected as of March 31, 2004. These adjustments were not considered material to 2003.

The restatement did not have any impact on the Company's cash flows. A summary of the effects of the restatement on the accompanying Consolidated Income Statements and Consolidated Balance Sheets is as follows:

CONSOLIDATED INCOME STATEMENTS

QUARTER ENDED MARCH 31, 2004	

AS PREVIOUSLY REPORTED	AS RESTATED

	----- (UNAUDITED)	----- (UNAUDITED)
Gross sales.....	\$113,592	\$113,549
Cost of goods sold.....	70,517	70,161
Gross profit.....	45,158	45,471
SG&A expenses.....	27,479	27,437
R&D expenses.....	4,722	4,743
Operating profit.....	14,820	15,154
Provision for income taxes.....	3,566	4,339
Income from continuing operations.....	8,198	7,759
Net income.....	7,456	7,017
Diluted EPS, Continuing operations.....	\$ 0.31	\$ 0.29
Diluted EPS, Net income.....	\$ 0.28	\$ 0.26

92

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(25) RESTATEMENT OF 2004 QUARTERLY RESULTS -- UNAUDITED -- (CONTINUED)

	QUARTER ENDED JUNE 30, 2004	
	AS PREVIOUSLY REPORTED ----- (UNAUDITED)	AS RESTATED ----- (UNAUDITED)
Gross sales.....	\$108,951	\$108,951
Cost of goods sold.....	67,969	68,043
Gross profit.....	42,080	42,006
SG&A expenses.....	24,739	24,425
R&D expenses.....	4,665	4,673
Operating profit.....	12,676	12,908
Provision for income taxes.....	3,857	3,860
Income from continuing operations.....	6,110	6,339
Net income.....	6,110	6,339
Diluted EPS, Continuing operations.....	\$ 0.23	\$ 0.24
Diluted EPS, Net income.....	\$ 0.23	\$ 0.24

CONSOLIDATED INCOME STATEMENTS

	QUARTER ENDED SEPTEMBER 30, 2004	
	AS PREVIOUSLY REPORTED ----- (UNAUDITED)	AS RESTATED ----- (UNAUDITED)
Gross sales.....	\$ 99,250	\$ 99,250
Cost of good sold.....	60,454	61,142
Gross profit.....	39,882	39,194
SG&A expenses.....	25,645	25,668
R&D expenses.....	4,512	4,520
Operating loss.....	(38,995)	(39,714)
Provision for income taxes.....	2,555	2,502
Loss from continuing operations.....	(44,195)	(44,861)
Net loss.....	(44,431)	(45,097)
Diluted EPS, Continuing operations.....	\$ (1.69)	\$ (1.72)
Diluted EPS, Net loss.....	\$ (1.70)	\$ (1.73)

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(25) RESTATEMENT OF 2004 QUARTERLY RESULTS -- UNAUDITED -- (CONTINUED)

CONSOLIDATED BALANCE SHEETS

	AS OF MARCH 31, 2004	
	AS PREVIOUSLY	AS RESTATED
	REPORTED	AS RESTATED
	-----	-----
	(UNAUDITED)	(UNAUDITED)
Trade receivables, net.....	\$ 56,263	\$ 56,220
Inventories, net.....	84,324	85,259
Deferred tax assets.....	8,757	6,174
Prepaid expenses and other current assets.....	11,164	10,863
Total current assets.....	234,190	232,198
Property, plant and equipment, net.....	261,173	260,465
Goodwill.....	219,668	218,574
Total assets.....	773,236	769,442
Accrued Liabilities.....	58,626	58,316
Deferred tax liabilities.....	28,998	29,021
Other non-current liabilities.....	48,592	50,515
Total liabilities.....	374,898	376,534
Retained earnings.....	212,457	212,018
Accumulated other comprehensive loss.....	(4,081)	(9,072)
Shareholders' equity.....	\$398,338	\$392,908

CONSOLIDATED BALANCE SHEETS

	AS OF JUNE 30, 2004	
	AS PREVIOUSLY	AS RESTATED
	REPORTED	AS RESTATED
	-----	-----
	(UNAUDITED)	(UNAUDITED)
Trade receivables, net.....	\$ 57,167	\$ 57,124
Inventories, net.....	84,519	85,486
Deferred tax assets.....	8,757	6,174
Prepaid expenses and other current assets.....	21,653	21,347
Total current assets.....	248,233	246,268
Property, plant and equipment, net.....	262,100	261,209
Goodwill.....	219,424	218,330
Total assets.....	787,339	783,389
Accrued Liabilities.....	56,658	56,062
Deferred tax liabilities.....	28,998	28,895
Other non-current liabilities.....	46,993	48,840
Total liabilities.....	383,299	384,447
Retained earnings.....	217,805	217,595
Accumulated other comprehensive loss.....	(3,743)	(8,631)
Shareholders' equity.....	\$404,040	\$398,942

CAMBREX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(25) RESTATEMENT OF 2004 QUARTERLY RESULTS -- UNAUDITED -- (CONTINUED)

AS OF SEPTEMBER 30, 2004

	AS PREVIOUSLY REPORTED	AS RESTATED
	(UNAUDITED)	(UNAUDITED)
Trade receivables, net.....	\$ 56,276	\$ 56,233
Inventories, net.....	88,222	89,060
Deferred tax assets.....	8,757	6,174
Prepaid expenses and other current assets.....	21,184	20,929
Total current assets.....	258,200	256,157
Property, plant and equipment, net.....	265,261	264,187
Goodwill.....	171,514	170,420
Total assets.....	752,519	748,308
Accrued Liabilities.....	59,176	59,085
Deferred tax liabilities.....	28,998	29,351
Other non-current liabilities.....	45,410	47,181
Total liabilities.....	386,856	388,889
Retained earnings.....	172,592	171,716
Accumulated other comprehensive income/(loss).....	3,346	(2,022)
Shareholders' equity.....	\$365,663	\$359,419

95

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

We carried out an evaluation, with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2004. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2004, our disclosure controls and procedures, as defined in Rule 13a-15(e), were effective to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

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). 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, 2004 based on the Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2004.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, has also audited our management's assessment of the effectiveness of our internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2004 as stated in their report which is included herein under Item 8.

MANAGEMENT'S CONSIDERATION OF THE 2004 INTERIM PERIOD RESTATEMENT

In coming to the conclusion that our internal control over financial reporting was effective as of December 31, 2004, our management considered, among other things, a significant control deficiency related to periodic reassessment of the application of generally accepted accounting principles in prior periods, which resulted in the need to restate our previously issued interim financial statements as disclosed in "Note 25" to the accompanying consolidated financial statements included in this Form 10-K. After reviewing and analyzing the Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") No. 99, "Materiality," Accounting Principles Board Opinion No. 28, "Interim Financial Reporting," paragraph 29 and SAB Topic 5 F, "Accounting Changes Not Retroactively Applied Due to Immateriality," and taking into consideration (i) that the restatement adjustments did not have a material impact on the financial statements of interim or annual periods, taken as a whole; (ii) that the cumulative impact of the restatement adjustments on stockholders' equity was not material to the financial statements of prior interim or annual periods; and (iii) that we decided to restate our 2004 quarterly financial statements because the cumulative impact of the error, if recorded in the fourth quarter of 2004, would have been material to the quarter's reported net income, our management concluded that the restatement of the prior period financial statements was not the result of a material weakness in internal control over financial reporting as of December 31, 2004.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management carried out an evaluation, with the participation of our principal executive officer and principal financial officer, of changes in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Based on this evaluation, our management determined that no change in our internal

96

control over financial reporting occurred during the fourth quarter of fiscal 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B OTHER INFORMATION

None

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

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.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES.

The 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 28, 2005, which meeting involves the election of directors, which definitive proxy statement is being filed with the Securities and Exchange Commission pursuant to Regulation 14A.

In addition, information concerning the registrant's executive officers has been included in Part I under the caption "Executive Officers of the Registrant" in this Annual Report on Form 10-K.

PART IV

ITEM 15 EXHIBITS, 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) -----
Report of Independent Registered Public Accounting Firm.....	45
Consolidated Balance Sheets as of December 31, 2004, and 2003.....	47
Consolidated Income Statements for the Years Ended December 31, 2004, 2003 and 2002.....	48
Consolidated Statement of Stockholders' Equity for the Years Ended December 31, 2004, 2003 and 2002.....	49
Consolidated Statements of Cash Flows for the Years Ended December 31, 2004, 2003 and 2002.....	50
Notes to Consolidated Financial Statements.....	51

(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 Firm on Financial Statement Schedule are filed as part of this report.

97

	PAGE NUMBER (IN THIS REPORT) -----
Schedule II -- Valuation and Qualifying Accounts.....	99

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 102-104

The registrant agrees, upon request of the Securities and Exchange Commission, to file as an exhibit each instrument defining the rights of holders of long-term debt of the registrant and its consolidated subsidiaries which has not been filed for the reason that the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis.

(b) Reports on Form 8-K

The following are the Form 8-Ks filed (or furnished) during the fourth quarter, 2004:

October 21, 2004 regarding the press release dated October 18, 2004

announcing an agreement between Cambrex and Ortec International, Inc.

October 21, 2004 regarding the press release dated October 20, 2004 announcing that Cambrex's wholly-owned subsidiary, Cambrex France SARL, acquired Genolife SA.

October 29, 2004 regarding the press release dated October 28, 2004 announcing the financial results for the third quarter of 2004.

SCHEDULE II

CAMBREX CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002
(DOLLARS IN THOUSANDS)

CLASSIFICATION	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	BALANCE BEGINNING OF YEAR	CHARGED TO COST AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	END OF YEAR
		ADDITIONS			
Year Ended December 31, 2004:					
Doubtful trade receivables and returns and allowances.....	\$ 3,281	\$ (369)	\$ 91	\$ 699	\$ 2,304
Inventory and obsolescence provisions.....	15,459	3,390	424	4,905	14,368
Deferred tax valuation allowance.....	53,769	24,550	693	--	79,012
Year Ended December 31, 2003:					
Doubtful trade receivables and returns and allowances.....	\$ 1,672	\$ 1,584	\$ 222	\$ 197	\$ 3,281
Inventory and obsolescence provisions.....	14,412	163	1,374	490	15,459
Deferred tax valuation allowance.....	2,821	49,502	1,446	--	53,769
Year Ended December 31, 2002:					
Doubtful trade receivables and returns and allowances.....	\$ 1,039	\$ 785	\$ --	\$ 152	\$ 1,672
Inventory and obsolescence provisions.....	16,246	3,328	--	5,162	14,412
Deferred tax valuation allowance.....	4,885	(2,360)	296	--	2,821

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/ JOHN R. LEONE

John R. Leone
President and Chief Executive
Officer

Date: March 31, 2005

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/ JOHN R. LEONE

President and Chief Executive
Officer

)

John R. Leone

/s/ JAMES A. MACK

Executive Chairman of the Board of
Directors

)

James A. Mack

/s/ LUKE M. BESHAR

Executive Vice President and Chief
Financial Officer

)

Luke M. Beshar

/s/ GREGORY P. SAGEN

Vice President, Finance and
Principal Accounting Officer

)

Gregory P. Sagen

/s/ ROSINA B. DIXON, M.D.*

Director

)

Rosina B. Dixon, M.D.

/s/ ROY W. HALEY*

Director

)

Roy W. Haley

/s/ KATHRYN RUDIE HARRIGAN, PHD*

Director

)

Kathryn Rudie Harrigan, PhD

/s/ LEON J. HENDRIX, JR.*

Director

) March 31, 2005

Leon J. Hendrix, Jr.

/s/ ILAN KAUFTHAL*

Director

)

Ilan Kaufthal

/s/ WILLIAM KORB*

Director

)

William Korb

/s/ ROBERT LEBUHN*

Director

)

Robert Lebuhn

100

SIGNATURE

TITLE

DATE

/s/ JOHN R. MILLER*

Director

)

John R. Miller

/s/ PETER G. TOMBROS*

Director

)

Peter G. Tombros

*By /s/ JOHN R. LEONE

John R. Leone
Attorney-in-Fact

101

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
3.1	-- Restated Certificate of Incorporation of registrant, as amended (M)
3.2	-- By Laws of registrant.(E) -- Exhibit 4.2
4.1	-- Form of Certificate for shares of Common Stock of registrant.(A) -- Exhibit 4(a)
4.2	-- Loan Agreement dated September 21, 1994 by and among the registrant, NBD Bank, N.A., United Jersey Bank, National Westminster Bank NJ, Wachovia Bank of Georgia, N.A., BHF-Bank, The First National Bank of Boston, Chemical Bank New Jersey, N.A., and National City Bank.(K)
4.3	-- Loan Agreement dated September 16, 1997 by and among the registrant, Chase Manhattan Bank as Administrative Agent and The First National Bank of Chicago as Documentation Agent. The bank group includes 13 domestic banks and 7 international banks.(Q)
4.4	-- Loan agreements dated November 28, 2001 by and among the registrant, JPMorganChase Bank as administrative agent, JPMorgan Securities Inc. as advisor, lead arranger and bookrunner and Bank of America N.A., The Bank of New York and Fleet National Bank as co-syndication agents.(R)
10.1	-- Purchase Agreement dated July 11, 1986, as amended, between the registrant and ASAG, Inc.(A) -- Exhibit 10(r)
10.2	-- Asset Purchase Agreement dated as of June 5, 1989 between Whittaker Corporation and the registrant.(C) -- Exhibit 10(a)
10.3	-- Asset Purchase Agreement dated as of July 1, 1991 between Solvay Animal Health, Inc. and the registrant.(F)
10.4	-- Asset Purchase Agreement dated as of March 31, 1992 between Hexcel Corporation and the registrant.(H)
10.5	-- Stock Purchase Agreement dated as of September 15, 1994 between Akzo Nobel AB, Akzo Nobel NV and the registrant, for the purchase of Nobel Chemicals AB.(K)
10.6	-- Stock Purchase Agreement dated as of September 15, 1994 between Akzo Nobel AB, Akzo Nobel and the registrant, for the purchase of Profarmaco Nobel, S.r.l.(K)
10.7	-- Stock purchase agreement dated as of October 3, 1997 between

BioWhittaker and the registrant.(Q)

- 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 Purchase agreement.(T)
- 10.10 -- 1983 Incentive Stock Option Plan, as amended.(B)
- 10.11 -- 1987 Long-term Incentive Plan.(A) -- Exhibit(g)
- 10.12 -- 1987 Stock Option Plan.(B)
- 10.13 -- 1989 Senior Executive Stock Option Plan.(J)
- 10.14 -- 1992 Stock Option Plan.(J)
- 10.15 -- 1993 Senior Executive Stock Option Plan.(J)
- 10.16 -- 1994 Stock Option Plan.(J)
- 10.17 -- 1996 Performance Stock Option Plan.(N)
- 10.18 -- 1998 Performance Stock Option Plan.(S)
- 10.19 -- 2000 Performance Option Plan.(S)

See legend on following page

102

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
10.20	-- Form of Employment Agreement between the registrant and its executive officers named in the Revised Schedule of Parties thereto.(D) -- Exhibit 10.A
10.21	-- Revised Schedule of Parties to Employment Agreement (exhibit 10.20 hereto).(M)
10.22	-- Cambrex Corporation Savings Plan.(I)
10.23	-- Cambrex Corporation Supplemental Retirement Plan.(L)
10.24	-- Deferred Compensation Plan of Cambrex Corporation.(L)
10.25	-- Amendment to Deferred Compensation Plan of Cambrex Corporation (Exhibit 10.24 hereto).(P)
10.26	-- Cambrex Earnings Improvement Plan.(L)
10.27	-- Consulting Agreement dated December 15, 1994 between the registrant and Arthur I. Mendolia.(L)
10.28	-- Consulting Agreement dated December 15, 1995 between the registrant and Cyril C. Baldwin, Jr.(L)
10.29	-- Consulting Agreement between the registrant and James A. Mack.(L)

- 10.30.1 -- Additional Retirement Payment Agreement dated December 15, 1994 between the registrant and Arthur I. Mendolia.(L)
- 10.31 -- Additional Retirement Payment Agreement dated December 15, 1994 between the registrant and Cyril C. Baldwin, Jr.(L)
- 10.32 -- Additional Retirement Payment Agreement between the registrant and James A. Mack.(L)
- 10.33 -- 2001 Performance Stock Option Plan.(U)
- 10.34 -- 2003 Performance Stock Option Plan.(U)
- 10.35 -- 2004 Performance Incentive Plan.(V)
- 10.36 -- Directors' Common Stock Fee Payment Plan Agreement for N. David Eansor.(V)
- 10.40 -- Registration Rights Agreement dated as of June 6, 1985 between the registrant and the purchasers of its Class D Convertible Preferred stock and 9% Convertible Subordinated Notes due 1997.(A) -- Exhibit 10(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, 1996 between the registrant and American Stock Transfer and Trust Company.(O)
- 10.50 -- Manufacturing Agreement dated as of July 1, 1991 between the registrant and A.L. Laboratories, Inc.(G)
- 21 -- Subsidiaries of registrant.(M)
- 23 -- Consent of PricewaterhouseCoopers LLP to the incorporation by reference of its report herein in Registration Statement Nos. 333-57404, 333-22017, 33-21374, 33-37791, 33-81780 and 33-81782 on Form S-8 of the registrant.(M)
- 24 -- Powers of Attorney to sign this report.(M)
- 31.1 -- CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(M)
- 31.2 -- CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(M)
- 32.1 -- CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(W)
- 32.2 -- CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(W)

See legend on following page

(Registration No. 33-16419).

- (B) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-21374) and Amendment No. 1.
- (C) Incorporated by reference to registrant's Annual Report on Form 10-K dated June 5, 1989.
- (D) Incorporated by reference to the indicated Exhibit to registrant's Annual Report on Form 10-K for 1989.
- (E) Incorporated by reference to the indicated Exhibit to registrant's Registration Statement on Form S-8 (Registration No. 33-37791).
- (F) Incorporated by reference to registrant's Current Report on Form 8-K dated July 1, 1991.
- (G) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1991.
- (H) Incorporated by reference to the registrant's Current Report on Form 8-K dated April 10, 1992 and Amendment No. 1 to its Current Report.
- (I) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-81780) dated July 20, 1994.
- (J) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 33-81782) dated July 20, 1994.
- (K) Incorporated by reference to registrant's Current Report on Form 8-K dated October 26, 1994.
- (L) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1994.
- (M) Filed herewith.
- (N) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-22017) dated February 19, 1997.
- (O) Incorporated by reference to the registrant's Current Report on Form 8-A dated June 12, 1996.
- (P) Incorporated by reference to the registrant's Annual Report on Form 10-K for 1995.
- (Q) Incorporated by reference to the registrant's Current Report on Form 8-K dated October 8, 1997.
- (R) Incorporated by reference to the registrant's Current Report on Form 8-K dated December 4, 2001.
- (S) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-57404) dated March 22, 2001.
- (T) Incorporated by reference to the registrant's Current Report on Form 8-K dated November 10, 2003.
- (U) Incorporated by reference to registrant's Registration Statement on Form S-8 (Registration No. 333-113612) dated March 15, 2004.

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

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 03:30 PM 06/07/2001
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CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

CAMBREX CORPORATION

PURSUANT TO SECTION 242 OF THE GENERAL CORPORATION
LAW OF THE STATE OF DELAWARE

CAMBREX CORPORATION (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "General Corporation Law"), hereby certifies as follows:

FIRST: That the Board of Directors of the Corporation, at a meeting of its members, duly adopted a resolution setting forth the following proposed amendment to the Certificate of Incorporation of the Corporation and declaring such amendment to be advisable:

1. The Certificate of Incorporation of the Corporation is hereby amended by the amendment of the first paragraph of ARTICLE FOURTH thereof to read in its entirety as follows:

FOURTH: The total number of shares or all classes of stock which the Corporation shall have the authority to issue is 106,263,835 shares, consisting of 400,000 shares of Class A 8.25% Cumulative Preferred Stock, par value \$.10 per share (the "Class A Preferred"), 40,597 shares of Class B 8.25% Cumulative Convertible Preferred Stock, par value \$.10 per share (the "Class B Preferred"), 19,403 shares of Class C Convertible

Preferred Stock, par value \$.10 per share (the "Class C Preferred"), 73,089 shares of Class D 8% Convertible Preferred Stock, par value \$.10 per share (the "Class D Preferred"), 5,000,000 shares of Series Preferred Stock, par value \$.10 per share (the "Series Preferred Stock"), 730,746 shares of Nonvoting Common Stock, par value \$.10 per share (the "Nonvoting Common"), and 100,000,000 shares of Common Stock, par value \$.10 per share (the "Voting Common"). The Class B Preferred and the Class C Preferred are referred to herein collectively as the "1981 Convertible Preferred Stock"; the 1981 Convertible Preferred Stock and the Class A Preferred are referred to herein collectively as the "1981 Preferred Stock"; the 1981 Preferred Stock and the Class D Preferred are referred to herein collectively as the "Preferred Stock"; and the Voting Common and the Nonvoting Common are referred to herein collectively as the "Common Stock". A share of Preferred Stock will be referred to herein as a "Share". The Voting Common is also referred to herein as the "Class A Common" and the Non-voting Common is also referred to herein as the "Class B Common". Unless otherwise provided, other capitalized terms used in Section A of this Article FOURTH are defined in subdivision VI thereof, other capitalized terms used in Section C of this Article FOURTH are defined in subdivision VIII thereof and definitions set forth in any Section of this Article FOURTH apply

only to capitalized terms used in such Section. All cross-references in each Section of this Article FOURTH refer to other parts, paragraphs and subdivisions in such Section unless otherwise indicated; and further

SECOND: That at a special meeting and vote of the stockholders of the Corporation called and held in accordance with Section 222 of the General Corporation Law on April 26, 2001, a majority of the outstanding stock entitled to vote thereon has voted in favor of the foregoing amendment.

THIRD: The Amendment to the Certificate of Incorporation of the Corporation set forth in paragraph FIRST above was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law.

IN WITNESS WHEREOF, I, the undersigned Steven M. Klosk, being the Executive Vice President-Administration, for the purpose of amending the Certificate of Incorporation of the Corporation pursuant to Section 242 of the General Corporation Law of the State of Delaware, do make and file this Certification, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set my hand, this 7th day of June, 2001.

[Corporate Seal]

-s- Steven M. Klosk

Steven M. Klosk
Executive Vice President-Administration

ATTEST:

-s- Peter E. Thauer

Peter E. Thauer
Secretary

877273090

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FILED

SEP 30 1987 1PM

[ILLEGIBLE]

[ILLEGIBLE]

Restated Certificate of Incorporation
of
Cambrex Corporation

Cambrex Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Cambrex Corporation. The Corporation was originally incorporated under the name "CasChem Group, Inc.". The date of filing its original Certificate of Incorporation with the Secretary of State is October 11, 1983.

2. This Restated Certificate of Incorporation restates and integrates and further amends the Certificate of Incorporation of the Corporation by amending ARTICLES SIXTH and EIGHTH thereof.

3. The text of the Certificate of Incorporation of the Corporation, as amended, or supplemented heretofore is further amended hereby to read as herein set forth in full:

FIRST: The name of the Corporation is:

Cambrex Corporation

SECOND: The address of its registered office in the State of Delaware is No. 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations

3686C

may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 26,263,835 shares, consisting of 400,000 shares of Class A 8.25% Cumulative Preferred Stock, par value \$.10 per share (the "Class A Preferred"), 40,597 shares of Class B 8.25% Cumulative Convertible Preferred Stock, par value \$.10 per share (the "Class B Preferred"), 19,403 shares of Class C Convertible Preferred Stock, par value \$.10 per share (the "Class C Preferred"), 73,089 shares of Class D 8% Convertible Preferred Stock, par value \$.10 per share (the "Class D Preferred"), 5,000,000 shares of Series Preferred Stock, par value \$.10 per share (the "Series Preferred Stock"), 730,746 shares of Nonvoting Common Stock, par value \$.10 per share (the "Nonvoting Common"), and 20,000,000 shares of Common Stock, par value \$.10 per share (the "Voting Common"). The Class B Preferred and the Class C Preferred are referred to herein collectively as the "1981 Convertible Preferred Stock"; the 1981 Convertible Preferred Stock and the Class A Preferred are referred to herein collectively as the "1981 Preferred Stock"; the 1981 Preferred Stock and the Class D Preferred are referred to herein collectively as the "Preferred Stock"; and the Voting Common and the Nonvoting Common are referred to herein collectively as the "Common Stock". A share of Preferred Stock will be referred to herein as a "share". The Voting Common is also referred to herein as the "Class A Common" and the Non-voting Common is also referred to herein as the "Class B Common". Unless otherwise provided, other capitalized terms used in Section A of this Article FOURTH are defined in subdivision VI thereof, other capitalized terms used in Section C of this Article FOURTH are defined in subdivision VIII thereof and definitions set forth in any Section of this Article FOURTH apply only to capitalized terms used in such Section. All cross-references in each Section of this Article FOURTH refer to other parts, paragraphs and subdivisions in such Section unless otherwise indicated.

The following is a statement of the designations, and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, in respect of each class of stock of the Corporation:

-2-

SECTION A. 1981 PREFERRED STOCK

I. Terms Applicable Only to Class A Preferred and Class B Preferred.

1. Dividends.

1A. General Obligation. When and as declared by the board of directors of the Corporation and to the extent permitted under applicable law,

the Corporation will pay preferential dividends to the holders of the Class A Preferred and the Class B Preferred as provided in this part 1. Except as otherwise provided herein, dividends on each Share of Class A Preferred will accrue cumulatively on a daily basis at the rate of 8.25% per annum of the Liquidation Value thereof from and including the first day after the end of the calendar quarter next preceding the date of issuance of such Share to and including the date on which the Redemption Price of such Share is paid. Dividends on each Share of Class B Preferred will accrue cumulatively on a daily basis at the rate of 8.25% per annum of the Purchase Price thereof from and including the first day after the end of the calendar quarter next preceding the date of issuance of such Share to and including the date on which the Redemption Price of such Share is paid or the date on which such Share is converted. Dividends on the Class A Preferred and the Class B Preferred will accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payments of dividends. The date on which the Corporation initially issues any Share will be deemed to be its "date of issuance" regardless of the number of times transfer of such Share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such Share. Notwithstanding the foregoing, the payment of any dividend accrued on the Class A Preferred or the Class B Preferred shall be subject to the provisions of Section C, subdivision VII. 2C. hereof.

1B. Dividend Reference Dates. To the extent not paid on each March 31, June 30, September 30 and December 31, beginning December 31, 1983 (the "Dividend Reference Dates"), all dividends which have accrued on each Share of Class A Preferred outstanding during the three-month period (or other period in the case of the initial Dividend Reference Date) ending upon any such Dividend Reference Date will be added to the Liquidation Value of such Share and will remain a part thereof until such dividends are paid. All dividends which have accrued on each Share of Class B Preferred outstanding during the three-month period (or other period in the case of

-3-

the initial Dividend Reference Date) ending upon any Dividend Reference Date will become payable on such Dividend Reference Date to the extent declared by the Corporation's board of directors.

1C. Distribution of Partial Dividend Payments. If at any time the Corporation pays less than the total amount of dividends then accrued with respect to the Class A Preferred or the Class B Preferred, such payment will be distributed among the holders of such class so that an equal amount will be paid with respect to each outstanding Share.

2. Redemptions.

2A. Class A Scheduled Redemptions. The Corporation will redeem 200,000 Shares of Class A Preferred (or such lesser number then outstanding) on December 31 of each year, commencing in 1989 and ending in 1990 (the "Class A Scheduled Redemption Dates"), at a price per Share equal to the Redemption Price thereof.

2B. Class A Optional Redemptions. The Corporation may at any time redeem all or any portion of the Class A Preferred then outstanding at a price per Share equal to the Redemption Price. No redemption of Class A Preferred pursuant to this subdivision may be made for less than 50,000 Shares (or such lesser number of Shares then outstanding), and redemptions made pursuant to this subdivision will not relieve the Corporation of its obligation to redeem Shares on the Class A Scheduled Redemption Dates.

2C. Class B Scheduled Redemptions. The Corporation will redeem 20,299 Shares of Class B Preferred (or such lesser number then outstanding) on December 31 of each year, commencing in 1991 and ending in 1992 (the "Class B Scheduled Redemption Dates"), at a price per Share equal to the Redemption Price thereof; provided that the Shares of Class B Preferred to be redeemed pursuant

to this subdivision will be subject to the right of offset set forth in subdivision 1B of subdivision IV and, to the extent the right of offset is exercised, the Corporation's redemption obligation will be reduced.

2D. No Redemption During Certain Class D Preferred Events of Noncompliance. Anything herein contained to the contrary notwithstanding, the making by the Corporation of any payment in respect of redemption of any Shares of 1981 Preferred Stock shall be subject to the provisions of Section C, subdivision VII. 2C. hereof.

-4-

3. Voting Rights. Except as provided herein or as otherwise provided by law, the Class A Preferred and the Class B Preferred will have no voting rights.

II. Terms Applicable to All Classes of 1981 Preferred Stock.

1. Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, each holder of 1981 Preferred Stock will be entitled to be paid, before any distribution or payment is made upon any Junior Securities of the Corporation, an amount in cash equal to the aggregate Liquidation Value of all Shares held by such holder, and the holders of 1981 Preferred Stock will not be entitled to any further payment; provided, however, except as provided in Section C, subdivision V.2., no payment upon any liquidation, dissolution or winding up of the Corporation may be made with respect to any 1981 Preferred Stock unless each holder of Class D Preferred shall have received payment in cash of an amount equal to the aggregate Liquidation Value of the shares of Class D Preferred held by such holder. The Corporation will mail written notice of such liquidation, dissolution or winding up, not less than 60 days prior to the payment date stated therein, to each record holder of 1981 Preferred Stock. Neither the consolidation or merger of the Corporation into or with any other corporation or corporations, nor the sale or transfer by the Corporation of all or any part of its assets, nor the reduction of the capital stock of the Corporation, will be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this part 1.

2. General Terms of Redemptions.

2A. Redemption Price. For each Share of 1981 Preferred Stock which is to be redeemed, the Corporation will be obligated on the Redemption Date to pay to the holder thereof (upon surrender by such holder at the Corporation's principal office of the certificate representing such Share) an amount in cash equal to the respective Liquidation Value of such Share (the "Redemption Price"). If the funds of the Corporation legally available for redemption of Shares of any class of 1981 Preferred Stock on any Redemption Date are insufficient to redeem the total number of Shares of such class to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of Shares pro rata among the holders of the Shares to be redeemed based upon the aggregate Liquidation Value of the Shares to be redeemed. At any time thereafter when additional funds of the Corporation are legally available for the redemption of Shares of such class, such funds will

-5-

immediately be used to redeem the balance of the Shares which the Corporation has become obligated to redeem on any Redemption Date but which it has not redeemed.

2B. Notice of Redemption. The Corporation will mail written notice of each redemption of any class or classes of 1981 Preferred Stock to each record holder of such class or classes, not more than 60 nor less than 30 days prior to the date on which such redemption is to be made. Upon mailing any notice of redemption which relates to a redemption at the Corporation's option,

the Corporation will become obligated to redeem the total number of Shares specified in such notice at the time of redemption specified therein. In case fewer than the total number of Shares represented by any certificate are redeemed, a new certificate representing the number of unredeemed Shares will be issued to the holder thereof without cost to such holder promptly upon surrender of the certificate representing the redeemed Shares.

2C. Determination of the Number of Each Holder's Shares to be Redeemed. Except as otherwise provided in subdivision IV, the number of Shares of a particular class of 1981 Preferred Stock to be redeemed from each holder thereof in redemptions hereunder will be the number of whole Shares determined, as nearly as practicable to the nearest Share, by multiplying the total number of Shares of such class to be redeemed times a fraction, the numerator of which will be the total number of Shares of such class then held by such holder and the denominator of which will be the total number of Shares of such class then outstanding.

2D. Dividends After Redemption Date. No Share of 1981 Preferred Stock is entitled to any dividends accruing after its Redemption Date. On such Redemption Date all rights of the holder of such Share will cease, and such Share will not be deemed to be outstanding.

2E. Redeemed or Otherwise Acquired Shares. Any Shares of 1981 Preferred Stock which are redeemed or otherwise acquired by the Corporation will be cancelled and will not be reissued, sold or transferred.

2F. Other Redemptions or Acquisitions. Neither the Corporation nor any Subsidiary will redeem or otherwise acquire any 1981 Preferred Stock, except as expressly authorized herein or pursuant to a purchase offer made to all holders of the Class A Preferred or the 1981 Convertible Preferred Stock, as the case may be, pro rata based upon the

-6-

aggregate Liquidation Value of the Shares of such class or classes of 1981 Preferred Stock held by each such holder.

2G. Accrued Dividends Must be Paid Prior to Any Redemption. The Corporation may not redeem any Shares of a particular class of 1981 Preferred Stock, unless all dividends accrued on the outstanding Shares of such class of 1981 Preferred Stock through the immediately preceding Dividend Reference Date have been paid in full.

3. Events of Noncompliance.

3A. Definition. An Event of Noncompliance will be deemed to have occurred if:

(i) the Corporation fails to pay on any Dividend Reference Date the full amount of dividends then accrued on the Class A Preferred or the Class B Preferred, whether or not such payment is legally permissible;

(ii) the Corporation fails to make any redemption payment with respect to the 1981 Preferred Stock which it is obligated to make, whether or not such payment is legally permissible;

(iii) the Corporation breaches or otherwise fails to perform or observe any other covenant or agreement with respect to the 1981 Preferred Stock set forth in this Article FOURTH or in the Exchange Agreement;

(iv) any material representation or warranty contained in the Exchange Agreement or required to be furnished to any transferor of 1981 Preferred Stock pursuant to the Exchange Agreement on or before the date of issuance of the 1981 Preferred Stock is false or misleading in any material respect on the date made or furnished;

(v) any written information furnished by the Corporation or any Subsidiary to any holder of 1981 Preferred Stock pursuant to the Exchange Agreement after the date of issuance of the 1981 Preferred Stock is, to the Corporation's or such Subsidiary's knowledge after due inquiry, false or misleading in any material respect on the date made or furnished;

(vi) the Corporation or any Material Subsidiary makes an assignment for the benefit of credi-

-7-

tors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating the Corporation or any Material Subsidiary bankrupt or insolvent under the Bankruptcy Code or the Corporation or any Material Subsidiary is a debtor-in-possession under the Bankruptcy Code; or any order for relief with respect to the Corporation or any Material Subsidiary is entered under the Bankruptcy Code; or the Corporation or any Material Subsidiary petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Corporation or any Material Subsidiary or of any substantial part of the assets of the Corporation or any Material Subsidiary, or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of a Material Subsidiary) relating to the Corporation or any Material Subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against the Corporation or any Material Subsidiary and either (a) the Corporation or any such Material Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein or (b) such petition, application or proceeding is not dismissed within 60 days;

(vii) a judgment in excess of \$500,000 is rendered against the Corporation or any Material Subsidiary and, within 60 days after entry thereof, such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(viii) the Corporation or any Material Subsidiary defaults in the performance of any obligation, if the effect of such default is to cause an amount exceeding \$500,000 to become due prior to its stated maturity, or to permit the holder or holders of such obligation to cause an amount exceeding \$500,000 to become due prior to its stated maturity.

An Event of Noncompliance will not be deemed to have occurred with respect to the matters described in subparagraph 3A(iii) or 3A(iv) if the Corporation establishes that (a) in the case

-8-

of subparagraph 3A(iii), the particular Event of Noncompliance has not been caused by knowing or purposeful conduct by the Corporation or any Subsidiary and the Corporation has exercised, and continues to exercise, best efforts expeditiously to cure the Event of Noncompliance (if cure is possible), (b) in the case of subparagraph 3A(iv), the particular Event of Noncompliance has not been caused by a knowing or willful misstatement or misrepresentation on the part of the Corporation, (c) in the case of both such subparagraphs, the Event of Noncompliance is not material to the Corporation's financial condition, operations, assets or business prospects, and (d) in the case of both such subparagraphs, the Event of Noncompliance is not material to any holder's investment in the 1981 Preferred Stock.

3B. Consequences of Certain Events of Noncompliance.

(i) If an Event of Noncompliance of the type described in subparagraph 3A(iii) has occurred and continued for a period of 30 days or any other Event of Noncompliance has occurred, the dividend rate on the Class A Preferred will increase immediately by an increment of 1/2 percentage point. Thereafter, until such time as no Event of Noncompliance exists, the dividend rate on the Class A Preferred will increase automatically at the end of each succeeding 90-day period by an additional increment of 1/2 percentage point (but in no event will the dividend rate exceed 10.25%). Any increase of the dividend rate resulting from the operation of this subdivision will terminate as of the close of business on the date on which no Event of Noncompliance exists, subject to subsequent increases pursuant to this subdivision.

(ii) If Events of Noncompliance exist for an aggregate of 365 days (whether or not such days are successive), the Conversion Price of the 1981 Convertible Preferred Stock will be reduced immediately by 10% of the Conversion Price in effect immediately prior to such adjustment. Notwithstanding the foregoing, if no Events of Noncompliance exist for a period of 365 successive days, previous days in which Events of Noncompliance existed will not be counted in determining such adjustment. In no event will the Conversion Price adjustment be rescinded, and in no event will there be more than one Conversion Price adjustment pursuant to this subdivision.

-9-

(iii) If an Event of Noncompliance exists, each holder of 1981 Preferred Stock will also have any other rights which such holder may have been afforded under any contract or agreement at any time and any other rights which such holder may have pursuant to applicable law.

III. Priority of 1981 Preferred Stock.

1. Class A Preferred Priority in Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, if the assets of the Corporation to be distributed among the holders of 1981 Preferred Stock are insufficient to permit payment to such holders of the aggregate amount which they are entitled to be paid, then the assets of the Corporation to be distributed to such holders will be distributed (i) first to the holders of Class D Preferred pursuant to Section C, subdivision V.1., (ii) second, to the holders of Class A Preferred, until such holders are paid the aggregate amount which they are entitled to be paid, or, if the assets to be distributed are insufficient for such purpose, the entire assets to be distributed will be distributed ratably among such holders based upon the aggregate Liquidation Value of Class A Preferred held by each such holder, and (iii) third, the balance (if any) will be distributed ratably among the holders of 1981 Convertible Preferred Stock based upon the aggregate Liquidation Value of the 1981 Convertible Preferred Stock held by each such holder; provided, however, the priority established by clauses (i) and (ii) shall be subject to Section C, subdivision V.2.

2. Class A Preferred Priority on Dividends, Redemptions, etc. So long as any Class A Preferred remains outstanding, neither the Corporation nor any Subsidiary will redeem, purchase or otherwise acquire any 1981 Convertible Preferred Stock or any Junior Securities (except in connection with conversions thereof), nor will the Corporation declare or pay any dividend or make any distribution upon any 1981 Convertible Preferred Stock or any Junior Securities of the Corporation, if immediately after such redemption, purchase, acquisition, dividend or distribution any Event of Noncompliance of the type described in subdivision 3A(i) or 3A(ii) of subdivision II would exist with respect to the Class A Preferred.

3. Class B Preferred Priority on Dividends, Redemptions, etc. So long as any Class B Preferred remains outstanding, neither the Corporation nor any Subsidiary will redeem, purchase or otherwise acquire any Class C Preferred or any Junior Securities (except in connection with conver-

sions thereof), nor will the Corporation declare or pay any dividend or make any other distribution upon any Class C Preferred or any Junior Securities of the Corporation, if immediately after such redemption, purchase, acquisition, dividend or distribution any Event of Noncompliance of the type described in subdivision 3A(i) or 3A(ii) of subdivision II would exist with respect to the Class B Preferred.

IV. Terms Applicable Only to 1981 Convertible Preferred Stock.

1A. Optional Redemptions. The Corporation may redeem all or any portion of the 1981 Convertible Preferred Stock after the earlier of (i) the date of closing with the underwriters of the first firm commitment underwriting of Common Stock, whether for the account of the Corporation or for others, having a gross price per share equal to at least 150% of the Conversion Price in effect on such date and an aggregate price to the public for the Common Stock which, when added to the aggregate price to the public of any similar prior registered offerings with gross purchase prices per share of Common Stock equal to at least 150% of the respective Conversion Prices in effect on the respective dates of such sales, shall equal at least \$5,000,000, or (ii) the date on which the Corporation shall have received gross proceeds from the sale of Common Stock for its account for a gross purchase price per share equal to at least 200% of the Conversion Price in effect on the date of such sale, which proceeds, when added to the proceeds of any other such sale or sales of Common Stock for gross purchase prices per share equal to at least 200% of the respective Conversion Prices at the respective dates of sale, shall equal at least \$5,000,000; provided that no more than one redemption pursuant to clause (i) or (ii) may be made in any twelve-month period and no 1981 Convertible Preferred Stock may be redeemed pursuant to clause (ii) prior to December 31, 1986. All redemptions of 1981 Convertible Preferred Stock pursuant to this subdivision will be made pro rata among the Class B Preferred and the Class C Preferred based upon the the aggregate Liquidation Value of the Shares then outstanding. For the purposes of the foregoing clause (ii), the sale by the Corporation of any stock or securities convertible into or exchangeable for Common Stock (such convertible or exchangeable stock or securities being called "Convertible Securities" in this subdivision) shall be deemed to be the sale of Common Stock on the date upon which such Convertible Securities are converted into or exchanged for Common Stock, and the gross proceeds received by the Corporation upon the sale of such Convertible Securities plus the amount of any additional consideration paid to the Corporation upon the

conversion or exchange thereof shall be deemed to be gross proceeds received from such sale of Common Stock. No redemptions of 1981 Convertible Preferred Stock pursuant to this subdivision may be made for less than 5,000 Shares (or such lesser number of Shares then outstanding), and redemptions made pursuant to this subdivision will not relieve the Corporation of its obligation to redeem Shares on the Class B Scheduled Redemption Dates pursuant to subdivision 2C of subdivision I.

1B. Right of Offset. Upon the receipt of any notice of redemption under this part 1 or under subdivision 2C of subdivision I, any holder of 1981 Convertible Preferred Stock or Class B Preferred, as the case may be, will have the right (exercisable by notifying the Corporation at least two days prior to the date specified for redemption in the redemption notice) to reduce the number of Shares of the particular class to be redeemed from such holder at such time by a number of Shares not exceeding the sum of the number of Offset Shares of such class of 1981 Convertible Preferred Stock held by such holder at the time of such redemption; provided that in the case of the final Class B Scheduled Redemption or a redemption at the Corporation's option in which all outstanding 1981 Convertible Preferred Stock will be redeemed, a holder of 1981 Convertible

Preferred Stock or Class B Preferred, as the case may be, may apply Offset Shares to reduce the number of Shares to be redeemed from such holder in such redemption only to the extent such holder converts or has converted the Shares which are to be redeemed at such time. Each holder of 1981 Convertible Preferred Stock or Class B Preferred, as the case may be, will be deemed to so apply a number of Offset Shares equal to the excess (if any) of the number of Shares of the particular class of 1981 Convertible Preferred Stock to be redeemed from such holder in any redemption over the number of Shares of such class held by such holder as of the time of such redemption.

1C. Determination of the Number of Each Holder's Shares to be Redeemed. The number of Shares of a particular class of 1981 Convertible Preferred Stock to be redeemed from each holder thereof in redemptions by the Corporation under this part 1 and subdivision 2C of subdivision I will be the number of whole Shares, as nearly as practicable to the nearest Share, determined by multiplying the total number of Shares of the particular class of 1981 Convertible Preferred Stock to be redeemed times a fraction, the numerator of which will be the total number of Shares and Offset Shares of such class then held by such holder and the denominator of which will be the total number of Shares and Offset Shares of such

-12-

class then outstanding; provided that the number of Shares so determined to be redeemed from any holder will be reduced by the number of Offset Shares such holder applies to such redemption.

2. Conversions.

2A. Conversion Procedure.

(i) At any time up to two days prior to the Redemption Date of any Share, any holder of 1981 Convertible Preferred Stock may convert all or any portion of such holder's Shares of 1981 Convertible Preferred Stock into a number of shares of the Conversion Stock computed by multiplying the number of Shares to be converted by \$83.75 and dividing the result by the Conversion Price then in effect. For purposes of this subdivision, "Conversion Stock" means the Non-Voting Common in the case of Class B Preferred and the Voting Common in the case of Class C Preferred.

(ii) Each conversion of 1981 Convertible Preferred Stock will be deemed to have been effected as of the close of business on the date on which the certificate or certificates representing the 1981 Convertible Preferred Stock to be converted have been surrendered at the principal office of the Corporation. At such time as such conversion has been effected, the rights of the holder of such 1981 Convertible Preferred Stock as such holder will cease and the Person or Persons in whose name or names any certificate or certificates for shares of Conversion Stock are to be issued upon such conversion will be deemed to have become the holder or holders of record of the shares of Conversion Stock represented thereby.

(iii) As soon as possible after the conversion has been effected, the Corporation will deliver to the converting holder:

(a) a certificate or certificates representing the number of shares of Conversion Stock issuable by reason of such conversion in such name or names and such denomination or denominations as the converting holder has specified;

(b) payment in an amount equal to all accrued dividends with respect to each Share of Class B Preferred converted, which have not been paid prior thereto, plus the amount payable under

-13-

subparagraph (v) below with respect to such conversion; and

(c) a certificate representing any Shares of 1981 Convertible Preferred Stock which were represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which were not converted.

(iv) If for any reason the Corporation is unable to pay any accrued dividends on the Class B Preferred being converted, the Corporation will pay such dividends to the converting holder as soon thereafter as funds of the Corporation are legally available for such payment. At the request of any such converting holder, the Corporation will provide such holder with written evidence of its obligation to such holder.

(v) If any fractional interest in a share of Conversion Stock would, except for the provisions of this subparagraph (v), be deliverable upon any conversion, the Corporation, in lieu of delivering the fractional share therefor, will pay an amount equal to the Market Price of such fractional interest as of the date of conversion; provided that if for any reason the Corporation is unable to pay the Market Price of any such fractional interest, the Corporation will issue such fractional share upon the conversion.

(vi) The issuance of certificates for shares of Conversion Stock upon conversion of 1981 Convertible Preferred Stock will be made without charge to the holders of such 1981 Convertible Preferred Stock for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Conversion Stock.

(vii) The Corporation will not close its books against the transfer of 1981 Convertible Preferred Stock or of Conversion Stock issued or issuable upon conversion of 1981 Convertible Preferred Stock in any manner which interferes with the timely conversion of 1981 Convertible Preferred Stock.

(viii) If the shares of Non-Voting Common issuable by reason of such conversion of Class B Preferred are convertible into or exchangeable for any other stock or securities of the Corporation (including, without limitation, Class A Common), the Corporation will, at the converting holder's option, upon surrender of the

-14-

shares to be converted by such holder as provided above together with any notice or payment required to effect such conversion or exchange of Non-Voting Common, deliver to such holder, or as otherwise specified by such holder, a certificate or certificates representing the stock or securities into which the shares of Non-Voting Common issuable by reason of such conversion are so convertible or exchangeable, registered in such name or names and in such denomination or denominations as such holder has specified.

2B. Conversion Price.

(i) The initial Conversion Price for the 1981 Convertible Preferred Stock will be \$83.75. In order to prevent dilution of the conversion rights granted under this subdivision, the Conversion Price will be subject to adjustment from time to time pursuant to this part 2.

(ii) If and whenever the Corporation issues or sells, or in accordance with subdivision 2C is deemed to have issued or sold, any shares of its Common Stock for a consideration per share less than the Conversion Price in effect immediately prior to the time of such issue or sale, then forthwith upon such issue or sale, the Conversion Price will be

reduced to the Conversion Price determined by dividing (A) an amount equal to the sum of (x) the product derived by multiplying the Conversion Price immediately prior to such issue or sale times the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale, plus (y) the consideration, if any, received by the Corporation upon such issue or sale, by (B) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale; provided that no such adjustment in the Conversion Price will be made in connection with the issuance of (including the issuance of rights and options to purchase) up to an aggregate of 8,000 shares of Class A Common to key employees of the Corporation and its Subsidiaries.

2C. Effect on Conversion Price of Certain Events. For purposes of determining the adjusted Conversion Price under subdivision 2B, the following will be applicable:

(i) Issuance of Rights or Options. If the Corporation in any manner grants any rights or options to subscribe for or to purchase Common Stock or any stock or other securities convertible into or exchangeable for Common Stock (such rights or

-15-

options being herein called "Options" and such convertible or exchangeable stock or securities being herein called "Convertible Securities") and the price per share for which Common Stock is issuable upon exercise of such Options or upon conversion or exchange of such Convertible Securities is less than the Conversion Price in effect immediately prior to the time of the granting of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options will be deemed to be outstanding and to have been issued and sold by the Corporation for such price per share. For purposes of this subdivision, the "price per share for which Common Stock is issuable" will be determined by dividing (A) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such Options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of all such Options, plus in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the issuance or sale of such Convertible Securities and the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options. Except as otherwise provided in subdivision 2C(iii), no adjustment of the Conversion Price will be made when Convertible Securities are actually issued upon the exercise of such Options or when Common Stock is actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. If the Corporation in any manner issues or sells any Convertible Securities and the price per share for which Common Stock is issuable upon such conversion or exchange is less than the Conversion Price in effect immediately prior to the time of such issue or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities will be deemed

-16-

to be outstanding and to have been, issued and sold by the Corporation for such price per share. For the purposes of this subdivision, the "price per share for which Common Stock is issuable" will be determined by dividing

(A) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. Except as otherwise provided in subdivision 2C(iii), no further adjustment of the Conversion Price will be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Conversion Price had been or are to be made pursuant to other provisions of this part 2, no further adjustment of the Conversion Price will be made by reason of such issue or sale.

(iii) Change in Option Price or Conversion Rate. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock change at any time (other than under or by reason of provisions designed to protect against dilution of the type set forth in this part 2 and which have no more favorable effect on the holders of such Options or Convertible Securities than this part 2 would have if this part 2 were included in such Options or Convertible Securities), the Conversion Price in effect at the time of such change will be readjusted to the Conversion Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold. If the purchase price provided for in any Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities, or the rate at which any

-17-

Convertible Securities are convertible into or exchangeable for Common Stock, is reduced at any time under or by reason of provisions with respect thereto designed to protect against dilution of the type set forth herein and which have no more favorable effect on the holders of such Options or Convertible Securities than the provisions hereof would have if the provisions hereof were included in such Options or Convertible Securities, then in the case of the delivery of Common Stock upon the exercise of any such Options or other conversion or exchange of any such Convertible Securities, the Conversion Price then in effect hereunder will forthwith be adjusted to such respective amount as would have been obtained had such Option or Convertible Security never been issued as to such Common Stock and had adjustments been made upon the issuance of the shares of Common Stock delivered, but only if as a result of such adjustment the Conversion Price then in effect hereunder would be reduced.

(iv) Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option or the termination of any right to convert or exchange any Convertible Securities without the exercise of such Option or right, the Conversion Price then in effect hereunder will be adjusted to the Conversion Price which would have been in effect at the time of such expiration or termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued.

(v) Calculation of Consideration Received. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount received by the Corporation therefor. In case any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation will be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Corporation will be the Market Price thereof as of the date of receipt. In case any Common Stock,

Options or Convertible Securities are issued in connection with any merger in which the Corporation is the surviving corporation, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving corporation as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash and securities will be determined jointly by the Corporation and the holders of a majority of the outstanding 1981 Convertible Preferred Stock (based upon the aggregate Liquidation Value thereof). If such parties are unable to reach agreement, the fair value of such consideration will be determined by appraisers jointly selected by the Corporation and the holders of a majority of the outstanding 1981 Convertible Preferred Stock (based upon the aggregate Liquidation Value thereof).

(vi) Integrated Transactions. In case any Option is issued in connection with the issue or sale of other securities of the Corporation, together comprising one integrated transaction in which no specific consideration is allocated to such Option by the parties thereto, the Option will be deemed to have been issued without consideration.

(vii) Treasury Shares. The number of shares of Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Corporation or any Subsidiary, and the disposition of any shares so owned or held will be considered an issue or sale of Common Stock.

(viii) Record Date. If the Corporation takes a record of the holders of Common Stock for the purpose of entitling them (a) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (b) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or upon the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

2D. Subdivision or Combination of Common Stock. If the Corporation at any time subdivides (by any stock split, stock dividend or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced, and if the Corporation at any time combines (by reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased.

2E. Reorganization, Reclassification, Consolidation, Merger or Sale. If any capital reorganization, reclassification, consolidation, merger or any sale of all or substantially all of the Corporation's assets to another Person (collectively any "Organic Change") is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock, then, as a condition to such Organic Change, lawful and adequate provision (in form and substance satisfactory to the holders of a majority of the 1981 Convertible Preferred Stock then outstanding, based upon the aggregate Liquidation Value thereof) will be made whereby each of the holders of 1981 Convertible Preferred Stock will thereafter have the right to acquire and receive in lieu of shares of Conversion Stock immediately theretofore acquirable and receivable upon the conversion of such holder's 1981 Convertible Preferred Stock, such shares of stock, securities or assets as may be issuable or payable with respect to or in exchange for the number of shares

of Conversion Stock immediately theretofore acquirable and receivable upon conversion of the 1981 Convertible Preferred Stock had such Organic Change not taken place. In any such case, appropriate provision will be made with respect to such holder's rights and interests to the end that the provisions of this part 2 and parts 3 and 4 will thereafter be applicable in relation to any shares of stock, securities or assets thereafter deliverable upon the conversion of 1981 Convertible Preferred Stock (including, in the case of any such consolidation, merger or sale in which the successor corporation or purchasing corporation is other than the Corporation, an immediate adjustment of the Conversion Price to the value for the Common Stock reflected by the terms of such consolidation, merger or sale if the value so reflected is less than the Conversion Price in effect immediately prior to such consolidation, merger or sale). The Corporation will not effect any such consolidation, merger or sale, unless prior to the consummation thereof, the successor corporation (if other

-20-

than the Corporation) resulting from consolidation or merger or the corporation purchasing such assets assumes by written instrument (in form reasonably satisfactory to the holders of a majority of the 1981 Convertible Preferred Stock then outstanding, based upon the aggregate Liquidation Value thereof), the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

2F. Certain Events. If any event occurs of the type contemplated by the provisions of this part 2 but not expressly provided for by such provisions, then the board of directors of the Corporation will make an appropriate adjustment in the Conversion Price so as to protect the rights of the holders of 1981 Convertible Preferred Stock; provided that no such adjustment will increase the Conversion Price as otherwise determined pursuant to this part 2 or decrease the number of shares of Conversion Stock issuable upon conversion of each share of 1981 Convertible Preferred Stock.

2G. Notices.

(i) Immediately upon any adjustment of the Conversion Price, the Corporation will send written notice thereof to all holders of 1981 Convertible Preferred Stock.

(ii) The Corporation will send written notice to all holders of 1981 Convertible Preferred Stock at least 20 days prior to the date on which the Corporation closes its books or takes a record (a) with respect to any dividend or distribution upon Common Stock, (b) with respect to any pro rata subscription offer to holders of Common Stock or (c) for determining rights to vote with respect to any Organic Change, dissolution or liquidation.

(iii) The Corporation will also give to the holders of 1981 Convertible Preferred Stock at least 20 days prior written notice of the date on which any Organic Change, dissolution or liquidation will take place.

2H. Mandatory Conversions of Class C Preferred. Notwithstanding anything to the contrary contained in this Article FOURTH, at such time as there is no longer any Class B Preferred outstanding, or at such time as the outstanding Class D Preferred shall be converted pursuant to subdivision VIII.13 of Section C hereof, all outstanding Shares of Class C Preferred (if any) will, without any action on the part of

-21-

the Corporation or the holders thereof, be immediately converted into shares of Voting Common in accordance with the terms of this part 2, and thereafter no

Shares of Class C Preferred will be deemed outstanding and any holder of a certificate of Shares of Class C Preferred will be deemed to be the holder of the number of shares of Voting Common into which the Shares of Class C Preferred represented by such certificate were converted pursuant to this subdivision 2H.

2I. Mandatory Conversions of Class B Preferred. Notwithstanding anything to the contrary contained in this Article FOURTH, at such time as the outstanding Class D Preferred shall be converted pursuant to subdivision VIII.13 of Section C hereof, all outstanding Shares of Class B Preferred (if any) will, without any action on the part of the Corporation or the holders thereof, be immediately converted into shares of Non-Voting Common in accordance with the terms of this part 2, and thereafter no Shares of Class B Preferred will be deemed outstanding and any holder of a certificate of Shares of Class B Preferred will be deemed to be the holder of the number of shares of Non-Voting Common into which the Shares of Class B Preferred represented by such certificate were converted pursuant to this subdivision 2I.

3. Liquidating Dividends. If the Corporation declares a dividend upon the Common Stock payable other than in shares of Common Stock or other than out of earnings or earned surplus (determined in accordance with generally accepted accounting principles, consistently applied) (a "Liquidating Dividend"), then the Corporation will pay to the holders of 1981 Convertible Preferred Stock at the time of payment of a Liquidating Dividend an amount equal to the aggregate value of all Liquidating Dividends which would have been paid on the Conversion Stock had such 1981 Convertible Preferred Stock been converted immediately prior to the date on which a record is taken for such Liquidating Dividend, or, if no record is taken, the date as of which the record holders of Common Stock entitled to such dividends are to be determined. For purposes of this part 3, a dividend other than in cash will not be considered payable out of earnings or earned surplus regardless of whether or not earnings or earned surplus are charged an amount equal to the fair value of such dividend.

4. Purchase Rights. If at any time the Corporation grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "Purchase Rights"), then each holder of

-22-

1981 Convertible Preferred Stock will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder could have acquired if such holder had held the number of shares of Conversion Stock acquirable upon conversion of such holder's 1981 Convertible Preferred Stock immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights; provided that if the Purchase Rights involve voting securities, the Corporation will make available to each holder of Class B Preferred, at such holder's request, Purchase Rights involving non-voting securities which are otherwise identical to the Purchase Rights involving voting securities and which non-voting securities are convertible into such voting securities on the same terms as Class B Common is convertible into Class A Common.

V. Terms Applicable Only to Class C Preferred.

1. Dividends. When and as any dividend or distribution is declared or paid by the Corporation on Common Stock, whether payable in cash, property, securities or rights to acquire securities (except for dividends payable in shares of Common Stock or securities convertible into, or rights to acquire, shares of Common Stock and except for Purchase Rights which the holders of Class C Preferred are entitled to acquire pursuant to part 4 of subdivision IV), the holders of Class C Preferred will be entitled to participate with the holders of Common Stock in such dividend or distribution as set forth in this part 1; provided, however, that the Corporation may pay no dividend and make no distribution on the Class C Preferred (except for the Purchase Rights which the

holders of Class C Preferred are entitled to acquire pursuant to part 4, subdivision IV) unless it first shall have paid all dividends and made all distributions then due on the Class D Preferred; provided further, that the payment of any dividend on the Class C Preferred shall be subject to Section C, subdivision VII.2C. hereof. At the time such dividend or distribution is payable to the holders of Common Stock, the Corporation will pay to each holder of Class C Preferred such holder's share of such dividend or distribution equal to the amount of the dividend or distribution per share of Common Stock payable at such time multiplied by the number of shares of Voting Common obtainable upon conversion of such holder's Class C Preferred.

-23-

2. Voting Rights. Except as otherwise provided by law, the Class C Preferred will be entitled to vote with the Class A Common and Class D Preferred, voting together as a single class, on all matters to be voted on by the Corporation's stockholders, with each Share of Class C Preferred entitled to the number of votes equal to the number of shares of Voting Common obtainable upon conversion of such Share of Class C Preferred. Under no circumstances, however, shall holders of the Class C Preferred, in their capacity as such, have the right to participate in the class vote of any other class of securities, including but not limited to the vote of the holders of Class D Preferred to elect directors pursuant to Section C, subdivision IV.

VI. Miscellaneous.

1. Registration of Transfer. The Corporation will keep at its principal office a register for the registration of 1981 Preferred Stock. Upon the surrender of any certificate representing 1981 Preferred Stock at such place, the Corporation will, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor, representing in the aggregate the number of shares represented by the surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares as is requested by the holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate, and (if applicable) dividends will accrue on the 1981 Preferred Stock represented by such new certificate from the date to which dividends have been fully paid on such 1981 Preferred Stock represented by the surrendered certificate.

2. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing one or more Shares of 1981 Preferred Stock, and in the case of any such loss, theft or destruction, upon receipt of loss bond or other indemnity reasonably satisfactory to the Corporation (provided that if the holder is an institution its own agreement will be satisfactory), the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate representing the number of shares represented by such lost, stolen, destroyed or mutilated certificate, and (if applicable) dividends will accrue on the 1981 Preferred Stock represented by such new certificate from the date to which dividends have been fully

-24-

paid on such 1981 Preferred Stock represented by the lost, stolen, destroyed or mutilated certificate.

3. Definitions.

"Bankruptcy Code" means the federal bankruptcy code, as amended, or any similar federal law then in force.

"Common Stock" means, for purposes of subdivision IV, collectively,

the Class A Common, the Class B Common and any capital stock of any class of the Corporation hereafter authorized which is not limited to a fixed sum or percentage of par or stated value in respect to the rights of the holders thereof to participate in dividends or in the distribution of assets upon any liquidation, dissolution or winding up of the Corporation.

"Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding pursuant to part 2 of subdivision IV, plus the shares of Common Stock obtainable upon conversion of the Class B Preferred and the Class C Preferred outstanding at such time.

"Junior Securities" means any equity securities of any kind (but not including any debt securities convertible into equity securities) which the Corporation or any Subsidiary at any time issues or is authorized to issue other than the Preferred Stock.

"Liquidation Value" of any Share of Class A Preferred as of any particular date will be equal to the sum of \$10 plus any unpaid dividends on such Share added to the Liquidation Value of such Share on any Dividend Reference Date and not thereafter paid; and, in the event of any liquidation, dissolution or winding up of the Corporation or the redemption of such Share, unpaid dividends on such Share will be added to the Liquidation Value of such Share on the payment date in any liquidation, dissolution or winding up or on the Redemption Date, as the case may be, accrued to the close of business on such payment date or Redemption Date.

"Liquidation Value" of any Share of Class B Preferred as of any particular date will be equal to the sum of \$83.75; provided that in the event of any liquidation, dissolution or winding up of the Corporation or the redemption of any such Share, unpaid dividends on such Share will be added to the Liquidation Value of such Share on the payment date in any liquidation, dissolution or winding up or on the

-25-

Redemption Date, as the case may be, accrued to the close of business on such payment date or Redemption Date.

"Liquidation Value" of any Share of Class C Preferred as of any particular date will be \$83.75.

"Market Price" of any security means the average of the closing prices of such security's sales on all securities exchanges on which such security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the representative bid and asked prices quoted in the NASDAQ System as of 4:00 P.M., New York time, or, if on any day such security is not quoted in the NASDAQ System, the average of the high and low bid and asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of 21 days consisting of the day as of which "Market Price" is being determined and the 20 consecutive business days prior to such day. If at any time such security is not listed on any securities exchange or quoted in the NASDAQ System or the over-the-counter market, the "Market Price" will be the fair value thereof determined jointly by the Corporation and the holders of a majority of the 1981 Convertible Preferred Stock (based upon the aggregate Liquidation Value thereof). If such parties are unable to reach agreement, such fair value will be determined by appraisers jointly selected by the Corporation and the holders of a majority of the 1981 Convertible Preferred Stock (based upon the aggregate Liquidation Value thereof).

"Material Subsidiary" means any Subsidiary with respect to which the Corporation has directly or indirectly invested, loaned, advanced or guaranteed

the obligations of, an aggregate amount exceeding \$500,000.

"Non-Voting Common" means shares of the Corporation's authorized but unissued Class B Common; provided that if there is a change such that the securities issuable upon conversion of the Class B Preferred are issued by an entity other than the Corporation or there is a change in the class of securities so issuable then the term "Non-Voting Common" will mean one share of the security issuable upon conversion of the Class B Preferred if such security is issuable in shares, or will mean the smallest unit in which such security is issuable if such security is not issuable in shares.

-26-

"Offset Share": a holder of 1981 Convertible Preferred Stock will be deemed to hold one Offset Share for each Share converted by such holder pursuant to this Article FOURTH at any time prior to such Share's Redemption Date and for each Share otherwise acquired by the Corporation from such holder other than in a redemption, and an Offset Share will cease to be an Offset Share when it is applied to reduce the number of Shares to be redeemed in any Redemption. When any holder transfers any portion of such holder's outstanding Shares to any other Person, the transferor will be deemed to have transferred to the transferee an equal portion of the transferor's Offset Shares, unless the parties to such transaction otherwise agree in a writing deposited with the secretary of the Corporation at the time of such transfer.

"Person" means an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization and a government or any department or agency thereof.

"Exchange Agreement" means the Exchange Agreement by and among the Corporation and certain persons, pursuant to which such persons acquired the Class A Preferred, the Class B Preferred and the Class C Preferred, as such agreement may from time to time be amended in accordance with its terms.

"Purchase Price" of the Class B Preferred equals \$83.75 per Share.

"Redemption Date" as to any Share means the date specified in the notice of any redemption at the Corporation's option or the applicable date specified herein in the case of any other redemption; provided that no such date will be a Redemption Date unless the applicable Redemption Price is actually paid in full on such date, and if not so paid in full, the Redemption Date will be the date on which such Redemption Price is fully paid. If the notice of redemption has been duly given and if on or before the date specified in such notice the funds necessary for such redemption have been reserved and set aside by the Corporation so as to be and continue to be available therefor, then, notwithstanding that any certificate for Shares so called for redemption has not been surrendered for cancellation, after the close of business on such date of redemption, the Shares so called for redemption will no longer be deemed outstanding, the dividends thereon shall cease to accrue, and all rights with respect to Shares so called for redemption, including the rights, if any, to receive notice and to vote, will forthwith after the close of business on such redemption date cease,

-27-

except only the right of the holders thereof to receive the amount payable upon redemption thereof, without interest.

"Subsidiary" means any corporation of which the shares of stock having a majority of the general voting power in electing the board of directors are, at the time as of which any determination is being made, owned by the Corporation either directly or indirectly through Subsidiaries.

"Voting Common" means shares of the Corporation's authorized but

unissued Class A Common; provided that if there is a change such that the securities issuable upon conversion of the Class C Preferred are issued by an entity other than the Corporation or there is a change in the class of securities so issuable then the term "Voting Common" will mean one share of the security issuable upon conversion of the Class C Preferred if such security is issuable in shares, or will mean the smallest unit in which such security is issuable if such security is not issuable in shares.

4. Amendment and Waiver. No amendment, modification or waiver will be binding or effective with respect to any provision of (i) subdivision I without the prior written consent of the holders of a majority of the Class A Preferred and Class B Preferred outstanding at the time such action is taken, (ii) parts 1 or 2 of subdivision III without the prior written consent of the holders of a majority of the Class A Preferred outstanding at the time such action is taken, (iii) part 3 of subdivision III without the prior written consent of the holders of a majority of the Class B Preferred outstanding at the time such action is taken, (iv) subdivision IV without the prior written consent of the holders of a majority of the 1981 Convertible Preferred Stock outstanding at the time such action is taken, (v) subdivision V without the prior written consent of the holders of a majority of the Class C Preferred outstanding at the time such action is taken, or (vi) subdivision II or VI without the prior written consent of the holders of a majority of the 1981 Preferred Stock outstanding at the time such action is taken; provided that no such action will change (a) the rate at which or the manner in which dividends on the Class A Preferred or the Class B Preferred accrue or the times at which such dividends become payable without the prior written consent of the holders of at least 90% of the Class A Preferred and the Class B Preferred then outstanding, (b) the amount payable on redemption of the 1981 Preferred Stock or the times at which redemption of 1981 Preferred Stock is to take place without the prior written consent of the holders of at least 90% of the 1981 Preferred Stock then outstanding, (c) the Conversion Price of the 1981 Convertible Preferred Stock or the number

-28-

of shares or the class of stock into which the 1981 Convertible Preferred Stock is convertible without the prior written consent of the holders of at least 90% of the 1981 Convertible Preferred Stock then outstanding, or (d) the percentage required to approve any change described in clauses (a), (b) and (c) above without the prior written consent of the holders of at least 90% of the Class A Preferred and the Class B Preferred (in the case of (a)), the 1981 Preferred Stock (in the case of (b)) or the 1981 Convertible Preferred Stock (in the case of (c)) then outstanding. For purposes of this part 4, the consent of the holders of the requisite percentage of 1981 Preferred Stock or any class or classes thereof will be determined upon the basis of the aggregate Liquidation Value of the class or classes of 1981 Preferred Stock in question.

5. Generally Accepted Accounting Principles. When any accounting determination or calculation is required to be made hereunder, such determination or calculation (unless otherwise provided) will be made in accordance with generally accepted accounting principles, consistently applied, except that if because of a change in generally accepted accounting principles the Corporation would have to alter a previously utilized accounting method or policy in order to remain in compliance with generally accepted accounting principles, such determination or calculation will continue to be made in accordance with the Corporation's previous accounting methods and policies unless the Corporation has obtained the prior written consent of the holders of a majority of the 1981 Preferred Stock then outstanding (based upon the aggregate Liquidation Value thereof).

6. Notices. All notices referred to herein, except as otherwise expressly provided, will be made by registered or certified mail, return receipt requested, postage prepaid, and will be deemed to have been given when so mailed.

Except as otherwise provided herein, all shares of Class A Common and Class B Common will be identical and will entitle the holders thereof to the same rights and privileges.

1. Voting Rights. Except as otherwise required by law, the Class A Common will be entitled to one vote per share on all matters to be voted on by the Corporation's stockholders and will vote as a single class on all such matters together with the Class C Preferred and Class D

-29-

Preferred as provided herein and the holders of Class B Common will have no right to vote on any matters to be voted on by the Corporation's stockholders. Under no circumstances, however, shall holders of the Class A Common, in their capacity as such, have the right to participate in the class vote of any other class of securities, including but not limited to the vote of the holders of Class D Preferred to elect, as a class, directors, as provided in Section C, subdivision IV. Subject to any required consent of the holders of any class or classes of the Preferred Stock then outstanding, the authorized amount of shares of Class A Common may, without a separate class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

2. Dividends. When and as dividends are declared thereon, whether payable in cash, property or securities of the Corporation, the holders of Class A Common and the holders of Class B Common will be entitled to share equally, share for share, in such dividends; provided that if dividends are declared which are payable in shares of Class A Common or Class B Common, dividends will be declared which are payable at the same rate on both classes of stock, and the dividends payable in shares of Class A Common will be payable to holders of Class A Common and the dividends payable in shares of Class B Common will be payable to holders of Class B Common. No dividend on any share of Common Stock may be declared or paid, however, unless all dividends due on the 1981 Preferred Stock shall have been paid and unless all dividends due on the Class D Preferred shall have been provided for as set forth in Section C, subdivision II.1; provided, however, dividends payable in shares of Common Stock or securities convertible into or rights to acquire Common Stock may be paid.

3. Conversion.

3A. Conversion of Class B Common. Each record holder of Class B Common is entitled at any time to convert any or all of the shares of such holder's Class B Common into the same number of shares of Class A Common; provided that no holder of Class B Common is entitled to convert any share or shares of Class B Common to the extent that, as a result of such conversion, such holder or its affiliates would directly or indirectly own, control or have power to vote a greater quantity of securities of any kind issued by the Corporation than such holder and its affiliates are permitted to own, control or have power to vote under any law or under any regulation, rule or other requirement of any governmental

-30-

authority at any time applicable to such holder and its affiliates.

3B. Conversion Procedure.

(i) Each conversion of shares of Class B Common into shares of Class A Common will be effected by the surrender of the certificate or certificates representing the shares to be converted at the principal office of the Corporation at any time during normal business hours, together with a written notice by the holder of such Class B Common stating that such holder desires to convert the shares, or a stated number

of the shares, of Class B Common represented by such certificate or certificates into Class A Common and that upon such conversion such holder and its affiliates will not directly or indirectly own, control or have the power to vote a greater quantity of securities of any kind issued by the Corporation than such holder and its affiliates are permitted to own, control or have the power to vote under any applicable law, regulation, rule or other governmental requirement (and such statement will obligate the Corporation to issue such Class A Common). Such conversion will be deemed to have been effected as of the close of business on the date on which such certificate or certificates have been surrendered and such notice has been received, and at such time the rights of the holder of the converted Class B Common as such holder will cease and the person or persons in whose name or names the certificate or certificates for shares of Class A Common are to be issued upon such conversion will be deemed to have become the holder or holders of record of the shares of Class A Common represented thereby.

(ii) Promptly after such surrender and the receipt of such written notice, the Corporation will issue and deliver in accordance with the surrendering holder's instructions (a) the certificate or certificates for the Class A Common issuable upon such conversion and (b) a certificate representing any Class B Common which was represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which was not converted.

(iii) If the Corporation in any manner subdivides or combines the outstanding shares of one class of Common Stock, the outstanding shares of the other class of Common Stock will be proportionately subdivided or combined.

-31-

(iv) The issuance of certificates for Class A Common upon conversion of Class B Common will be made without charge to the holders of such shares for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of Class A Common.

(v) The Corporation will not close its books against the transfer of Class B Common or of Class A Common issued or issuable upon conversion of Class B Common in any manner which would interfere with the timely conversion of Class B Common.

4. Registration of Transfer. The Corporation will keep at its principal office (or such other place as the Corporation reasonably designates) a register for the registration of shares of Common Stock. Upon the surrender of any certificate representing shares of any class of Common Stock at such place, the Corporation will, at the request of the registered holder of such certificate, execute and deliver a new certificate or certificates in exchange therefor representing in the aggregate the number of shares of such class represented by the surrendered certificate, and the Corporation forthwith will cancel such surrendered certificate. Each such new certificate will be registered in such name and will represent such number of shares of such class as is requested by the holder of the surrendered certificate and will be substantially identical in form to the surrendered certificate. The issuance of new certificates will be made without charge to the holders of the surrendered certificates for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such issuance.

5. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder will be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing one or more shares of any class of Common Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution its own agreement will be satisfactory), or, in the case

of any such mutilation upon surrender of such certificate, the Corporation will (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

-32-

SECTION C. CLASS D PREFERRED STOCK

I. Issuance in Series and Limitations as to Variations Between Series:

1. Designation and Number of Shares. The Class D Preferred shall be issuable in two series, designated and comprising the numbers of Shares, as follows:

(i) Class D 8% Convertible Preferred Stock-Series 1, par value \$.10 per share (the "Class D-1 Preferred") comprised of 45,681 Shares and no more; and

(ii) Class D 8% Convertible Preferred Stock-Series 2, par value \$.10 per share (the "Class D-2 Preferred") comprised of 27,408 Shares and no more;

2. Issuance of Class D-2 Preferred. Shares of Class D-2 Preferred shall be deemed to be and shall be automatically issued upon the occurrence of the Second Closing under the Note and Stock Purchase Agreements in discharge of the obligations under the Short-Term Promissory Notes-Series 1 at the rate of one share of Class D-2 Preferred for each \$210 principal amount of such Notes, as provided in each such Short-Term Promissory Note-Series 1 and in the Note and stock Purchase Agreements.

3. Limitations as to Variations. The Class D-1 Preferred and the Class D-2 Preferred (collectively referred to as the "Class D Preferred") shall rank equally with each other and shall be identical in all respects, except as provided in subdivision VIII.1A. below with respect to initial Conversion Price and except with respect to date of issue.

II. Dividends.

1. General Obligation. When and as the first cash dividend, if any, is declared or paid by the board of directors of the Corporation on Common Stock in each calendar year, the board of directors shall declare and the Corporation shall pay a dividend at the rate of 8% per annum of the Liquidation Value of the Class D Preferred to the holders thereof as provided in this part II; provided, however, if dividends as declared on the Common Stock and on the Class D Preferred are not permitted under applicable law, dividends declared on the Common Stock shall be reduced so that dividends on the Class D Preferred may be paid. Each such dividend on the Class D Preferred shall be due and payable no later than the date on which the dividend on the

-33-

Common Stock giving rise to such dividend on the Class D Preferred is payable (whether or not the board of directors of the Corporation have declared a dividend on the Class D Preferred); provided, however, that no more than one such 8% dividend shall be paid in any calendar year irrespective of the number of cash dividends which may be declared in such year.

2. Distribution of Partial Dividend Payments. If at any time the Corporation pays less than the total amount of dividends then due and payable with respect to the Class D Preferred, such payment will be distributed among the holders of such class so that an equal amount will be paid with respect to each outstanding Share. No dividend due on the Class C Preferred may be paid

until all amounts then due on the Class D Preferred shall have been paid (except for the Purchase Rights which the holders of Class C Preferred are entitled to acquire pursuant to part 4 of subdivision IV of Section A). No dividend due on the Common Stock may be paid until all amounts then due on the Class D Preferred, as well as any amounts that initially would become due on the Class D Preferred upon the payment to holders of Common Stock, shall have been paid, provided, however, dividends payable in shares of Common Stock or securities convertible into or rights to acquire Common Stock may be paid.

III. Voting Rights.

Except as otherwise provided by law, the Class D Preferred will be entitled to vote with the Class A Common and Class C Preferred, voting together as a single class, on all matters to be voted on by the Corporation's stockholders, with each Share of Class D Preferred entitled to the number of votes equal to the number of shares of Voting Common obtainable upon conversion of such Share of Class D Preferred, calculated as of the date of the record date, for each vote. In addition, the Class D Preferred shall be entitled to vote as a class on matters as to which they are entitled to a class vote under applicable law; provided further that the rights of the Class D Preferred as a class may not be diminished in any way without the approval of 51% of the shares of Class D Preferred.

IV. Class D Directors.

In addition to such voting rights as are described in subdivision III, so long as (i) the Corporation shall not have any class of Common Stock registered under Section 12 of the Securities Exchange Act of 1934 and (ii) the total number of votes to which the holders of the Class D Preferred then

-34-

outstanding shall be entitled exceeds 17% of the total number of votes which may be cast generally for the election of Directors, then the holders of the Class D Preferred outstanding shall have the right, as a class, to nominate, elect and maintain in office two Directors to the board of directors of the Corporation; provided, however, that if at any time the board of directors shall be or shall be authorized to be composed of more than 10 directors the holders of the Class D Preferred outstanding shall have the right, as a class, to nominate and elect a number of additional Directors no greater than necessary to bring the percentage of authorized Directors chosen by the holders of the Class D Preferred pursuant to this subdivision IV to at least 20%. The term of office of any Director elected pursuant to the preceding sentence shall not extend beyond the first to occur of the events specified in clauses (i) and (ii) of such preceding sentence. In any election of directors pursuant to this subdivision IV (and not in an election of directors generally), each holder of Class D Preferred shall be entitled to as many votes as shall equal (x) the number of votes which (except for the provision as to voting set forth in this sentence) such holder would be entitled to cast for the election of directors generally With respect to the shares of Class D Preferred held by such holder multiplied by (y) the number of directors to be elected pursuant to this subdivision IV, and such holder may cast the resulting number of votes for a single director or distribute them among the number of directors to be voted for, or for any two or more of such directors as the holder may see fit.

V. Liquidation.

1. Upon any liquidation, dissolution or winding up of the Corporation, each holder of Class D Preferred will be entitled to be paid, before any distribution or payment is made upon the 1981 Preferred Stock or any Junior Securities, an amount in cash equal to the aggregate Liquidation Value of all Shares held by such holder, and the holders of Class D Preferred will not be entitled to any further payment. If the net assets of the Corporation shall be insufficient to permit the payment to holders of all outstanding shares of all classes of Preferred Stock of the full amounts to which they are entitled, then the assets of the Corporation shall be distributed (i) first to the holders of

the Class D Preferred, until such holders are paid the aggregate amount which they are entitled to be paid, or, if the assets to be distributed are insufficient for such purpose, the entire assets to be distributed will be distributed ratably among such holders based upon the aggregate Liquidation Value of

-35-

the Class D Preferred held by each such holder, and (ii) second, the balance (if any) will be distributed among the holders of all outstanding shares of Preferred Stock other than the Class D Preferred in accordance with the provisions of Section A hereof. The Corporation will mail written notice of such liquidation, dissolution or winding up, not less than 60 days prior to the payment date stated therein, to each record holder of Class D Preferred. Neither the consolidation or merger of the Corporation into or with any other corporation or corporations, nor the sale or transfer by the Corporation of all or any part of its assets, nor the reduction of the capital stock of the Corporation, will be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this subdivision V.

2. Notwithstanding the foregoing, if at any time any Class D Preferred shall have been outstanding for at least three years, is registered under Section 12 of the Securities Exchange Act of 1934, and the Class A Common or other security into which the Class D Preferred shall be convertible has traded on a national securities exchange or NASDAQ on each of 20 consecutive days at a price per share of at least 170% of the then-applicable Conversion Price, then the Class D Preferred shall from such time be pari passu with the Class A Preferred with respect to liquidation preferences, and the rights of holders of shares of Class D Preferred with respect to liquidation shall be the same as if such shares were shares of Class A Preferred.

VI. Redemptions

1. Scheduled Redemptions.

1A. The Corporation will redeem 25% of the original total number of Shares of Class D Preferred issued on the First Closing Date, each of the Delayed First Closing Dates, if any, and the Second Closing Date, if any, or such lesser number then outstanding on June 30 of each year, commencing in 1995 and ending in 1998 (the "Class D Scheduled Redemption Dates") at a price per share equal to the Redemption Price as defined in subdivision VI.3A.

1B. If any Shares of Class D Preferred are converted pursuant to subdivision VIII other than in a situation described in the immediately following sentence, the number of Shares of Class D Preferred thereafter to be redeemed pursuant to subdivision VI.1A. on each subsequent Class D Scheduled Redemption Date shall be reduced in the same proportion as the number of Shares of Class D Preferred outstanding immediately prior to such conversion is reduced

-36-

by the conversion pursuant to subdivision VIII. If a notice of redemption pursuant to subdivision VI.3B. has been given and thereafter any Share or Shares of Class D Preferred to which such notice relates shall have been converted into Common Stock pursuant to Section VIII prior to the Redemption Date to which such notice relates, such Share or Shares shall, for the purposes of subdivision VI.1A. hereof, be deemed to have been redeemed to the extent so converted.

2. Optional Redemptions. The Corporation may not redeem at its option any Shares of Class D Preferred prior to June 30, 1990. The Corporation may, at any time on or after June 30, 1990, at its option, upon notice as provided in subdivision VI.3B., on the date specified in such notice, redeem as a whole, but not in part, all of the shares of Class D Preferred then outstanding at the following prices per Share (expressed as a percentage of the Redemption Price,

as defined in subdivision VI.3A.), together with due and payable but unpaid dividends, if any, to the Redemption Date (as defined in subdivision VI.B.):

Redemption to be made during the 12-month period beginning June 30	Percentage
1990	140%
1991	130
1992	120
1993	110
1994	105
1995	105
1996	105
thereafter	100

3. General Terms of Scheduled and Optional Redemptions.

3A. Redemption Price. For each Share of Class D Preferred which is to be redeemed, the Corporation will be obligated on the Redemption Date to pay to the holder thereof an amount in cash equal to the respective Liquidation Value of such Share (the "Redemption Price"). If the funds of the Corporation legally available for redemption of Shares of the Class D Preferred on any Redemption Date are insufficient to redeem the total number of Shares to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of Shares pro rata among the holders of the Shares to be redeemed and the amount equal to the Redemption Price of the Shares that have not been redeemed because of such insufficiency of funds shall remain

-37-

due and payable and shall be deemed to increase at a rate of 15% per annum until such Shares have been redeemed. At any time thereafter when additional funds of the Corporation are legally available for the redemption of Shares of Class D Preferred, such funds will immediately be used to redeem the balance of the Shares which the Corporation has become obligated to redeem on any Redemption Date but which it has not redeemed including the deemed increase in Redemption Price set forth in the last preceding sentence. No dividends may be paid on the Common Stock so long as there remains due and payable any amount with respect to the Class D Preferred, provided, however, dividends payable in shares of Common Stock or securities convertible into or rights to acquire Common Stock may be paid.

3B. Notice of Redemption. The Corporation will mail written notice of each redemption of Class D Preferred to each record holder of Class D Preferred not more than 60 days nor less than 30 days prior to the date on which such redemption is to be made (the "Redemption Date"), in each case specifying such date, the aggregate number of Shares to be redeemed on such date, the number of Shares held by such holder to be redeemed on such date, the Redemption Price and the dividend due and payable, if any, applicable to such redemption. Each such notice shall be accompanied by an Officers' Certificate certifying that the conditions of subdivision VI.1 or VI.2 have been fulfilled in connection with such redemption and specifying the particulars of such fulfillment. Upon mailing any notice of redemption which relates to a redemption at the Corporation's option, the Corporation will become obligated to redeem all of the Shares of Class D Preferred then outstanding. In the event of a scheduled redemption, if fewer than the total number of Shares represented by any certificate are redeemed, a new certificate representing the number of unredeemed Shares will be issued to the holder thereof without cost to such holder promptly upon the surrender of the certificate representing the redeemed Shares.

3C. Determination of the Number of Each Holder's Shares to be

Redeemed Pursuant to Scheduled Redemptions. The number of Shares of Class D Preferred to be redeemed from each holder thereof in scheduled redemptions hereunder will be the number of whole Shares, as nearly as practicable to the nearest Share, determined by multiplying the total number of Shares of Class D Preferred to be redeemed times a fraction, the numerator of which will be the total number of Shares of Class D Preferred then held by such holder and the denominator of which will be the total number of Shares of Class D Preferred then outstanding, provided, however on the

-38-

last Class D Scheduled Redemption Date, all shares of Class D Preferred shall be redeemed.

3D. Certain Consequences of Redemption. If the notice of redemption has been duly given and if and only if on or before the date specified in such notice the funds necessary for such redemption have been reserved and set aside by the Corporation so as to be and continue to be available therefor, then, notwithstanding that any certificate for Shares so called for redemption has not been surrendered for cancellation, after the close of business on such date of redemption, the Shares so called for redemption will no longer be deemed outstanding, and all rights with respect to Shares so called for redemption, including the rights, if any, to receive notice and to vote, will forthwith after the close of business on such redemption date cease, except only the right of the holders thereof to receive the amount payable upon redemption thereof, without interest.

3E. Redeemed or Otherwise Acquired Shares. Any Shares of Class D Preferred which are redeemed or otherwise acquired by the Corporation will be cancelled and will not be reissued, sold or transferred.

3F. Other Redemptions or Acquisitions. Neither the Corporation nor any Subsidiary will redeem or otherwise acquire any Class D Preferred, except as expressly authorized herein or pursuant to a purchase offer made to all holders of Class D Preferred, pro rata, based upon the number of Shares held by each holder, but no such purchase shall modify the mandatory redemption obligations under subdivision VI.1A.

VII. Events of Noncompliance.

1. Definition.

1A. An Event of Noncompliance will be deemed to have occurred if:

(i) the Corporation fails to pay on any date the full amount of dividends then due and payable on the Class D Preferred, whether or not such payment is legally permissible or the Corporation fails to make any redemption payment with respect to the Class D Preferred which it is obligated to make, whether or not such payment is legally permissible;

(ii) the Corporation breaches or otherwise fails to perform or otherwise observe any covenant or agreement set forth in Section 12.12 of the Note and Stock Purchase Agreements or the Corporation fails to make any prepayment which

-39-

it is obligated to make as set forth in Section 10 of the Note and Stock Purchase Agreements;

(iii) the Corporation breaches or otherwise fails to perform or otherwise observe any covenant or agreement set forth in Sections 12.1, 12.2, 12.4, 12.7(a) and (b) insofar as subsections 12.7(a) and (b) relate to the Corporation or CasChem, of the Note and Stock Purchase Agreements or the

Corporation or CasChem fails to preserve and keep in full force and effect its corporate existence;

(iv) the Corporation breaches or otherwise fails to perform or observe any other covenant or agreement set forth in this Section C of this Restated Certificate of Incorporation, in the Note and Stock Purchase Agreements, in the Notes or in the Registration Rights Agreement;

(v) any material representation or warranty contained in the Note and Stock Purchase Agreements or required to be furnished to any Purchaser of Class 0 Preferred pursuant to the Note and Stock Purchase Agreements on or before the date of issuance of the Class D Preferred is false or misleading in any material respect on the date made or furnished;

(vi) any written information furnished by the Corporation or any Subsidiary to any holder of Class D Preferred pursuant to the Note and Stock Purchase Agreements after the date of issuance of the Class D Preferred is, to the Corporation's or such Subsidiary's knowledge after due inquiry, false or misleading in any material respect on the date made or furnished;

(vii) the Corporation or any Subsidiary makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating the Corporation or any Subsidiary bankrupt or insolvent under the Bankruptcy Code or the Corporation or any Subsidiary is a debtor-in-possession under the Bankruptcy Code; or any order for relief with respect to the Corporation or any Subsidiary is entered under the Bankruptcy Code; or the Corporation or any Subsidiary petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Corporation or any Subsidiary or of any substantial part of the assets of the Corporation or any Subsidiary, or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of a Subsidiary) relating to the Corporation or any Subsidiary under any bankruptcy, reorganization, arrangement, insolvency,

-40-

readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against the Corporation or any Subsidiary and either (a) the Corporation or any such Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein or (b) such petition, application or proceeding is not dismissed within 60 days;

(viii) a judgment in excess of \$500,000 is rendered against the Corporation or any Subsidiary and, within 60 days after entry thereof, such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(ix) the Corporation or any Subsidiary defaults in the performance of any obligation, if the effect of such default is to cause an amount exceeding \$500,000 to become due prior to its stated maturity, or to permit the holder or holders of such obligation to cause an amount exceeding \$500,000 to become due prior to its stated maturity.

1B. An Event of Noncompliance will not be deemed to have occurred with respect to the matters described in subdivision VII.1A.(iv) or VII.1A.(v) if the Corporation establishes that (a) in the case of subdivision VII.1A.(iv), the particular Event of Noncompliance has not been caused by knowing or purposeful conduct by the Corporation or any Subsidiary and the Corporation has exercised, and continues to exercise, best efforts expeditiously to cure the Event of Noncompliance (if cure is possible), (b) in the case of subdivision VII.1A.(v), the particular Event of Noncompliance has not been caused by a knowing or willful misstatement or misrepresentation on the part of the Corporation, (c) in the case of both such subdivisions, the Event of

Noncompliance is not material to the Corporation's financial condition, operations, assets, or business prospects, and (d) in the case of both such subdivisions, the Event of Noncompliance is not material to any holder's investment in the Class D Preferred.

2. Consequence of Certain Events of Noncompliance.

2A. If an Event of Noncompliance of the type described in subdivision VII. 1A.(ii), (iii) or (iv) has occurred and continued for a period of 30 days or any other Event of Noncompliance has occurred, the dividend rate on the Class D Preferred will increase immediately by an increment of 0.5X per annum and dividends shall automatically accrue and shall cumulatively accrue. Thereafter, until such time

-41-

as no Event of Noncompliance exists, the dividend rate on the Class D Preferred will increase automatically at the end of each succeeding 90-day period by an additional increment of 0.5% per annum (but in no event will the dividend rate exceed 10% per annum). Any increase of the dividend rate resulting from the operation of this subdivision will terminate as of the close of business on the date on which no Event of Noncompliance exists, subject to subsequent increases pursuant to this subdivision provided, however, dividends shall continue to accrue automatically (at 8% per annum) and shall cumulatively accrue until 12 months after such Event of Noncompliance shall have been removed and all unpaid dividends due and payable shall have been paid.

2B. If Events of Noncompliance exist for an aggregate of 365 days (whether or not such days are successive), the Conversion Price of the Class D Preferred will be reduced immediately by 10% of the Conversion Price in effect immediately prior to such adjustment. Notwithstanding the foregoing, if no Events of Noncompliance exist for a period of 365 successive days, previous days in which Events of Noncompliance existed will not be counted in determining such adjustment. In no event will the Conversion Price adjustment be rescinded, and in no event will there be more than one Conversion Price adjustment pursuant to this subdivision.

2C. So long as an Event of Noncompliance of the type described in subdivision VII.1A.(i), (ii) or (iii) has occurred and is continuing, no dividends on the 1981 Preferred Stock shall be declared (except for dividends payable in shares of Common Stock or securities convertible into or rights to acquire Common Stock) and the Corporation shall not redeem any shares of 1981 Preferred stock. So long as an Event of Noncompliance of the type described in subdivision VII.1A.(i) or (ii) has occurred and is continuing, no dividends on the 1981 Preferred Stock shall be paid (except for dividends payable in shares of Common Stock or securities convertible into rights to acquire Common Stock). If, prior to the payment of a dividend on the 1981 Preferred Stock, an Event of Noncompliance of the type described in subdivision VII.1A.(iii) has occurred, and if such dividend, on the 1981 Preferred Stock had been declared pursuant to the terms and conditions of the 1981 Preferred Stock and such dividend is payable within 30 days of such declaration, such dividend may be paid provided that such payment is made within 30 days of such declaration. In addition, so long as the Corporation breaches or otherwise fails to perform or observe those provisions of Section 3.1 or 3.2 of the Registration Rights Agreement requiring the Corporation to file registration statements, governing the number of registration rights

-42-

granted, or otherwise requiring the Corporation to include in a registration statement the Common Stock issuable on conversion of Class D Preferred, the Corporation shall not redeem any shares of 1981 Preferred Stock.

2D. If an Event of Noncompliance exists, each holder of Class D

Preferred will also have any other rights which such holder may have been afforded under any contract or agreement at any time and any other rights which such holder may have pursuant to applicable law.

VIII. Conversions.

1. Conversion Procedure.

1A. At any time up to two days prior to the Redemption Date of any Share of Class D Preferred, the holder thereof may convert all or any portion of such holder's Shares of Class D Preferred into a number of shares of the Class A Common computed by multiplying the number of Shares to be converted by \$165 if no Class D-2 Preferred have been issued, or by \$210 if the Class D-2 Preferred have been issued pursuant to the terms of the Note and Stock Purchase Agreements, and dividing the result by the Conversion Price then in effect; provided, however, that no Class D-1 Preferred may be converted until the earlier of the date of issuance of the Class D-2 Preferred and the Cosan Termination Date.

1B. Each conversion of Class D Preferred will be deemed to have been effected as of the close of business on the date on which the certificate or certificates representing the Class D Preferred to be converted have been surrendered at the principal office of the Corporation. At such time as such conversion has been effected, the rights of such holder of such Class D Preferred as such holder will cease and the Person or Persons in whose name or names any certificate or certificates for shares of Class A Common are to be issued upon such conversion will be deemed to have become the holder or holders of record of the shares of Class A Common represented thereby; provided, however, a conversion of Class D Preferred within 10 days after the receipt by a holder of notice of a declaration by the board of directors of the Corporation of a cash dividend on Common Stock will be deemed to have been effected one day prior to the record date for such cash dividend on Common Stock, provided, further that the Class D Preferred so deemed to have been converted shall not be entitled to any dividend on such Class D Preferred resulting from the declaration or payment of such cash dividend on the Common Stock.

-43-

1C. As soon as possible after a conversion has been effected, the Corporation will deliver to the converting holder:

(a) a certificate or certificates representing the number of shares of Class A Common issuable by reason of such conversion in such name or names and such denomination or denominations as the converting holder has specified;

(b) payment in an amount equal to all due and payable dividends with respect to each Share of Class D Preferred converted, which have not been paid prior thereto, plus the amount payable under subdivision VIII.1E. below with respect to such conversion; and

(c) a certificate representing any Shares of Class D Preferred which were represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which were not converted.

1D. If for any reason the Corporation is unable to pay any due and payable dividends on the Class D Preferred being converted, the Corporation will pay such dividends plus an amount equal to 15% per annum of such unpaid dividends, calculated from the date on which payment was due and payable to the date of payment, to the converting holder as soon thereafter as funds of the Corporation are legally available for such payment. At the request of any such converting holder, the Corporation will provide such holder with written evidence of its obligation to such holder. No dividends may be paid on the Common Stock so long as there remain due and payable any dividends or interest with respect to the Class D Preferred, provided, however, dividends payable in

shares of Common Stock or securities convertible into or rights to acquire Common Stock may be paid.

1E. If any fractional interest in a share of Common Stock would, except for the provisions of this subdivision VIII.1E., be deliverable upon any conversion, the Corporation, in lieu of delivering the fractional share therefor, will pay an amount equal to the Conversion Price of such fractional interest as of the date of conversion; provided that if for any reason the Corporation is unable to pay the Conversion Price of any such fractional interest, the Corporation will issue such fractional share upon the conversion.

-44-

1F. The issuance of certificates for shares of Common Stock upon conversion of Class D Preferred will be made without charge to the holders of such Class D Preferred for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Common Stock.

1G. The Corporation will not close its books against the transfer of Class D Preferred or of Common Stock issued or issuable upon conversion of Class D Preferred in any manner which interferes with the timely conversion of Class D Preferred.

2. Conversion Price. The Conversion Price for the Class D-1 Preferred shall initially be \$165, and shall be adjusted at the date the Class D-2 Preferred shall have been issued by the Corporation, at which time the Conversion Price for the Class D-1 Preferred shall become \$210; if no Class D-2 Preferred shall have been issued by the Corporation on or before December 31, 1985 (or such later date as indicated in writing by the holders of at least 50% in principal amount of the Short-Term Promissory Notes, as defined below), such adjustment to the Class D-1 Preferred shall no longer be applicable. The Conversion Price for the Class D-2 Preferred shall initially be \$210. In order to prevent dilution of the conversion rights granted under this subdivision, the Conversion Price of Class D Preferred will be subject to adjustment from time to time pursuant to this subdivision VIII.

3. Adjustment of Conversion Price for Diluting Issues, etc.

3A. Formula Adjustments.

(i) Issuance of Additional Shares of Common Stock. In case the Corporation shall at any time or from time to time after the date of the issuance of the Class D-1 Preferred issue or sell, or be deemed under any provision of this subdivision VIII to have issued or sold, any additional shares of Common Stock (except for issuances excluded pursuant to subdivision VIII.3H.) whether or not subsequently reacquired or retired by the Corporation, without consideration or for a consideration per share which shall be less than the Conversion Price in effect immediately prior to such issue or sale, then and in each such case, the Conversion Price in effect immediately prior to such issue or sale shall be reduced, effective concurrently with such issue or sale,

-45-

to a price (calculated to the nearest cent) determined by dividing,

(a) an amount equal to the sum of (1) the aggregate number of shares of Common Stock outstanding immediately prior to such issue and sale, including, without duplication, those deemed to have been issued under any provision of subdivision VIII, and including, without duplication, the shares of Common Stock into which the Class B Preferred and Class C Preferred may be converted, multiplied by the then existing

Conversion Price, and (2) the consideration, if any, received by the Corporation upon such issue or sale, by

(b) the aggregate number of shares of Common Stock of all classes outstanding immediately after such issue or sale, including, without duplication, those deemed to have been issued under any provision of subdivision VIII and including, without duplication, the shares of Common Stock into which the Class B Preferred and Class C Preferred may be converted.

For all purposes of this clause VIII.3A.(i), the provisions of the following subdivisions VIII.3B. through VIII.3G. shall be applicable.

(ii) Liquidating Dividends. If Group declares a dividend upon the Common Stock payable other than in shares of Common stock or other than out of earnings or earned surplus (determined in accordance with GAAP, consistently applied) (a "Liquidating Dividend"), then Group will pay to the holders of Class D Preferred at the time of payment of a Liquidating Dividend an amount equal to the aggregate value of all Liquidating Dividends which would have been paid. On the Common Stock issuable on conversion of Class D Preferred had such Class D Preferred been converted immediately prior to the date on which a record is taken for such Liquidating Dividend, or, if no record is taken, the date as of which the record holders of Common Stock entitled to such dividends are to be determined. For purposes of this subsection (ii), a dividend other than in cash will not be considered payable out of earnings or earned surplus regardless of whether or not earnings or earned surplus are charged an amount equal to the fair value of such dividend.

3B. Options. In case at any time or from time to time the Corporation shall (whether directly or by assumption in a merger or otherwise) grant, issue or sell any Options,

-46-

whether or not such Options are immediately exercisable, then the maximum number of shares of Common Stock issuable upon the exercise of such Options (or issuable upon the conversion of any Convertible Securities issuable pursuant to such Options), without regard to any provision for subsequent adjustment of such number, shall be deemed to be outstanding and to have been issued immediately after the opening of business on the date of the grant of such Options.

3C. Convertible Securities. In case at any time or from time to time the Corporation shall (whether directly or by assumption in a merger or otherwise) issue or sell any Convertible Securities (other than any Convertible Security issued pursuant to an Option and the shares of Common Stock issuable upon the conversion of which have been or are to be deemed issued pursuant to subdivision VIII.3B.), whether or not such Convertible Securities are immediately convertible or exchangeable into Common Stock, then the maximum number of shares of Common Stock issuable upon the conversion or exchange of such Convertible Securities without regard to any provision for subsequent adjustment of such number shall be deemed to be outstanding and to have been issued immediately after the opening of business on the date of the issuance or sale of such Convertible Securities.

3D. Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option or the termination of any right to convert or exchange any Convertible Securities without the exercise of such Option or right, the Conversion Price then in effect hereunder will be adjusted to the Conversion Price which would have been in effect at the time of such expiration or termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued.

3E. Stock Dividends, Subdivisions, etc. In case at any time or from time to time after the date of the issuance of the Class D Preferred the Corporation shall (i) declare or pay any dividend or make any other distribution

upon any capital stock of the Corporation which is payable in Common Stock or Convertible Securities, or (ii) effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock), then, in any such event, the total number of additional shares of Common Stock, or (in the case of any such dividend or distribution payable in Convertible Securities) Convertible Securities issuable in payment of such dividend or distribution or to give effect to such sub-

-47-

division shall be deemed to have been issued immediately after the close of business on the record date (or other date) for the determination of holders of any class of securities in connection with such dividend, distribution, or subdivision.

3F. Determination of Consideration.

(i) Cash Consideration. In case of the issuance of shares of Common Stock for a consideration part or all of which shall be cash, the amount of the cash consideration therefor shall be deemed to be the amount of cash received by the Corporation for such shares (or, if such shares of Common Stock are offered by the Corporation for subscription, the subscription price, or, if such shares of Common Stock are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price); after deducting therefrom (in cases other than issuances involving an underwritten public offering or a shelf registration on customary terms) any expenses incurred in connection therewith other than any compensation or discount in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services. The consideration for shares of Common Stock deemed to have been issued under subdivision (ii) or (iii) of this subdivision shall be deemed to have been received by the Corporation at the time such shares of Common Stock are deemed to have been issued.

(ii) Consideration other than Cash. In case of the issuance (otherwise than as a dividend or other distribution on any class of capital stock of the Corporation or upon conversion or exchange of any Convertible Securities or upon any exercise of any Options) of shares of Common Stock for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be the fair value thereof as determined by the board of directors of the Corporation, irrespective of the accounting treatment thereof. The reclassification of securities other than Common Stock into securities including Common Stock shall be deemed to involve the issuance for a consideration other than cash of such Common Stock on the date fixed for the determination of security holders entitled to receive such Common Stock.

(iii) Options and Convertible Securities. In case of the issuance of shares of Common Stock deemed to occur under subdivisions (38) or (3C) with respect to the conversion or exchange of any Convertible Securities (other than Notes or Class D Preferred) or the exercise of any Options of the Corporation, the amount of the consideration received by

-48-

the Corporation for such shares of Common Stock shall be deemed to be the total of (a) the amount of the consideration, if any, received by the Corporation upon the issuance of such Convertible Securities or the grant of such Options, as the case may be, plus (b) the minimum amount of the consideration, if any, other than the consideration received for such Convertible Securities or Options, received or deemed to be received by the Corporation (except on adjustment of interest or dividends) upon such conversion, exchange or exercise without regard to any provision for adjustment of such consideration. In determining the amount of the consideration received by the Corporation upon

the issuance of such Convertible Securities or the grant of such Options, as the case may be, (x) except as otherwise provided in the following clauses (y) and (z), the amount of the consideration in cash and other than cash shall be determined pursuant to subdivisions VIII.3F(i), and VIII.3F(ii). (in each case as if all references therein to "shares of Common Stock", "shares" or "Common Stock" were references to such Convertible Securities or Options), (y) any such Convertible Securities or Options issued by way of dividend or other distribution on any class of capital stock of the Corporation shall be deemed to have been issued without consideration, and (z) if securities of the same class or series of a class as such Convertible Securities or Options were issued or granted for different amounts of consideration, or if some were issued for no consideration, then the amount of the consideration received by the Corporation upon the issuance or grant of each of the securities of such class or series, as the case may be, shall be deemed to be the mean average amount of the consideration received by the Corporation upon the issuance of all the securities of such class or series, as the case may be. Any Convertible Securities issued or any Option granted as a dividend or other distribution on any class of capital stock of the Corporation shall be deemed to have been issued or granted immediately after the opening of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution and without consideration.

(iv) Stock Dividends, etc. In case shares of Common Stock are deemed to have been issued pursuant to subdivision VIII.3E., relating to stock dividends and subdivisions, such shares shall be deemed to have been issued without consideration.

3G. Treasury Shares The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation, and the disposition of any such shares shall be consid-

-49-

ered an issue or sale of Common Stock for the purposes of this subdivision VIII.3.

3H. Certain Issues Excepted. Anything in this subdivision VIII to the contrary notwithstanding, the Corporation shall not be required to make any adjustment of the Conversion Price in respect of any of the following (without duplication):

(i) the issuance, exchange or transfer of the Notes or the issuance of Common Stock upon conversion of the Notes;

(ii) the issuance, exchange or transfer of the Class D Preferred or the issuance of Common Stock upon conversion of the Class D Preferred;

(iii) shares of Common Stock previously deemed to have been issued pursuant to subdivision VIII.3B. or VIII.3C.;

(iv) the issuance of up to 8,000 shares of Common Stock in connection, with the employment of any Person by the Corporation or any Subsidiary including the issuance of options or rights with respect thereto; and

(v) the issuance of shares of Common Stock and other securities upon the conversion of the Corporation's Class B Common, Class B Preferred and Class C Preferred in accordance with the terms in existence and applicable to such conversion on the date hereof.

3I. Determination of Consideration Under Certain Circumstances. Anything herein to the contrary notwithstanding, in case at any time after the date hereof the Corporation shall issue any shares of Common Stock or Convertible Securities, or any rights or options to purchase any such Common Stock or Convertible Securities, in connection with the acquisition by the

Corporation or a Subsidiary of the stock or assets of any other corporation or the merger of any other corporation into the Corporation or a Subsidiary (or the merger of a Subsidiary into another corporation which thereby becomes a Subsidiary) under circumstances where on the date of the issuance of such shares of Common Stock or Convertible Securities or such rights or options the consideration per share received for such Common Stock or deemed to have been received for the Common Stock into which such Convertible Securities or such rights or options are

-50-

convertible is less than an amount equal to the then Conversion Price, but on the date the number of shares of Common Stock or Convertible Securities (or in the case of Convertible Securities other than stock, the aggregate principal amount of Convertible Securities) or the number of such rights or options (or the terms by which such number shall be determined) was approved by the Board of the Corporation (as evidenced by a resolution thereof) the consideration received per share for such Common Stock or deemed to have been received for the Common Stock into which such Convertible Securities or such rights or options are convertible or for which they are exercisable would not have been less than an amount equal to the Conversion Price thereof, such shares of Common Stock shall not be deemed to have been issued for less than an amount equal to the Conversion Price.

4. Other Securities.

In case any Other Securities shall be issued or shall become subject to issue upon the conversion or exchange of any stock (or Other Securities) of the Corporation (or any issuer of Other Securities or any other Person referred to in subdivision VIII.5.) or to subscription, purchase or other acquisition pursuant to any Convertible Securities or Options issued by the Corporation (or any other issuer or Person) for a consideration such as to dilute the conversion rights of the holders of the Class D Preferred, the computations, adjustments and readjustments provided for in this subdivision VIII with respect to the Conversion Price shall be made as nearly as possible in the manner so provided and applied to determine the amount of Other Securities from time to time receivable upon the conversion of the Class D Preferred, so as to protect the holders of the Class D Preferred against the effects of such dilution.

5. Adjustments for Consolidation, Merger, Sale of Assets, Reorganization, etc.

5A. General Provisions. In case at any time the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock) in which the previously outstanding Common Stock shall be changed into or exchanged for different securities of the Corporation, common stock or other securities of another corporation or interests in a noncorporate entity or other property (including cash) or any combination of any of the foregoing (each such transaction being hereinafter referred to as a "Transaction", the date of

-51-

the consummation of the Transaction being hereinafter referred to as the "Consummation Date"), the Corporation (in the case of a recapitalization of the Common Stock) or such other corporation or entity (in each other case) being hereinafter referred to as the "Acquiring Company", and the common stock (or equivalent equity interests) of the Acquiring Company being hereinafter referred to as the "Acquirer's Common Stock"), then, as a condition to the consummation of the Transaction, lawful and adequate provisions shall be made so that, upon the basis and the terms and in the manner provided in subdivision VIII, each holder of Shares of Class D Preferred, upon the conversion thereof at any time after the consummation of the Transaction, shall be entitled to

receive, in lieu of the Stock or Other Securities issuable upon such conversion prior to such consummation, the stock and other securities, cash and property to which such holder would have been entitled upon the consummation of the Transaction if such holder had converted such Shares of Class D Preferred immediately prior thereto (subject to adjustments from and after the Consummation Date as nearly equivalent as possible to the adjustments provided for in this subdivision VIII).

5B. Marketable Stock. The Corporation will not enter into or be a party to any Transaction following the consummation of which any holder of Shares of Class D Preferred would be entitled in accordance with the foregoing provisions of this subdivision VIII.5. to receive Acquirer's Common Stock or other securities of the Acquiring Company upon conversion of such Shares of Class D Preferred unless, immediately following the consummation thereof on the Consummation Date, all of the following requirements are fulfilled as to the Acquiring Company:

(i) its common stock is listed on the New York Stock Exchange or the American Stock Exchange and such common stock continues to meet the requirements for listing thereon, and

(ii) it is required to file, and in each of its three fiscal years immediately preceding the Consummation Date has filed, reports with the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

5C. Assumption of Obligations. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the Corporation will not effect any transaction unless, prior to the consummation thereof, each corporation or entity (other than the Corporation) which may be required to deliver any stock, securities, cash or property upon the

-52-

conversion of any Shares of Class D Preferred as provided herein shall assume, by written instrument delivered to the holder of such Shares of Class D Preferred, the obligation to deliver to such holder such shares of stock, securities, cash or property as, an accordance with the foregoing provisions, such holder may be entitled to receive, and such corporation or entity shall have similarly delivered to such holder an opinion of counsel for such corporation or entity, which counsel shall be reasonably satisfactory to such holder, stating that such Shares of Class D Preferred shall thereafter continue in full force and effect and the terms hereof (including, without limitation, all of the provisions of subdivision VIII shall be applicable to the stock, securities, cash or property which such corporation or entity may be required to deliver upon the exercise hereof.

6. Adjustments for Combinations, etc.

In case the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, the Conversion Price in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

7. Notice of Adjustments of Conversion Price.

Whenever the Conversion Price is adjusted as provided in subdivision VIII, the Corporation shall promptly (and, in any event, not later than the thirtieth day following the occurrence of the event requiring such adjustment) compute the adjusted Conversion Price in accordance with subdivision VIII and shall prepare a report setting forth such adjustment and showing in detail the method of calculation and the facts upon which such adjustment is based, including a statement of (i) the consideration received or to be received by the Corporation for any additional shares of Common Stock issued or sold or deemed to have been issued, (ii) the number of shares of Common Stock outstanding or deemed to be outstanding, and (iii) the Conversion Price in

effect immediately prior to such issue or sale and as adjusted on account therefor and, upon the request of any holder of the Shares of Class D Preferred, shall cause certified public accountants of recognized national standing (which may be the regular auditors of the Corporation) selected by the Corporation to verify such computation and report, if not previously verified at the request of any holder. The Corporation will promptly (and, in any event, not later than such thirtieth day) furnish a

-53-

copy of each such report and such verification to the holder of any Shares of Class D Preferred, and will, upon the written request at any reasonable time of the holder of any Shares of Class D Preferred, furnish to such holder a like report setting forth the Conversion Price at the time in effect and showing how it was calculated. The Corporation will also keep copies of all such reports and such verifications at its principal office, and will cause the same to be available for inspection at such office during normal business hours by the holder of any Shares of Class D Preferred or any prospective purchaser of any Note designated by the holder of such Shares of Class D Preferred.

8. Notice of Certain Corporate Action.

In case:

(i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock payable otherwise than in cash out of its earned surplus or at an annualized rate in excess of 120% of the annualized rate of the last cash dividend theretofore paid; or

(ii) the Corporation shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) of any reclassification of the Common Stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock), any capital reorganization of the Corporation or of any consolidation or merger to which the Corporation is a party, or of the sale or transfer, of all or substantially all of the assets of the Corporation; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

the Corporation shall at least 10 business days prior to the applicable record date hereinafter specified give to each holder of any Shares of Class D Preferred an Officers' Certificate stating (a) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be

-54-

determined, or (b) the date on which such reclassification, reorganization, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, recapitalization, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

9. Other Dilutive Events.

In case any event shall occur as to which the other provisions of

subdivision VIII are not strictly applicable but in respect of which the failure to make any adjustment would not in the opinion of any holders of at least 20% in the aggregate of the number of shares of Class D Preferred at the time outstanding or in the opinion of the Corporation fairly protect the conversion rights granted by subdivision VIII in accordance with the essential intent and principles hereof, then, in each such case, upon the written request of such holder or holders or on its own motion, the Corporation shall appoint a firm of independent certified public accountants of recognized national standing (which may be the regular auditors of the Corporation), which shall give their opinion as to the adjustment, if any, on a basis consistent with the essential intent and principles established in subdivision VIII, necessary to preserve, without dilution, such conversion rights. Upon receipt of such opinion, the Corporation will promptly mail a copy thereof to the holder of any Shares of Class D Preferred and shall make the adjustments or increases described therein.

10. No Dilution or Impairment.

The Corporation will not, by amendment of this Certificate of Incorporation or through any consolidation, merger, reorganization, transfer of assets, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights granted by subdivision VIII against dilution or other impairment. Without limiting the generality of the foregoing, the Corporation (i) will not permit the par value of any shares of stock at the time receivable upon the conversion of any Shares of Class D Preferred to exceed the Conversion Price then in effect,

-55-

(ii) will take all such action as may be necessary or appropriate in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Stock upon any conversion of the Class D Preferred, (iii) will not take any action which results in any adjustment of the Conversion Price if the total number of shares of Common Stock (or Other Securities) issuable after the action upon the conversion of all of the Shares of Class D Preferred would exceed the total number of shares of Common Stock (or Other Securities) then authorized by the Corporation's certificate of incorporation and available for the purpose of issue upon such exercise, and (iv) except as provided herein will not issue any capital stock of any class which is preferred or pari passu as to dividends or as to the distribution of assets upon voluntary or involuntary dissolution, liquidation or winding up.

11. De Minimis Adjustments of Conversion Price; Optional Reductions.

Notwithstanding any other provision of subdivision VIII to the contrary, no single adjustment in the Conversion Price otherwise required hereunder shall be required unless such adjustment would require an increase or decrease of at least 1/2 of 1% in such price; provided, however, that any adjustments which by reason of this subdivision VIII.11 are not required to be made shall be carried forward and shall be taken into account in any subsequent adjustment and shall be taken into account upon the conversion of any Shares of Class D Preferred; and provided, further, that adjustments shall be required and made in accordance with the provisions of subdivision VIII (other than this subdivision 11) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of Common Stock. Anything in subdivision VIII to the contrary notwithstanding, the Corporation shall be entitled to make such reductions in the Conversion Price, in addition to those otherwise required by subdivision VIII, as it in its sole discretion shall determine to be advisable in order that any stock dividend, subdivision of shares, distribution of rights to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock hereafter made by the Corporation to its stockholders shall not be taxable.

12. Continuing Obligation of the Corporation.

The Corporation will, at the time of conversion of any Shares of Class D Preferred in full or in part, upon the request of any holder thereof, acknowledge in writing its continuing obligation to afford such holder any rights (in-

-56-

cluding, without limitation, any right of registration of the shares of Stock or Other Securities issued upon such conversion) to which such holder shall continue to be entitled after such conversion in accordance with the provisions of this Certificate of Incorporation; provided, however, that if any such holder shall fail to make any such request, such failure shall not affect the continuing obligation of the Corporation to afford to such holder all such rights.

13. Mandatory Conversions of Class D Preferred.

Notwithstanding anything to the contrary contained in this Section C, at such time as (i) the Corporation shall have participated in a public offering or offerings of the Common Stock, in which the aggregate price to the public of the securities sold shall have been at least \$10,000,000, (ii) the Common Stock was sold to the public at the most recent such offering at a price exceeding the Conversion Price then in effect by not less than 50%, and (iii) the outstanding shares of Class B Preferred and Class C Preferred, if any, are subject to mandatory conversion upon conversion of the Class D Preferred pursuant to this subdivision VIII.13, then all outstanding Shares of Class D Preferred, if any, will, without any action on the part of the Corporation or the holders thereof, be immediately converted into shares of Class A Common in accordance with the terms of this Section C, and thereafter no Shares of Class D Preferred will be outstanding and any holder of a certificate of Shares of Class D Preferred will be deemed to be the holder of the number of Shares of Class A Common into which the Shares of Class D Preferred represented by such certificate were converted pursuant to this subdivision VIII.13.

IX. Transfer, Exchange and Replacement of Certificates for Class D Preferred.

1. The Corporation will keep at its principal office a register for the registration of Class D Preferred. Upon surrender at such office of any certificate representing Shares of Class D Preferred for conversion or for registration of exchange or (subject to compliance with the applicable provisions of the Registration Rights Agreement) transfer, the Corporation will issue, at its expense, one or more new certificates, in such denomination or denominations as may be requested, for the same aggregate number of Shares represented by the certificate so surrendered and registered as such holder may request; provided, however, that no such transfer shall be in violation of the Securities Act of 1933, as amended. Any certificate representing any Shares of Class

-57-

D Preferred surrendered for registration or transfer shall be duly endorsed, or accompanied by a written instrument of transfer duly executed by the holder of such certificate or his attorney duly authorized in writing.

2. The Corporation will pay all costs of all deliveries of certificates representing any Shares of Class D Preferred from the office of the holder thereof to the office of the Corporation to be surrendered pursuant to this subdivision IX.2. (including the cost of insurance against loss or theft in an amount satisfactory to such holder) upon any exchange provided for herein. Upon receipt of evidence reasonably satisfactory to the Corporation of the ownership of and the loss, theft, destruction or mutilation of any certificate representing any shares of Class D Preferred and, in the case of such loss, theft, destruction or mutilation of any certificate representing any Shares of

Class D Preferred, upon delivery of an indemnity bond in such reasonable amount as the Corporation may determine (or in the case of any Shares of Class D Preferred held by the original owner or its nominee, of an unsecured indemnity agreement from such owner or nominee holding such Shares), or in the case of any such mutilation, upon the surrender of such certificate for cancellation at the principal office of the Corporation, the Corporation, at its expense, will execute and deliver, in lieu thereof, a new certificate of like tenor and for an equal number of Shares of Class D Preferred.

X. Definitions.

"Class D Scheduled Redemption Dates" has the meaning assigned in subdivision VI.1A.

"Convertible Securities" means any evidence of indebtedness, shares of capital stock (other than Class A Common) or other securities directly or indirectly convertible into or exchangeable for Class A Common or any stock into which such Class A Common shall have been changed or any stock resulting from any capital reorganization or reclassification of such Class A Common.

"Conversion Price" of any Share of Class D Preferred means the sum of \$210 (or \$165 if no Class D-2 Preferred shall have been issued) as adjusted by the provisions of subdivision VIII of this Section C.

"Cosan Purchase Certificate" means the Certificate substantially in the form of Exhibit H to the Note and Stock Purchase Agreements.

-58-

"Delayed First Closing Dates" means, collectively, each date upon which shares of Class D-1 Preferred shall have been issued pursuant to the Note and Stock Purchase Agreements subsequent to the First Closing Date.

"Escrow Agreement" means the Escrow Agreement as defined in the Note and Stock Purchase Agreements.

"Event of Noncompliance" has the meaning assigned in subdivision VII.

"First Closing Date" means the initial date upon which shares of Class D-1 Preferred shall have been issued pursuant to the Note and Stock Purchase Agreements.

"GAAP" means generally accepted accounting principles as set forth in the opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and in statements by the Financial Accounting Standards Board or in such opinions and statements of such other entities as shall be approved by a significant segment of the accounting profession.

"Junior Securities" has the meaning assigned in subdivision VI.3. of Section A hereof.

"Liquidating Dividend" has the meaning assigned in subdivision VIII, 3A. (ii).

"Liquidation Value" as to any Share of Class D Preferred as of any particular date will be equal to the sum of \$210 plus any due and payable but unpaid dividends on such Share.

"NASDAQ" means the NASDAQ interdealer quotation system maintained by the National Association of Securities Dealers, Inc., or any successor composite reporting service.

"Note and Stock Purchase Agreements" means the Note and Stock Purchase Agreements between the Corporation, and each of a group of investors and in connection with which the Corporation adopted this Restated Certificate of Incorporation and agreed to issue the Class D Preferred.

"Notes" means the 9% Convertible Subordinated Notes due June 30, 1997, issued by the Corporation pursuant to the Note and Stock Purchase Agreements.

"Officers' Certificate" means a certificate executed on behalf of the Corporation by the Chairman of the

-59-

Board of Directors (if an officer) or its President or one of its Vice Presidents and its Vice President-Finance or Treasurer or one of its Assistant Treasurers.

"Options" means rights, options or warrants to subscribe for, purchase or otherwise acquire either Class A Common or Convertible Securities.

"Other Securities" means any stock (other than Common Stock) and other securities of the Corporation or any other person (corporate or otherwise) which the holders of the Class D Preferred at any time shall be entitled to receive, or shall have received, upon the conversion of the Class D Preferred, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or such other securities pursuant to the Note and Stock Purchase Agreements.

"Redemption Date" has the meaning assigned in subdivision VI.3B.

"Redemption Price" has the meaning assigned in subdivision VI.3A.

"Registration Rights Agreement" means the Registration Rights Agreement contemplated by the Note and Stock Purchase Agreements between the Corporation and the initial purchasers of Class D Preferred or securities convertible into Class D Preferred.

"Second Closing" has the meaning assigned in the Note and Stock Purchase Agreements.

"Short-Term Promissory Notes" and "Short-Term Promissory Notes-Series 1" have the meanings assigned in the Note and Stock Purchase Agreements.

"Subsidiary" has the meaning assigned in the Note and Stock Purchase Agreements.

XI. Notices.

All notices referred to herein, except as otherwise provided, will be made by registered or certified mail, return receipt requested, postage prepaid, and will be deemed to have been given when so mailed.

-60-

SECTION D. SERIES PREFERRED STOCK

The Series Preferred Stock may be issued from time to time by the Board of Directors as shares of one or more series. Subject to the provisions hereof and the limitations prescribed by law, the Board of Directors is expressly authorized, prior to issuance, by adopting resolutions providing for the issuance of, or providing for a change in the number of, shares of any particular series and, if and to the extent from time to time required by law, by filing a certificate pursuant to the General Corporation Law (or other law hereafter in effect relating to the same or substantially similar subject matter), to establish or change the number of shares to be included in each such

series and to fix the designation and relative powers, preferences and rights and the qualifications and limitations or restrictions thereof relating to the shares of each such series. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(a) the distinctive serial designation of such series and the number of shares constituting such series (provided that the aggregate number of shares constituting all series of Series Preferred Stock shall not exceed Five Million (5,000,000));

(b) the annual dividend rate on shares of such series, whether dividends shall be cumulative and, if so, from which date or dates;

(c) whether the shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon and after which such shares shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) the obligation, if any, of the Corporation to retire shares of such series pursuant to a sinking fund;

(e) whether shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes and, if so, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

-61-

(f) whether the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(g) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and

(h) any other relative rights, powers, preferences, qualifications, limitations or restrictions thereof relating to such series.

The shares of Series Preferred Stock of any one series shall be identical with each other in all respects except as to the dates from and after which dividends thereon shall cumulate, if cumulative.

The number of authorized shares of Series Preferred Stock may be increased or decreased by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote without the separate vote of holders of Series Preferred Stock as a class.

FIFTH: The Corporation is to have perpetual existence.

SIXTH: (a) Except as otherwise fixed by or pursuant to the provisions of Article FOURTH hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of the directors of the Corporation shall be fixed from time to time by or pursuant to the By-Laws of the Corporation. The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they

severally hold office, into three classes, as nearly equal in number as possible, as shall be provided in the manner specified in the By-Laws of the Corporation, one class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1988, another class to hold office initially for a term expiring at the annual meeting of stockholders in 1989, and another class to hold office initially for a term expiring at the annual meeting of stockholders to be held in 1990, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of the stockholders of the Corporation, the

-62-

successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

(b) Advance notice of stockholder nominations for the election of directors shall be given in the manner provided in the By-Laws of the Corporation.

(c) Except as otherwise provided for or fixed by or pursuant to the provisions of Article FOURTH hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the directors or the sole director then remaining in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes by the Board of Directors so as to maintain the number of directors in each class as nearly equal as possible. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office, but only for cause and only by the affirmative vote of the holders of at least two-thirds of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

(e) Any action required or permitted to be taken by the stockholders of the Corporation must be

-63-

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effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board or President or the Board of Directors

pursuant to a resolution approved by a majority of the entire Board of Directors or as otherwise provided in the By-Laws of the Corporation.

(f) In furtherance and not in the limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend or repeal the By-Laws of the Corporation, but the stockholders may adopt additional By-Laws and may amend or repeal By-Laws whether or not adopted by them provided that the affirmative vote of the holders of at least two-thirds of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class, is required for any such adoption of additional By-Laws, amendment or repeal.

(g) Notwithstanding any other provision of this Certificate of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, the Certificate of Incorporation or the By-Laws of the Corporation), the affirmative vote of the holders of at least two-thirds of the voting power of all the shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal this Article SIXTH or to adopt any provision inconsistent herewith.

SEVENTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provisions contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors in the By-Laws of the Corporation. Elections of directors need not be by written ballot unless the By-Laws of the Corporation so provide.

EIGHTH; The Corporation shall, to the fullest extent authorized shall by Section 145 of the General Corporation Law of the

-64-

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State of Delaware, as the same exists or may hereafter be amended (but in the case of any such amendment, other than one mandating lesser indemnification, only to the extent that such amendment permits the Corporation to provide broader indemnification than said law permitted the Corporation to provide prior to such amendment) indemnify all persons whom it may indemnify pursuant thereto.

NINTH: The Corporation reserves the right to amend, alter change or repeal any provisions contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH: No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of such director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which such director derived any improper personal benefit.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

4. This Restated Certificate of Incorporation was duly adopted at a special meeting of the stockholders by the stockholders entitled to vote thereon, in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Cambrex Corporation has caused its corporate seal to be hereunto affixed and this Certificate to be signed by Cyril C. Baldwin, Jr., its President, and attested by Irving Needleman, its Secretary, this 16th day of September, 1987.

Cambrex Corporation

By /s/ John P. Lynch

VICE PRESIDENT

ATTEST:

By /s/ Irving Needleman

Secretary

-65-

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CERTIFICATE OF RETIREMENT OF STOCK

CAMBREX CORPORATION, a corporation organized and existing under The General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Cambrex Corporation, a resolution was duly adopted retiring shares of the capital stock of said corporation, which were issued but not outstanding, to the extent hereinafter set forth, and which retired shares had capital applied in connection with their acquisition.

SECOND: The shares of capital stock of the corporation, which are retired, are identified as being Four Hundred Thousand (400,000) shares of the Class A 8.25% Cumulative Preferred Stock with a par value of ten cents (\$0.10) per share.

THIRD: That the Restated Certificate of Incorporation of the corporation prohibits the reissue of the shares of Class A 8.25% Cumulative Preferred Stock when so retired and that the shares so retired constitute all the authorized shares of Class A 8.25% Cumulative Preferred Stock and pursuant to the provisions of section 243 of the General Corporation Law of the State of Delaware, upon the effective date of the filing of

this certificate as therein provided, the Restated Certificate of Incorporation of said corporation shall be amended so as to effect a reduction in the authorized number of shares of the corporation by the elimination therefrom of all reference to said Class A 8.25% Cumulative Preferred Stock, comprising Four Hundred Thousand (400,000) shares of the par value of ten cents (\$0.10) each.

IN WITNESS WHEREOF, said Cambrex Corporation has caused this certificate to be signed by John P. Lynch, its Vice President, and attested by Irving

Needleman, its secretary, this 27th day of October, 1987.

CAMBREX CORPORATION

By /s/ John P. Lynch

Vice President

ATTEST:

By /s/ Irving Needleman

Secretary

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[ILLEGIBLE]
SECRETARY OF STATE

CERTIFICATE OF RETIREMENT OF STOCK

CAMBREX CORPORATION, a corporation organized and existing under The General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Cambrex Corporation, a resolution was duly adopted retiring shares of the capital stock of said corporation, which were issued but not outstanding, to the extent hereinafter set forth, and which retired shares had no capital applied to their acquisition.

SECOND: The shares of capital stock of the corporation, which are retired, are identified as being Forty Thousand Five Hundred Ninety-Seven (40,597) shares of the Class B 8.25% Cumulative Convertible Preferred Stock with a par value of ten cents (\$0.10) per share.

THIRD: That the Restated Certificate of Incorporation of the corporation prohibits the reissue of the shares of Class B 8.25% Cumulative Convertible Preferred Stock when so retired and that the shares so retired constitute all the authorized shares of Class B 8.25% Cumulative Convertible Preferred Stock; and pursuant to the provisions of section 243 of the General Corporation Law of the State of Delaware, upon

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the effective date of the filing of this certificate as therein provided, the Restated Certificate of Incorporation of said corporation shall be amended so as to effect a reduction in the authorized number of shares of the corporation by the elimination therefrom of all reference to said Class B 8.25% Cumulative Convertible Preferred Stock, comprising Forty Thousand Five Hundred Ninety-Seven (40,597) shares of the par value of ten cents (\$0.10) each.

IN WITNESS WHEREOF, said Cambrex Corporation has caused this certificate to be signed by John P. Lynch, its Vice President, and attested by Irving Needleman, its secretary, this 27th day of October, 1987.

CAMBREX CORPORATION

By /s/ John P. Lynch

Vice President

ATTEST:

By /s/ Irving Needleman

Secretary

-2-

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Nov 3 1987

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SECRETARY OF STATE

CERTIFICATE OF RETIREMENT OF STOCK

CAMBREX CORPORATION, a corporation organized and existing under The General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Cambrex Corporation, a resolution was duly adopted retiring shares of the capital stock of said corporation, which were issued but not outstanding, to the extent hereinafter set forth, and which retired shares had no capital applied to their acquisition.

SECOND: The shares of capital stock of the corporation, which are retired, are identified as being nineteen Thousand Four Hundred Three (19,403) shares of the Class C Convertible Preferred Stock with a par value of ten cents (\$0.10) per share.

THIRD: That the Restated Certificate of Incorporation of the corporation prohibits the reissue of the shares of Class C Convertible Preferred Stock when so retired and that the shares so retired constitute all the authorized shares of Class C Convertible Preferred Stock; and pursuant to the provisions of section 243 of the General Corporation Law of the

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State of Delaware, upon the effective date of the filing of this certificate as therein provided, the Restated Certificate of Incorporation of said corporation shall be amended so as to effect a reduction in the authorized number of shares of the corporation by the elimination therefrom of all reference to said Class C Convertible Preferred Stock, comprising Nineteen Thousand four Hundred Three (19,403) shares of the par value of ten cents (\$0.10) each.

IN WITNESS WHEREOF, said Canbrex Corporation has caused this certificate to be signed by John P. Lynch its Vice President and attested by Irving Needleman, its secretary, this 27th day of October, 1987.

CAMBREX CORPORATION

By /s/ John P. Lynch

Vice President

ATTEST:

By /s/ Irving Needleman

Secretary

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SECRETARY OF STATE

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CERTIFICATE OF RETIREMENT OF STOCK

CANBEX CORPORATION, a corporation organized and existing under The General Corporation Law of the State of Delaware;

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Caibrex Corporation, a resolution was duly adopted retiring shares of the capital stock of said corporation, which were issued but not outstanding, to the extent hereinafter set forth, and which retired shares had no capital applied to their acquisition*

SECOND: The shares of capital stock of the corporation, which are retired, are identified as being Seventy-Three Thousand Eighty-Nine (73,089) shares of the Class D Convertible Preferred Stock with a par value of ten cents (\$0.10) per share,

THIRD: That the Restated Certificate of Incorporation of the corporation prohibits the reissue of the shares of Class D Convertible Preferred Stock when so retired and that the shares so retired constitute all the authorized shares of Class D Convertible Preferred Stock and pursuant to the provisions of section 243 of the General Corporation Law of the State of Delaware, upon the effective date of the filing of

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this certificate as therein provided, the Restated Certificate of Incorporation of said corporation shall be amended so as to effect a reduction in the authorized number of shares of the corporation by the elimination therefrom of all reference to said Class D Convertible Preferred Stock, comprising Seventy-Three Thousand Eighty-Nine (73,089) shares of the par value of ten cents (\$0.10) each.

IN WITNESS WHEREOF, said Cambrex Corporation has caused this certificate to be signed by John P. Lynch, its Vice President, and attested by Irving Needleman, its secretary, this 27th day of October, 1987.

CAMBEX CORPORATION

By /s/ John P. Lynch

Vice President

ATTEST:

By /s/ Irving Needleman

Secretary

CERTIFICATE OF DESIGNATION OF SERIES E JUNIOR
PARTICIPATING CUMULATIVE PREFERRED STOCK
Par Value \$1.00 Per Share

of

CAMBREX CORPORATION

Pursuant to Section 151 of the General Corporation
Law of the State of Delaware

We, Steven M. Klosk, Vice President - Administration, and Peter E. Thauer, Esq., Vice President - Law and Environment, General counsel and Secretary, of Cambrex Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the Corporation, as amended, the said Board of Directors on May 23, 1996, by the affirmative vote of at least a majority of the members of the Board of Directors, adopted the following resolution creating a series of one hundred thousand (100,000) shares of Series E Junior Participating Cumulative Preferred Stock, par value \$1.00 per share:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Restated Certificate of Incorporation (the "Restated Certificate"), a series of Series Preferred Stock of the Corporation be, and it hereby

is, created, and that the designation and amount thereof and the voting powers, preferences and relative participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount.

The shares of such series shall be designated as Series E Junior Participating Cumulative Preferred Stock, par value \$1.00 per share (the "Junior Preferred Stock") and the number of shares constituting such series shall be one hundred thousand (100,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Junior Preferred Stock to a number less than the number of shares reserved for issuance upon the exercise of : outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Junior Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of preferred stock (or any similar stock) ranking prior and superior to the Junior Preferred Stock with respect to dividends, the holders of shares of Junior Preferred Stock, in preference to the holders of Common Stock, and of any other junior stock which may be outstanding, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of

Junior Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$2.50 per share (\$10.00 per annum), or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend

2

Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Junior Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Junior Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$2,50 per share (\$10.00 per annum) on the Junior Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Junior Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends or such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Junior Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly

3

Dividend Payment Date. Accrued but unpaid dividends shall accumulate but shall not bear interest. Dividends paid on the shares of Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rate on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination holders of holders shares of Junior Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights.

The holders of shares of Junior Preferred Stock shall have the following voting rights.

(A) Subject to the provisions for adjustment as hereinafter set forth, each share of Junior Preferred Stock shall entitle the holder thereof to 100 votes and each one one-hundredth of a share of Junior Preferred Stock shall entitle the holder thereof to one vote) on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by classification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the Restated Certificate, in any other certificate of designation creating a series of preferred stock or any similar stock, or by law, the holders of shares of Junior Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote to-

4

gether as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) If at any time the Corporation shall not have declared and paid all accrued and unpaid dividends on the Junior Preferred Stock as provided in Section 2 hereof for four consecutive Quarterly Dividend Payment Dates, then, in addition to any voting rights provided for in paragraphs (A) and (B), the holders of the Junior Preferred Stock shall have the exclusive right, voting separately as class, to elect two directors on the Board of Directors of the Corporation (such directors, the "Preferred Directors"). The right of the holders of the Junior Preferred Stock to elect the Preferred Directors shall continue until all such accrued and unpaid dividends shall have been paid. At such time, the terms of any of the Preferred Directors shall terminate. At any time when the holders of the Junior Preferred Stock shall have thus become entitled to elect Preferred Directors, a special meeting of shareholders shall be called for the purpose of electing such Preferred Directors, to be held within 30 days after the right of the holders of the Junior Preferred Stock to elect such Preferred Directors shall arise, upon notice given in the manner provided by law or the by-laws of the Corporation for giving notice of a special meeting of shareholders (provided, however, that such a special meeting shall not be called if the annual meeting of shareholders is to convene within said 30 days). At any such special meeting or at any annual meeting at which the holders of the Junior Preferred Stock shall be entitled to elect Preferred Directors, the holders of a majority of the then outstanding Junior Preferred Stock present in person or by proxy shall be sufficient to constitute a quorum for the election of such directors. The persons elected by the holders of the Junior Preferred Stock at any meeting in accordance with the terms of the preceding sentence shall become directors on the date of such election.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Junior Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and

distributions, whether or not declared, on shares of Junior Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

5

(i) declare or pay dividends or, make any other distributions on any shares or stock ranking junior (either as to dividends or upon liquidation, dissolution or winding-up) to the Junior Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding-up) with the Junior Preferred Stock except dividends paid ratably on the Junior Preferred Stock, and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding-up) with the Junior Preferred Stock, provided that the corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding-up) to the Junior Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Junior Preferred Stock, or any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding-up) with the Junior Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

6

Section 5. Reacquired Shares.

Any shares of Junior Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever, shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Series Preferred Stock, without designation as to series, and may be reissued as part of a new series of Series Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein, in the Restated Certificate, in any other certificate of designation creating a series of preferred stock or any similar stock or as otherwise, required by law.

Section 6. Liquidation, Dissolution or winding-Up.

Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, no distribution shall be made (A) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding-up) to the Junior Preferred Stock unless prior thereto,

the holders of shares of Junior Preferred Stock shall have received the higher of (i) \$10.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock; nor shall any distribution be made (B) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding-up) with the Junior Preferred Stock, except distributions made ratably on the Junior Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding-up. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Junior Preferred Stock are entitled immediately prior to such event under the provision in clause (A) of the preceding sentence shall be

7

adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc.

In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, or otherwise changed, then in any such case each share of Junior Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Junior Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption.

The shares of Junior Preferred Stock shall not be redeemable.

Section 9. Rank.

Unless otherwise provided in the Restated Certificate or a certificate of designation relating to a subsequent series of preferred stock of the Corporation, the Junior Preferred Stock shall rank junior to all other series of the Corporation's preferred stock as to the payment of dividends and the distribution of assets on liquidation,

8

dissolution or winding-up, and senior to the Common Stock of the Corporation.

Section 10. Amendment.

The Restated Certificate, as amended and restated, shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Junior Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Junior Preferred Stock, voting together as a single series.

Section 11. Fractional Shares.

Junior Preferred Stock may be issued in fractions of a share (in one one-hundredths (1/100) of a share and integral multiples thereof) which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Junior Preferred Stock.

9

IN WITNESS WHEREOF, this certificate of Designation is executed on behalf of the Corporation by its Vice President and attested by its Secretary this fifth day of June, 1996.

/s/ Steven M. Klosk

Vice President - Administration

ATTEST:

/s/ Peter E. Thauer

Vice President - Law and
Environment, General
Counsel and Secretary

10

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:00 PM 11/01/1999
991462983 - 2018808

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

CAMBREX CORPORATION

Pursuant to Section 242 of the General Corporation
Law of the State of Delaware

CAMBREX CORPORATION (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "General Corporation Law"), hereby certifies as follows:

FIRST: That the Board of Directors of the Corporation, at a meeting of its members, duly adopted a resolution setting forth the following proposed amendment to the Certificate of Incorporation of the Corporation and declaring such amendment to be advisable:

1. The Certificate of Incorporation of the Corporation is hereby amended by the amendment of the first paragraph of ARTICLE FOURTH thereof to read in its entirety as follows:

FOURTH: The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 66,263,835 shares, consisting of 400,000 shares of Class A 8.25% Cumulative Preferred Stock, par value \$.10 per share (the "Class A Preferred"), 40,597 shares of Class B 8.25% Cumulative Convertible Preferred Stock, par value \$.10 per share (the "Class B Preferred"), 19,403 shares of Class C Convertible Preferred Stock,

par value \$.10 per share (the "Class C Preferred"), 73,089 shares of Class D 8% Convertible Preferred Stock, par value \$.10 per share (the "Class D Preferred"), 5,000,000 shares of Series Preferred Stock, par value \$.10 per share (the "Series Preferred Stock"), 730,746 shares of Nonvoting Common Stock, par value \$.10 per share (the "Nonvoting Common"), and 60,000,000 shares of Common Stock, par value \$.10 per share (the "Voting Common"). The Class B Preferred and the Class C Preferred are referred to herein collectively as the "1981 Convertible Preferred Stock"; the 1981 Convertible Preferred Stock and the Class A Preferred are referred to herein collectively as the "1981 Preferred Stock"; the 1981 Preferred Stock and the Class D Preferred are referred to herein collectively as the "Preferred Stock"; and the Voting Common and the Nonvoting Common are referred to herein collectively as the "Common Stock". A share of Preferred Stock will be referred to herein as a "Share". The Voting Common is also referred to herein as the "Class A Common" and the Non-voting Common is also referred to herein as the "Class B Common". Unless otherwise provided, other capitalized terms used in Section A of this Article FOURTH are defined in subdivision VI thereof, other capitalized terms used in Section C of this Article FOURTH are defined in subdivision VIII thereof and definitions set forth in any Section of this Article FOURTH apply only to capitalized terms used in such Section. All cross-references in each Section of this Article FOURTH refer to other parts, paragraphs and subdivisions in such Section unless otherwise indicated.

SECOND: That at a special meeting and vote of the stockholders of the Corporation called and held in accordance with Section 222 of the General Corporation Law on April 28, 1998, a majority of the outstanding stock entitled to vote thereon has voted in favor of the foregoing amendment.

THIRD: The Amendment to the Certificate of Incorporation of the Corporation set forth in paragraph FIRST above was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law.

2

IN WITNESS WHEREOF, I, the undersigned Steven M. Klosk, being the Executive Vice President - Administration, for the purpose of amending the Certificate of Incorporation of the Corporation pursuant to Section 242 of the General Corporation Law of the State of Delaware, do make and file this Certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set my hand, this 30th day of October, 1999.

[Corporate Seal]

/s/ Steven M. Klosk

Executive Vice President -
Administration

ATTEST:

/s/ Peter E. Thauer

Senior Vice President-
General Counsel and Secretary

3

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:01 PM 11/01/1999
991462987 - 2018808

CERTIFICATE OF CORRECTION

OF

CERTIFICATE OF DESIGNATION

OF

CAMBREX CORPORATION

Pursuant to Section 103(f) of the General Corporation
Law of the State of Delaware

We, Steven M. Klosk, Executive Vice President - Administration, and Peter E. Thauer, Esq. Vice President Law and Environment, General Counsel and Secretary, of Cambrex Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

1 That the heading of the Certificate of Designation of Series E Junior Participating Cumulative Preferred Stock of the Corporation, filed June 12, 1996 (the "Certificate of Designation"), is hereby corrected by changing the par value of such series of Preferred Stock designated therein to ten cents (\$.10) per share and shall read in its entirety as follows:

"CERTIFICATE OF DESIGNATION OF SERIES E JUNIOR PARTICIPATING
CUMULATIVE PREFERRED STOCK Par Value \$.10 Per Share".

2. That the first paragraph of the Certificate of Designation is hereby corrected to conform with the correction described in paragraph 1 above and shall read in its entirety as follows:

"That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the Corporation, as amended, the said Board of Directors on May 23, 1996, by the affirmative vote of at least a majority of the members of the Board of Directors, adopted the following resolution creating

a series of one hundred thousand (100,000) shares of Series E Junior Participating Cumulative Preferred Stock, par value \$.10 per share:".

3. That Section 1 of the Certificate of Designation is hereby corrected to conform with the correction described in paragraph 1 above to read in its entirety as follows:

"Section 1. Designation and Amount.

The shares of such series shall be designated as Series E Junior Participating Cumulative Preferred Stock, par value \$.10 per share (the "Junior Preferred Stock") and the number of shares constituting such series shall be one hundred thousand (100,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce

the number of shares of Junior Preferred Stock to a number less than the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Junior Preferred Stock."

2

IN WITNESS WHEREOF, this Certificate of Correction is executed on behalf of the Corporation by its Executive Vice President and attested by its Secretary this 30th day of October, 1999.

/s/ Steven M. Klosk

Executive Vice President - Administration

ATTEST:

/s/ Peter E. Thauer

Vice President-Law and
Environment, General
Counsel and Secretary

3

STATE OF DELAWARE
SECRETARY OF STATE [ILLEGIBLE]
DIVISION OF CORPORATIONS
FILED 02:02 PM 11/01/1999
991462994 - 2018808

CERTIFICATE OF DESIGNATION OF SERIES E JUNIOR
PARTICIPATING CUMULATIVE PREFERRED STOCK
Par Value \$.10 Per Share

of

CAMBREX CORPORATION

Pursuant to Section 151 of the General Corporation
Law of the State of Delaware

We, Steven M. Klosk, Executive Vice President - Administration, and Peter E. Thauer, Esq., Vice President - Law and Environment, General Counsel and Secretary, of Cambrex Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the Corporation, as amended, the said Board of Directors, by the affirmative vote of at least a majority of the members of the Board of Directors, increased the number of designated shares of Series E Junior Participating Cumulative Preferred Stock, par value \$.10 per share, to three hundred thousand (300,000)

IN WITNESS WHEREOF, this Certificate of [ILLEGIBLE] is executed on behalf of the Corporation by its Vice President and attested by its Secretary this 30th day of October, 1999.

/s/ Steven M. Klosk

Executive Vice President-
Administration

ATTEST:

/s/ Peter E. Thauer

Vice President - Law and
Environment, General
Counsel and Secretary

CAMBREX CORPORATION

ANNUAL REPORT ON FORM 10-K

REVISED SCHEDULE OF PARTIES

NAME -----	TITLE -----	DATE OF AGREEMENT -----
Peter E. Thauer.....	Senior Vice President, Law and Environment, General Counsel and Corporate Secretary	08/28/89
James A. Mack.....	Executive Chairman of the Board	02/01/90
Steven M. Klosk.....	Executive Vice President, Administration	10/21/92
Thomas N. Bird.....	Vice President, Corporate Development	07/23/99
Luke M. Beshar.....	Executive Vice President and Chief Financial Officer	12/05/02
Gary L. Mossman.....	Executive Vice President and Chief Operating Officer	01/23/03
N. David Eansor.....	President, Bioproducts Business Unit	10/23/03
John R. Leone.....	President and Chief Executive Officer	08/23/04
Edward Robinson.....	Executive Vice President -- Europe, Pharma and Biopharmaceutical Business Unit	10/23/03

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EXHIBIT 21

CAMBREX CORPORATION

SUBSIDIARIES OF REGISTRANT

SUBSIDIARY

INCORPORATED IN:

Cosan Chemical Corporation.....	New Jersey
Cambrex North Brunswick, Inc.	Delaware
Cambrex Charles City, Inc.	Iowa
Cambrex Bio Science Walkersville, Inc.	Delaware
Cambrex Profarmaco Milano S.r.l.....	Italy
Cambrex Karlskoga AB.....	Sweden
Cambrex Bio Science Verviers Sprl.....	Belgium
Cambrex Bio Science Rockland, Inc.	Delaware
Cambrex Bio Science Copenhagen ApS.....	Denmark
Cambrex Cork Limited.....	Ireland
Cambrex Profarmaco Landen NV.....	Belgium
Cambrex Bio Science Nottingham Limited.....	England
Cambrex Bio Science Baltimore, Inc.	Delaware
Cambrex Bio Science Hopkinton, Inc.	Delaware

CAMBREX CORPORATION

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-57404, 333-22017, 33-21374, 33-37791, 33-81780, and 33-81782) of Cambrex Corporation of our report dated March 31, 2005 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Florham Park, New Jersey
March 31, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each officer and director of Cambrex Corporation, a Delaware corporation, whose signature appears below constitutes and appoints John R. Leone and Luke M. Beshar, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all Annual Reports on Form 10-K which said Cambrex Corporation may be required to file pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and any and all amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF each of the undersigned has executed this instrument as of the 31st day of March 2005.

/s/ JAMES A. MACK

James A. Mack
Executive Chairman of the Board

/s/ LUKE M. BESHAR

Luke M. Beshar
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer and
Accounting Officer)

/s/ ROSINA B. DIXON, M.D.

Rosina B. Dixon, M.D.
Director

/s/ ROY W. HALEY

Roy W. Haley
Director
/s/ KATHRYN RUDIE HARRIGAN, PHD

Kathryn Rudie Harrigan, PhD
Director

/s/ LEON J. HENDRIX, JR.

Leon J. Hendrix, Jr.
Director

/s/ JOHN R. LEONE

John R. Leone
President and Chief Executive Officer

/s/ ILAN KAUFTHAL

Ilan Kaufthal
Director

/s/ WILLIAM KORB

William Korb
Director

/s/ ROBERT LEBUHN

Robert LeBuhn

Director
/s/ JOHN R. MILLER

John R. Miller
Director
/s/ PETER G. TOMBROS

Peter G. Tombros
Director

CAMBREX CORPORATION

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, John R. Leone, certify that:

1. I have reviewed this annual report on Form 10-K of Cambrex Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the periods in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to

record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN R. LEONE

John R. Leone, President
and Chief Executive Officer

Date: March 31, 2005

CAMBREX CORPORATION

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Luke M. Beshar, certify that:

1. I have reviewed this annual report on Form 10-K of Cambrex Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to

record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ LUKE M. BESHAR

Luke M. Beshar
Executive Vice President and
Chief Financial Officer

Date: March 31, 2005

CAMBREX CORPORATION

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Annual Report of Cambrex Corporation (the "Company") on Form 10-K for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Leone, President and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN R. LEONE

John R. Leone, President
and Chief Executive Officer

Dated: March 31, 2005

CAMBREX CORPORATION

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Annual Report of Cambrex Corporation (the "Company") on Form 10-K for the period ending December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luke M. Beshar, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ LUKE M. BESHAR

Luke M. Beshar
Executive Vice President and
Chief Financial Officer

Dated: March 31, 2005