ANNUAL REPORT 2010

Chiesi

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OUR MISSION

Our aim is to be recognised as a research-focused international Group, able to develop and commercialise innovative pharmaceutical solutions to improve the quality of human life. We want to maintain a high quality entrepreneurial team characterised by self-confidence and a collaborative spirit.
Our goal is to combine commitment to results with integrity, operating in a socially and environmentally responsible manner.

MESSAGE FROM THE CHAIRMEN

Chiesi

Message from the Chairmen

2010 was a year of rapid expansion for the Chiesi Group, following a period of growth which went into double figures for the fourth year running

This result was achieved in a global pharmaceutical market where according to the IMS there was a growth rate of 5%, whilst in Europe the stagnant market conditions have persisted and worsened in the five most important countries, which experienced a growth rate of only 1.9%. In those countries recently joining the EU, however, growth was more rapid and better structured.

In the USA, whilst awaiting developments in the new healthcare plan brought in by the Obama administration, the market was up by 3%, also as a result of sales price increases. In the emerging countries growth is extremely rapid, with annual rates going into double figures. In Italy the retail market has reached a plateau, whereas the hospital supplies market continues to rapidly expand. Overall, the pharmaceutical sector continues to enjoy moderate growth in the more mature markets, owing to drug price reduction policies introduced by health authorities and also to generic competitors for specifics with expired patents. Contrary to the global trend, the Chiesi Group is going from strength to strength. Results for 2010, in terms of sales, growth in corporate products created with our research and the company's economic efficiency, are among our best to date; sales are now in excess of the 1 billion Euro mark.

This has been possible thanks to the lasting and growing success of our drugs for respiratory and cardiovascular diseases, neonatology and cystic fibrosis.

Our drug for the treatment of asthma (Foster/Innovair), launched in 30 countries, continues to meet with the approval of doctors and patients, and now heads our product list making a significant contribution to growth. The market shares achieved continue to grow everywhere, and are evidence of excellent prospects for future development.

Curosurf has become the worldwide gold standard for the treatment of respiratory distress syndrome in premature infants, also partly due to its combined use with new ventilation techniques (CPAP, INSURE).

The widely acknowledged therapeutic efficacy of our products has helped to enhance the company's reputation and further improved its international standing.

Our R&D operations increased by more than 12%, maintaining a 14% share of our revenues, a statistic which puts us in first place among Italian pharmaceutical companies, and among the top 14 companies in Europe according to the rankings issued by the European Commission.

The construction of our new Research Centre has gone according to plan, and we expect to be able to begin moving our researchers into the new premises from July this year.

Alongside Research, our Business Development and Licensing activities represent the second most strategic asset for our future growth. Several licences have been acquired by the individual affiliates, and the process of buying back our products in Belgium, Northern European countries, Russia and Turkey has now been completed.

Results in 2010

The Chiesi Group's consolidated sales stood at 1.015 million Euro, and were up by 16.4% on the previous year.

The year's total sales of our US participation, Cornerstone Therapeutics, naturally, made a significant contribution to this growth; nevertheless, there was an increase of almost 11% even excluding data for Cornerstone.

As in 2009, the sales target was achieved and exceeded. Some affiliates had to report small losses, owing to "pay backs", price cuts and generics. This was amply compensated for by the excellent results achieved by our affiliates in the UK, Germany, Austria and the CEEC, the Netherlands, Brazil, Turkey, China, Russia and Poland. Spain and Austria experienced a higher growth rate than that of their domestic markets; export sales have exceeded expectations.

In September, a new affiliate was opened in Belgium which immediately began operating successfully, whereas Cornerstone Therapeutics in the USA performed beyond expectations, a result that was also partly due to more positive exchange rates than those expected.

On the whole, the Group's International sales stood at 70% of the total; our "corporate" products in particular increased globally by 21.8%, and their share of the group's turnover reached almost 60%, creating a favourable knock-on effect on the company's reputation and balance sheet.

Foster became our top product and accounted for 50% of the global growth, reaching a 10% market share in terms of volume in the five main European markets.

The consolidated balance sheet shows that in addition to our revenues, the gross and net operating margins were our best to date. This is also due in part to obtaining significant contributions and tax credits for our research activities.

At the Parma plant, 49 million units were produced, a level of production which was up by 4.2% on the previous year. The total distribution of our products worldwide was over 90 million units, a fact which underlines the efficiency of our production facilities in Parma, France and Brazil.

In 2010 investments for over 70 million Euro were made mainly to build the new Research Centre, but also to expand our new production lines, the new research hub in Chippenham (United Kingdom) and ensure the re-acquisition of Curosurf in the USA and Triniplas in Italy.

Further investments were made in projects with Holostem Terapie Avanzate, one of the Group's subsidiaries, which works on developing regenerative therapies. Inspections made by the

Italian regulatory authorities have already been passed and once those currently under way with the European authorities are complete, it is likely that in the short term this field work can begin on regenerating damaged corneal tissue using stem cells.

Prospects for 2011

It is likely that the Group's growth will also continue this year, although at a slower pace than that experienced in 2010. This is due to drug price cutting policies, which have already been implemented in a number of European countries.
A negative impact will also be felt on evolution due to the expiry of the licenses for Aggrastat and Prixar in Italy, the patent expiry of Manidipine in Italy, France, Spain, Greece, and the price cuts in some markets.

Business in the first few months of 2011 has shown more signs of improvement than were expected, and this may also result in an interesting rate for the current year.
Research and Development will once again be our investment focus, and will be dedicated in particular to respiratory diseases and neonatology whilst also making provisions for specific projects on cystic fibrosis, cognitive impairment and regenerative medicine.
We also intend to develop joint initiatives with other companies and academic centres in order to consolidate our existing network of relations in our therapeutic areas of interest.
We would lastly like to express our sincere gratitude to all our managers and employees for the passion, initiative and professionalism that they dedicate to achieving the company's sustainable development and growth objectives, combined with a regard for the company's values and corporate social responsibility, which represent the foundations of our company.

Alberto Chiesi
President and
Chief Executive Officer

Paolo Chiesi
Vice President
and R&D Director

> Focus

The market and the R&D investments: evolution and trends

Steve Arlington

Global lead partner
Pharmaceutical Consulting,
PricewaterhouseCoopers

The continuous evolution of the pharma sector requires strong monitoring of its financial, industrial and regulatory conditions. As Chiesi Group keeps growing in this turbulent scenario, the need for a constant outlook becomes more and more prominent. Comments from Dr. Steve Arlington, partner at PricewaterhouseCoopers on the mid-term evolution of the pharma environment and the new strategies expected to take place in the next few years are shown here in an excerpt from the executive summary of the Pharma 2020 series.

Pharma's traditional strategy of placing big bets on a few molecules, promoting them heavily and turning them into blockbusters worked well for many years, but its R&D productivity has now plummeted and the environment in which it operates is changing dramatically. We believe that seven major trends are reshaping the marketplace:

- The burden of chronic disease is soaring – placing even greater pressure on already stretched healthcare budgets
- Healthcare policy-makers and payers are increasingly mandating what doctors can prescribe
- A growing number of healthcare payers are measuring the pharmacoeconomic performance of different medicines, and widespread use of electronic medical records will give them the data they need to insist on outcomes-based pricing
- The boundaries between different forms of healthcare are blurring, as clinical advances render previously fatal diseases chronic and the self-medication sector expands
- Demand for medicines is growing more rapidly in the emerging economies than the industrialised economies, a pattern that will continue for the next decade
- Governments everywhere are beginning to focus on prevention rather than treatment, although they have not yet invested very much in pre-emptive measures; and
- The regulators are becoming more cautious about approving truly innovative medicines.

We think that these scientific and technological advances will ultimately render the current model of development, with its four distinct phases of clinical testing, defunct. A company will start by administering a treatment to a single patient who has been screened to ensure that he or she has the right medical profile. Once there is evidence that the treatment does not cause any immediate adverse events, it will be sequentially administered to other patients – from as few as 20 to as many as 100. The data they generate will be compared to data from the modelling that preceded the study and subjected to techniques like Bayesian analysis to adapt the course of the study, but the study itself will be conducted in a single, continuous phase.

The development process will also become much more iterative, with data on a molecule for one disease subtype getting fed back into the development of new molecules for other disease subtypes in the same cluster of related diseases. And the current system of conducting trials at multiple sites will be replaced with a system based on independently managed clinical supercentres.

The regulatory process will change equally substantially over the next decade. First, there will be a common regulatory regime

for all healthcare products and services, rather than separate regimes for pharmaceuticals, medical devices, diagnostics and the like. Indeed, there may even be a single global system, administered by national or federal agencies responsible for ensuring that new treatments meet the needs of patients within their respective domains, although we think the latter is less likely.

Second, the current "all-or-nothing" approach to the approval of new medicines will be replaced by a cumulative process, based on the gradual accretion of data. In other words, all newly approved therapies will receive "live licences" conditional on further in-life testing to substantiate their safety and efficacy in larger populations, different populations or the treatment of other conditions.

However, if they are to capitalise on the new technologies now emerging and the creation of a nimbler, more collaborative regulatory regime, many companies will have to make significant organisational and behavioural changes. They will, for example, have to decide whether they want to focus on mass-market medicines or speciality therapies, and whether they want to outsource most of their research or keep it in-house. Those that regard R&D as an integral part of their activities may also need to review the way they manage their R&D and remunerate their scientific staff.

The industry's marketing and sales model will likewise have to undergo major alterations, as pay-for-performance becomes the norm in many countries and the opportunities for generating value from pure product offerings diminish. Many companies will have to analyse their own value chains to identify opportunities for working more closely with healthcare payers and providers. They will, for instance, have to consult payers, providers and patients when deciding which compounds to progress through their pipelines. Some companies now look at whether the products they are developing are more effective than other existing therapies, but very few focus on understanding the payer's perspective. We believe that all companies should extend the concept of "de-risking" from the clinical to the commercial sphere to ensure that they are making medicines the market really wants to buy. Similarly, many companies will have to supplement the therapies they develop with a wide range of health management services. Most treatments perform much better in clinical trials than they do in everyday life. So, any pharmaceutical company that wants to command premium prices for its therapies will have to provide a range of products and services from which patients can choose all but the core prescription.

This route has several significant advantages. It will enable companies to generate new sources of revenue, differentiate their offerings more effectively and protect the value of the medicines they make. But it will also entail the formation of numerous alliances with local service providers and even rival manufacturers; the development of a secure, interoperable technological infrastructure; the management of new intellectual rights issues; the creation of much stronger brands; and the redefinition of the industry's role. Instead of trying to stimulate prescription sales, its task will be to help patients manage the disease lifecycle.

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KEY FINANCIAL RESULTS

(Value in Eur/000)

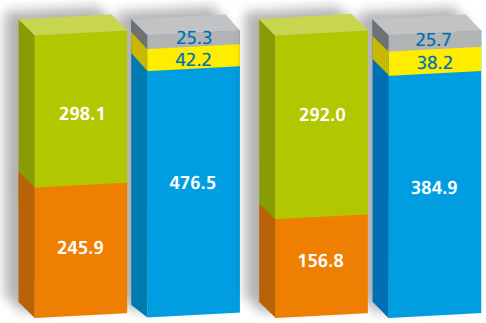
Operating Results	2010	2009
Sales & Revenues	1,015,003	872,239
Growth	*16.4%*	*16.5%*
EBITDA	198,678	147,751
% on sales and revenues	*19.6%*	*16.9%*
EBIT	154,828	110,767
% on sales and revenues	*15.3%*	*12.7%*
Net Income	96,854	75,385
% on sales and revenues	*9.5%*	*8.6%*

Other Information	2010	2009
R&D	150,341	132,645
% on sales and revenues	*14.8%*	*15.2%*
Capital Expenditure	70,152	68,835
of which R&D Investments	*40,001*	*30,285*
Number of employees	3,737	3,534
Interim employees	358	331

Balance Sheet Structure	31 December 2010	31 December 2009

(Value in Eur/000)

- Net Invested Capital
- Net Financial Position
- Reserve Termination & Severance Indemnity
- Minority Interests
- Shareholders' Equity (*)



(*) net of owned Shares.

Ratios	31 December 2009	31 December 2008
ROE (Net Income/Shareholders' equity)	**20.3%**	19.6%
ROCE (EBIT/Net Invested Capital)	**51.9%**	37.9%

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The Research Centre

The new Research Centre, which is due to be officially opened in the autumn of 2011, will gather together all the people and the activities of Research & Development under one roof. Work to build the complex has progressed at a steady pace over the past eighteen months, resulting in three five-storey buildings set out in a star design around a large glass atrium, and finished off with a few service buildings.

The entire Centre complex extends across an area of over 60,000 m2, 22,000 of which are covered, with large green areas and parking bays around the buildings designed for the laboratories, offices and facilities.

The Centre will be able to house 450 people, 320 of whom will begin taking up their posts from the summer of 2011. Besides the General Administrative Offices and those for Research & Development, Corporate Human Resources, Legal and Corporate Affairs and Corporate Business Development will merge within the Research Centre. This means that everyone at Chiesi Farmaceutici working in Parma will be gathered together in one of three company-owned sites, all of which are located in the northern area of town.

The Centre has also been conceived as a modern Pharmaceutical Workshop, i.e. a "plant" that will produce new drugs for clinical trials. Ensuring it can become operative is a complex process and will also require inspections to be carried out by authoritative bodies such as the AIFA (the Italian Medicines Agency) and the Health Ministry, which are needed to obtain the relevant authorizations. Therefore, to guarantee continuity for those production processes which generate new drugs for clinical trials, operations must proceed step by step to keep our existing research premises running where necessary while the new centre is being launched. Accordingly, the unification programme will take place over a period of eighteen months between 2011 and 2012.

The Research Centre is of particularly strategic importance. It represents a firm conviction to place innovation at the centre of the business to nurture the future development of the Group. To put this vision into practice the architectonic project is inspired by the idea of making man the focal point and has been constructed with a specific view: to promote the exchange of ideas. The open-plan, multifunctional and flexible rooms

help cultures and competencies get in touch and create opportunities for collaboration and dialogue. Moreover, in an increasingly globalised world, the Centre aims at retrieving a local dimension. The choice of Parma, the Group's historical venue, for its locations can provide the added value of people and organisational processes sharpened over decades of activity. At the same time, it aims to collect experiences coming from different worlds: not only the other research laboratories of the Group but, in a broader sense, all the elements that form the network of human relationships and scientific competencies established worldwide in 75 years. The Research Centre will not be only Chiesi's "house of research" but, more importantly, a point of reference for the future of the Group.

Natural lighting at the new Research Centre

Particular attention was paid to designing the natural lighting system at the new Centre. It is widely known that natural light improves working conditions and helps prevent energy waste. The design provided the buildings with a large area of external glass walls and positioned them so as to ensure the greatest exposure to light adjusted by solar shading devices.
The artificial lighting was also carefully designed to include a "smart system", which activates it gradually to ensure the most suitable level of lighting in every moment of the day according to the external conditions.

Research & Development

The Industrial Scoreboard Report released by the European Commission monitors the level of R&D investments in a sample of 1,400 industries, 67 of which are pharmaceuticals. In this report, Chiesi ranks number 1 in Italy and number 14 in the European pharmaceutical scenario.
In 2010 investment in R&D reached a total of 150.3 million Euro representing 14.8% of total revenues.
The migration to the new Research Centre, scheduled to commence in July 2011, will provide the opportunity to complete the process re-design initiated in 2008 with the objective of improving R&D effectiveness.
R&D will operate with a model of in-house maintenance and further development of the core competencies that are expected to provide the company with competitive advantages (such as its excellent proprietary inhalation formulation platform) and outsourcing of those activities that are repetitive and more cost-efficiently executed in a context of scale.
The new technology research laboratory opened in Chippenham (UK) became fully functional during 2010 and initiated cutting-edge research in the field of inhalation delivery. In order to remain at the forefront of inhalation delivery technology Chiesi will further potentiate this facility and at the same time continue to monitor emerging new technologies with a view to enhancing the performance of existing and future pipelines.

Furthermore, Chiesi R&D will continue to collaborate with Academia and other external partners in the continuous search for innovation in the strategic areas of interest.
Respiratory will remain the major interest, absorbing more than 70% of R&D spending. During 2010 Chiesi, among other EFPIA (European Federation of Pharmaceutical Industries and Associations) members, provided significant support for the IMI (Innovative Medicine Initiative), a public-private partnership in the area of medicine aimed at promoting medical innovation in Europe by addressing bottlenecks in the R&D process.
Specifically, Chiesi played a coordinating role in two respiratory programmes: one in COPD and one in severe asthma.
The collaboration between Industry and Academia, coordinated by Chiesi in COPD, generated the "PROactive" project.
PROactive focuses on the development of new Patient Reported

Outcomes (PRO) tools, with the capacity to capture changes in physical activity in patients with COPD before and after therapy. Suitable PROs will be validated as novel endpoints for demonstration of reduced disability and increased quality of life as added benefits of new medicines to patients, regulatory authorities and payers. The project has already generated information that will be presented at the European Respiratory Society Annual conference in 2011 and will soon be published in peer-reviewed journal.

In the field of severe asthma Chiesi contributes to the coordination of project U-BIOPRED (Unbiased BIOmarkers for the Prediction of REspiratory Disease) outcomes. The aim of this project is to gain a better understanding of clinical, functional, cellular and molecular aspects in the different phenotypes of severe asthma. It is expected that a greater understanding of these disease features will provide diagnostic tools and guide drug developers to identify more targeted and more effective drugs[1].

Furthermore, Chiesi is committed to the investigation of the role of the small airways in obstructive airways disease and is sponsoring various research projects in this field aimed at obtaining data by pathological and physiological measurements and assessing their relevance to clinical manifestations and treatment.

Pre-clinical Research

The Chiesi pre-clinical pipeline is mainly focused on Respiratory compounds including both anti-inflammatory and bronchodilating agents.

During 2010, three New Chiesi compounds reached the stage of first toxicity study, all of which are respiratory products for inhalation.

Additional discovery projects, either conducted internally or in partnership include novel pharmacological targets:

- Selective inhibition of p38 a powerful anti-inflammatory mechanism that might overcome steroid insensitivity with potential application in both asthma and COPD

Note

1. Progress of the PROactive and U-BIOPRED projects can be followed at: http://www.proactivecopd.com and http://www.fp7-consulting.be/en/ubiopred

- inhibition of neutrophil elastases. Elastases are proteins secreted by the neutrophils during inflammation. An aberrant secretion of these proteins is associated with lung remodelling (emphysema), damage of lung epithelial cells (acute lung injury, reduced ciliary beat frequency), goblet cells hyperplasia and mucus hypersecretion (airways obstruction) and inhibition of this mechanism has potential applications in cystic fibrosis, COPD, bronchiectasis, severe asthma and α1-antitripsin deficiency.
- antagonism of TRPA1 (Transient receptor potential cation channel, subfamily A, member 1). TRPA1 might play a role in the pathogenesis of several human diseases:
  - neurogenic inflammation/bronchoconstriction elicited by inhalation of cigarette smoke
  - stimulation of TRPA1 on sensory nerve fibres mediates cough reflex
  - stimulation of TRPA1 by endogenous activators (e.g. 4-hydroxynonenal, prostaglandin metabolites) elicits pain. Therefore, it seems conceivable that TRPA1 antagonists could be effective as:
  - anti-inflammatory drugs in allergic asthma
  - antitussive drugs for chronic cough
  - analgesic drugs for chronic pain (neuropathic pain, cancer pain, migraine and other types of pain)

Furthermore, Chiesi is pursuing the identification of a lipid emulsion suitable for parenteral nutrition of neonates.

Clinical pipeline

Respiratory

Respiratory accounted for 93% of the total clinical spending and focused mainly on the line extensions of Foster and the initial phases of development of new combinations of bronchodilators and corticosteroids for asthma and COPD.

Pre-clinical pipeline

Class of compound	Route of administration	Mechanism of action (Potential indications)
Phosphodiesterases IV Inhibitors	Inhalation	Anti-inflammatory (Asthma and COPD)
Long Acting Muscarinic Antagonists (LAMA)	Inhalation	Bronchodilator (BPCO)
Dual activity molecule M3 antagonist and Beta2 agonist	Inhalation	Bronchodilator (BPCO)
Long acting corticosteroids	Inhalation	Anti-inflammatory (Asthma and COPD)
Double combination: LABA + LAMA	Inhalation	Bronchodilator (BPCO)
Triple combination: LABA+ LAMA+ ICS	Inhalation	Bronchodilator and anti-inflammatory (BPCO)
Caspase inhibitor	Intravenous	Inhibition of apoptosis (Neonatal brain injury)

Foster

The application for marketing authorisation of Foster pMDI in the asthma indication was extended during 2010 to four new countries and received approval in seven.

The successful application of Foster plus Aerochamber (spacer for the pMDI drug formulation) has enabled the update of the product SmPC to include the use with the named spacer for patients with poor coordination.

Two clinical studies were completed: Study "FORTE" demonstrated that Foster is cost-effective and provides asthma control with half the dose of corticosteroids compared to high dose conventional therapy. In addition, study "FACTO" demonstrated that patients already on conventional therapy can be safely switched to Foster and maintain asthma control.

Phase III studies for the new modality of administration for asthma maintenance and relief treatment at variable doses and for the new indication COPD progressed as per plan and are expected to deliver clinical results during 2011 and 2012, respectively.

The COPD study "FORWARD" introduced a very innovative approach to patient's management during clinical trials. In order to facilitate contact with investigators, each patient enrolled in the study was provided with a BlackBerry specifically intended to enable them to inform the caregiver about the development of new symptoms in real time. This approach enables early detection and treatment of an exacerbation by the physician, maximising the strengths of the study measurements and the power of the study. Patient compliance with the use of BlackBerry was very high across all ages.

Chiesi Paediatric Investigational Plan for Foster has been approved by PDCO and is now in full implementation. Further data has been produced on the new Foster DPI formulation: the device is easy to use for the patient and can easily be activated at any age and at each degree of severity of asthma and COPD.

New Projects

Two new chemical entities have started pre-clinical development and will enter clinical development in 2011: a new, potent PDE4 inhibitor and a new long-acting muscarinic antagonist (LAMA). Both compounds exert a 24-hour effect.

A new triple fixed combination for the treatment of COPD has initiated clinical development.

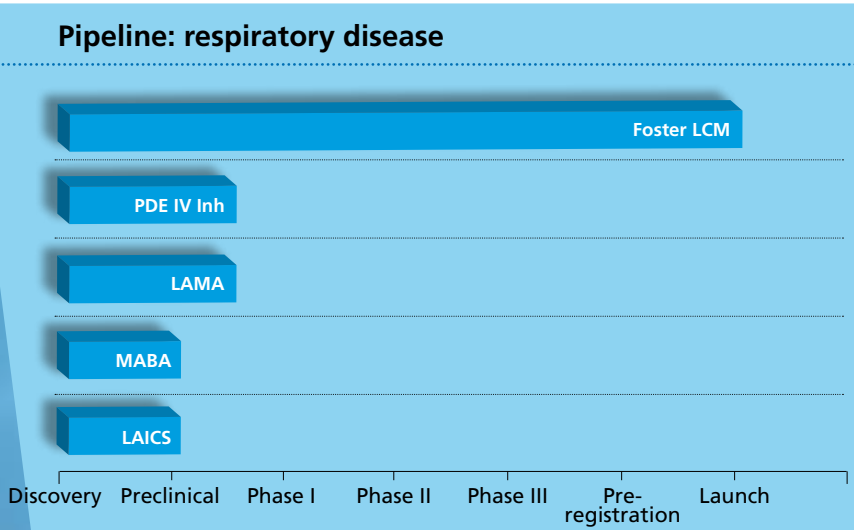
Carmoterol (a long-acting beta2 agonist) has been withdrawn from further development based on evidence that the compound does not possess a competitive profile.

Neonatology

The new synthetic surfactant in development for RDS (Respiratory Distress Syndrome) made progress during 2010 completing the pre-clinical and toxicological studies and will initiate the first study in patients during 2011.

The registration process of caffeine citrate has been successfully completed and the product will be launched with the trade name Peyona during 2011.

Consistently with the strategy of providing solutions to neonates that suffer from complications of prematurity, new partnerships were established with Academia for the development of paediatric indications of two off-patent products (PUMA). In collaboration with Consortium NEUROSIS led by Universitätsklinikum/University Clinical Center of Tübingen Chiesi supported the initiation of an investigational study of budesonide pMDI for the prevention of bronchopulmonary dysplasia. In collaboration with an Academic Consortium led by the PENTA Foundation, a project was kicked off for the testing of a suitable formulation of meropenem for neonatal sepsis (NEOMERO). A new development plan was also devised for a caspase inhibitor that is speculated to be effective in neonatal hypoxic-ischemic encephalopathy.



Cystic Fibrosis

As planned, Bramitob (nebulised tobramycin) NDA was submitted in the US and is currently being reviewed by the FDA. Based on recent statistics on FDA review cycletime its approval could be expected by the end of 2011.
New projects continue to be evaluated for the treatment of this disease.

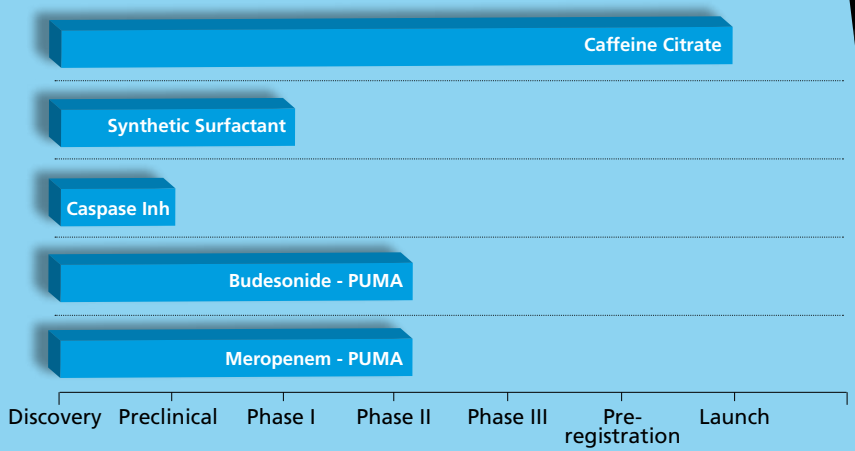
Regenerative Medicine

Our partnership with the University of Modena and Reggio Emilia continues with the objective of obtaining the marketing application of limbal stem cells for transplantation in the treatment of burn-dependent destruction of the human cornea. The long-term results of this approach were published in the June issue of the New England Journal of Medicine. Permanent restoration of a transparent, renewing corneal epithelium was demonstrated with a follow-up duration up to 10 years.

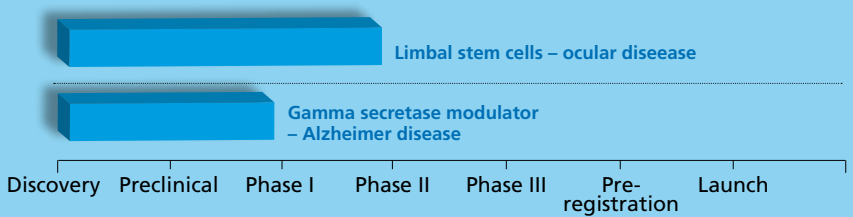
Cognitive Impairment/Alzheimer disease

The studies on healthy volunteers were completed during 2010. Preliminary data indicates that the drug was well tolerated at single and repeated doses. A clinical trial in patients with mild cognitive impairment is planned to start during 2011.

Pipeline: neonatology



Pipeline: regenerative medicine, CNS



> Focus

The treatment of respiratory diseases

Marc Decramer

President of the European Respiratory Society

It is real pleasure and an honour for me to contribute to this annual report of CHIESI Farmaceutici SpA. Although an annual report essentially deals with the past (year), in this foreword I will focus on the future. The importance of chronic respiratory disease for this future cannot be overestimated. The big five respiratory disorders (COPD, asthma, lung cancer, pneumonia and tuberculosis) are responsible for 20% of mortality worldwide[1,2]. The annual cost associated with these diseases in Europe is 100 billion €, which makes it the leading cause of healthcare expenditure in the EU. COPD presently affects 210 million people in the world according to a recent estimation of the WHO, and 44 million people in Europe[3]. It is currently the 4th leading cause of death and it will become the 3rd leading cause of death by 2030. Whilst mortality due to cardiovascular disease and stroke has been decreasing, mortality due to COPD has increased over the last three decades (Figure 1) indicating that COPD in particular and chronic respiratory disease in general will become the diseases of future decades[4]. In this context it is shocking that proportionally limited funds are committed to research into chronic respiratory disease. Indeed, e.g. in the UK in 2002 only 2.8% of the Medical Research Council budget was claimed by respiratory disease, whereas respiratory diseases were responsible for 13% of the causes of mortality[5]. Similar observations have been made in other European countries.

COPD will thus pose a tremendous problem in the next decade, also in view of the ageing population. By contrast, the disease is still often underestimated by both patients and physicians[6,7]. It is associated with multiple co-morbidities such as muscle weakness, osteoporosis, diabetes, cardiovascular disease, hypertension, depression and lung cancer[8]. This will necessitate new modes of approach of this chronic disease such as integrated and multidisciplinary care, clinical pathways, selfmanagement[9], telemonitoring[10] and rehabilitation[11]. Although evidence of an effect on outcomes is now present with these innovative care models, accessibility of these services remains dismal. It is estimated that less than 5% of eligible patients currently have access to rehabilitation[12]. Present therapies for COPD remain largely symptomatic although some evidence for a modest disease modification is present[13,14,15]. Hence, more investment into research is required into the pathogenesis of COPD in order to ensure the development of effective disease modifying therapy in the future. Lung cancer remains the number one cancer killer and its importance will increase in the next decades (Figure 1).

This tremendous burden of chronic respiratory disease is the reason why the European Respiratory Society decided to develop a "European Respiratory Road map", an ensemble of recommendations and action plans to offer to governments and health policy makers, in order to deal

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more effectively with this epidemic. The development of this road map is now underway. It will be launched in September 2011. We sincerely hope that together with health authorities and policy makers, patients and patient organizations, pharmaceutical industry and all stakeholders, we will succeed in shaping a better future for respiratory disease, the main mission of our society.

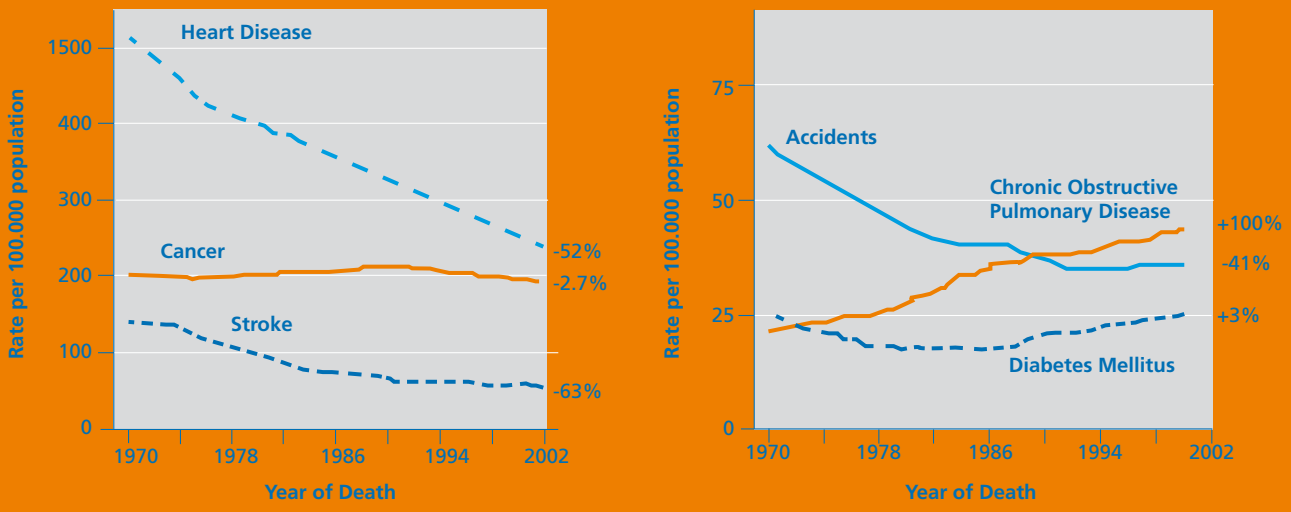

Figure 1: Evolution of mortality due to various diseases over the last 30 years. Modified according to reference[4].

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Industrial Operations

Chiesi Group production takes place at three sites: the Parma production facilities (Italy), with 420 employees, which are subdivided between the San Leonardo and via Palermo plants; the Blois-La Chaussée Saint Victor plant (France), which employs over 60 members of staff; the Santana de Parnaìba plant (Brazil), which has over 100 people.

Parma

The most important production plant is in Parma; it is also an international supply centre and exports to over 60 countries.
The San Leonardo plant operates under the ISO 9001:2008 Quality Management System Certification and has passed many inspections carried out by the regulatory authorities of a number of countries, including the US Food and Drug Administration, the Canadian Therapeutic Products Program and the Agenzia Italiana del Farmaco.
A Health and Work Safety Management System complying with British Standard OHSAS 18001 has also been implemented and certified.
The proper application of international Good Manufacturing Practice standards, achieved by employing avant-garde technologies, such as the high level of product automation and segregation from the environment, represents the best way to guarantee worker safety and respect for the environment.
The ability to ensure optimal standards in supplying products to our affiliates and clients is the result of carefully managed partnerships with our suppliers. With Business Continuity in mind, we require our suppliers to ensure service, safety and quality standards both within their own organisation and in the supply of goods.
Annual production in Parma is over 49 million sales units.
The San Leonardo production facilities prepare: solid pharmaceutical form tablets and powders for DPIs (Dry Powder Inhalers); solutions and suspensions either for pressurised MDIs (Metered Dose Inhalers) with eco-friendly propellants (HFA) or sterile unit-dose vials (UDV) with "Blow Fill & Seal" technology (BFS) for use with a nebuliser.
The Via Palermo production facilities prepare vials of sterile suspension for endotracheal administration (Curosurf) and liquid form pharmaceuticals such as drops, syrups and nasal sprays.
The current 3-shift production capacity for sterile UDV nebulisation polythene vials stands at 210 million units (vials) per annum.
The MDI double shift production capacity is currently 24 million canisters, with further potential capacity using a third shift, which has already been successfully trialled. The recent expansion of the Curosurf sterile suspension production department, approved by

European health authorities and the US FDA, along with that of the plant supplying the active ingredient, have increased capacity to over 400,000 units.

An automatic filling and assembly line for a new Dry Powder Inhaler (DPI) is also ready.

Production and support processes (Cleaning in Place, Sterilizing in Place) are managed and monitored by approved IT systems. In order to further increase the level of automation, Manufacturing Execution System (MES) type IT architecture has been put in place. The IT dispensing system has so far been linked up and the electronic batch record is now operational in the sterile UDV department. This is now being extended to other departments.

The Engineering department in Parma has made a fundamental contribution to the creation of the new Research Centre situated, which can house 400 researchers.

Blois

Production at the Blois facilities stands at over 6 million sales units, which are mainly destined for the other affiliates in the Group. The French production plant specialises in capsule and tablet blister-packaging and also in the final assembly and production steps for MDIs, which can then be deposited in the ample refrigerated storage space at the facilities.

The Blois plant is also equipped for direct distribution to the client both for the French market and for export.

Santana de Parnaìba

These facilities produce over 6 million sales units. The production lines in Santana de Parnaìba prepare solid pharmaceutical forms (tablets) and solutions and pressurised suspensions for inhalation (MDI), including those formulated for use with eco-friendly HFA propellant.

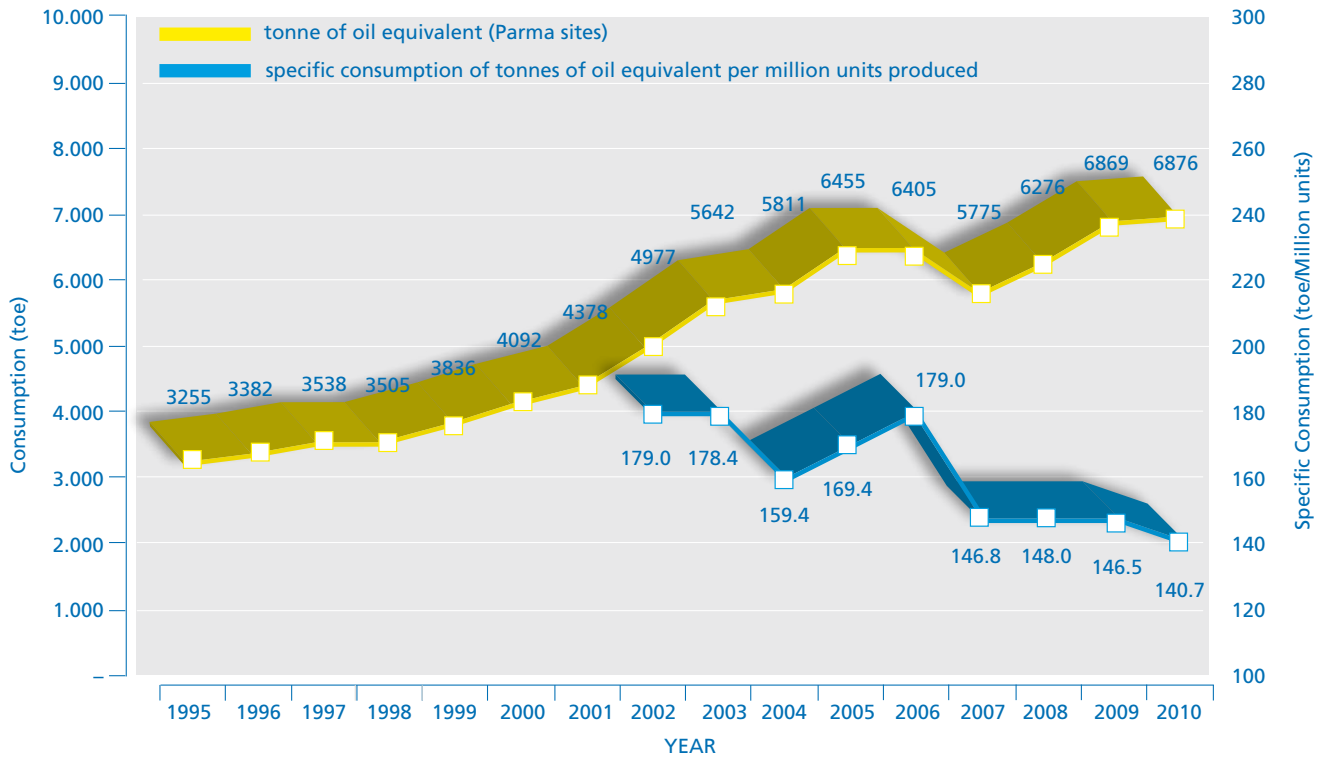
Aside from the local market, these products are destined for those of the Group's other affiliates, including Italy as a result of AIFA approval (Italian Agency for Pharmaceuticals) following regular inspections on site, and for export to licensees and distributors.

Technological Support

The Corporate Manufacturing Technology and Corporate Engineering departments can support:

- Research and Development in scaling up developed products
- production transfer between facilities within or outside the Group
- partners, where they produce directly using the technologies patented by Chiesi.

Environmental indicators



Therapeutic Areas

Respiratory diseases

The company is fully committed to the treatment of pulmonary diseases. To this end, we have created drug delivery technologies and devices to ensure efficient active ingredient distribution in the lungs. Asthma is a chronic inflammatory disease affecting the entire bronchial tree. Foster, a combination drug consisting of a long-acting bronchodilator and a steroid, has been developed in order to provide innovative treatments for the respiratory field. Foster's distinguishing feature is its extra-fine formulation based on Modulite technology.
The Modulite spray, which is able to release the active ingredient as extra-fine particles, guarantees an even distribution of the drug throughout the entire bronchial tree, thus ensuring uniform treatment of inflammation and bronchoconstriction in the central and peripheral airways. The drug is currently being sold internationally with great success and it is with this product that the Group intends to become a leader in the respiratory therapeutic area. In addition to improving asthma treatment, the Group is currently engaged in identifying new effective treatments for Chronic Obstructive Pulmonary Disease (COPD), a condition which is characterised by a number of therapeutic needs that are as yet unresolved. The Chiesi pipeline is mainly made up of projects designed to make significant advances in the treatment of asthma and COPD thereby continuing to strive towards improving the quality of life of patients affected by these diseases.

Special care

The company also pays particular attention to patient treatment and assistance for those affected with special care diseases, which potentially put patient survival at risk. Our efforts are concentrated in this area, which is considered strategic for the future of the Group and of great social impact. In particular, considerable expertise has been developed in intensive care for premature newborns. Aside from its

longstanding commitment to the treatment of respiratory distress syndrome (RDS), a field in which the surfactant Curosurf has become the international reference standard, the company is now looking at other neonatal respiratory diseases, such as apnea in premature infants and bronchopulmonary dysplasia. By combining its expertise in physiopathology and technology for inhalant formulations, we want to offer the medical and scientific communities new therapeutic options for the treatment of serious genetic diseases such as cystic fibrosis. There have been two initial steps in this direction: the first was the launch of Bramitob for the treatment of infections caused by Pseudomonas aeruginosa in cystic fibrosis sufferers, and the second was to set up a joint initiative with physicians and associations to improve the management of patients affected by this disease.

Cardiovascular diseases

Cardiovascular diseases are the main cause of death worldwide. They are considered multi-factor, as their origin is determined by a combination of many different risk factors. The most common, myocardial infarction and ischemic ictus, are of atherosclerotic origin. Chiesi dedicates its energies to the prevention of these diseases through the therapeutic care of hypertension and hypercholesterolemia.

Main products

Foster/Innovair

Foster is a fixed combination of beclomethasone dipropionate (corticosteroid) and formoterol fumarate (a long-acting β2-agonist with rapid onset of effect for the treatment of asthma) to be taken by inhalation. The drug is available as a pMDI (pressurised metered–dose inhaler) in solution. This formulation is based on Modulite technology, which makes it easy and flexible to administer: one or two inhalations twice daily. Foster's key feature is its extra-fine formulation, which guarantees uniform distribution and high drug deposition throughout the bronchial tree. The formulation was developed using extra-fine particles for both active ingredients, as evidence shows that the asthma inflammatory process occurs at all levels of the respiratory tree. Optimal drug deposition must therefore occur in both the central and peripheral airways. Clinical trials have demonstrated that Foster is effective in improving lung function, clinical symptoms and exacerbations in patients with moderate to severe asthma. Following its launch in Germany in October 2006, Foster is now sold in 30 countries worldwide and further launches are planned throughout 2011. The development of additional indications is underway, such as the treatment of chronic obstructive pulmonary disease (COPD), and the extension of Foster's clinical use to include paediatric and adolescent patients. A new dry powder inhaler formulation ("NEXTHALER" DPI device) is also in the late stages of clinical investigation.

Brexin

Piroxicam β-cyclodextrin (PBC) is a successful example of the clinical application of "guest-host" technology, which has been awarded the Nobel prize. The guest is a starch derivative known as β-cyclodextrin, which solubilises the piroxicam host, a non-steroidal anti-inflammatory, thereby improving its pharmacological properties. Piroxicam β-cyclodextrin is mainly indicated for the treatment of painful and inflammatory conditions in patients with rheumatic diseases such as rheumatoid arthritis, osteoarthritis and ankylosing spondylitis. About twenty years after its launch, the drug is today sold in Europe, South America, Asia and Africa.

FOSTER
Beclometasone+Formoterol

BREXIN®

Clenil

Clenil (beclomethasone dipropionate) is one of Chiesi's historical products and has become well established in the market since its launch in Italy in 1979. It is indicated for the treatment of asthma and other inflammatory and allergic conditions, and is the most versatile drug in our portfolio as it comes in various formulations (pMDI, DPI and mono-dose nebuliser solution). The pMDI formulation uses Chiesi patented Modulite technology. This has enabled the drug to achieve significant results in European countries such as the United Kingdom, where sales and market share recorded constant growth last year. Even today, this drug is one of our most important resources owing to its remarkable therapeutic properties.

Atimos

A formoterol fumarate pressurised inhalation solution (pMDI) based on Modulite technology and is indicated in the long-term symptomatic treatment of asthma and chronic obstructive pulmonary disease (COPD). Thanks to the rapid onset and long-lasting therapeutic action (up to 12 hours) of this drug, formoterol is considered to be one of the best β2-agonists currently available on the market. The extra-fine size of Atimos particles ensures optimal distribution of this active ingredient throughout the entire bronchial tree, including the peripheral airways. As a result, its bronchodilatory effect is extremely marked and as effective as the other formoterol inhalation formulations (DPI).
The drug is sold in all the principle European markets and has proven to be well tolerated with respect to other DPI and pMDI formulations. The licensing of Modulite technology to Novartis confirms its efficacy.

Clipper

An oral corticosteroid indicated for the treatment of mild to moderate ulcerative colitis in its active phase. The drug is available in prolonged-release gastro-resistant beclomethasone dipropionate tablets, to be administered once daily.

Clenil | ATIMOS | clipper

The release design of the product ensures targeted delivery of the active ingredient in the mucosa of the distal ileum and the prima colon, where the inflammatory process develops. The drug exerts its anti-inflammatory effect locally and reduces the systemic adverse events normally associated with corticosteroids to a minimum. Clipper represents the first modified release oral corticosteroid indicated in the treatment of ulcerative colitis. It is currently registered and sold in Italy, Belgium, Spain and the United Kingdom.

Curosurf

A natural surfactant for endotracheal administration indicated in the prevention and treatment of respiratory distress syndrome in premature infants. This disease is among the most common causes of neonatal death and is due to lung immaturity in pre-term newborns. Its active ingredient is a natural surfactant mainly composed of polar lipids and surfactant proteins. Since its introduction in 1992, Curosurf has been used to treat over 1,000,000 newborns. Today it is the world leader, with a 62% market share, and is available in over 70 countries. Its use with non-invasive ventilation was investigated in the recent clinical trial CURPAP, which has provided neonatologists with a valuable point of reference for the management of respiratory distress syndrome.

Bramitob

This new tobramycin formulation has been developed by the company in a sterile inhalation solution for the treatment of chronic pulmonary infections caused by Pseudomonas aeruginosa in patients with cystic fibrosis (CF). The drug is available in mono-dose vials, to be administered twice daily in 28-day therapeutic cycles, alternating with a period of treatment suspension of the same duration. Tobramycin nebulised solution was tested in double-blind multicentre clinical trials that were controlled against a placebo. Bramitob showed improved lung function, reduced the need for and length of hospital stays, the number of work and school days lost, and the need for intravenous antibiotics. Not only is Chiesi fully committed to continually researching new therapeutic solutions for special care diseases such as cystic fibrosis, it is also involved in activities

designed to increase awareness and educate people about the disease. To this end, the company partners a number of scientific and patient associations both at local and international level, and has for many years been the only pharmaceutical sponsor of the Cystic Fibrosis European Registry which aims to quantify, investigate and compare the different aspects of the pathology and its treatment in the countries participating in the initiative.

Bramitob is registered and sold in 21 Countries. Launches in other Caucasian countries are planned for the next few years as cystic fibrosis, which is the most common special care disease, predominantly affects these populations.

In 2010, the drug reached a market share in units equal to 34% of the total sales of tobramycin for inhalation in Europe.

Iperten

Iperten (manidipine), a last generation dihydropyridine calcium antagonist, is indicated for the treatment of mild to moderate hypertensive patients. Its vasodilating action causes a relevant reduction both in systolic and diastolic blood pressure.

Unlike other traditional calcium antagonists and in addition to its antihypertensive action, manidipine also exerts specific effects aimed at reducing the total cardiovascular risk and improving the quality of life of the hypertensive patients.

In fact, manidipine differs from other molecules in its class due to: 1) its better renoprotective profile, as a result of a well-balanced dilation of the afferent and efferent glomerular arterioles and, consequently a higher reduction in microalbuminuria and proteinuria; 2) a metabolic profile which improves insulin sensitivity and adiponectin secretion; 3) the lack of sympathetic activation, which contributes to improving drug tolerability, owing to the lower incidence of ankle edema.

Today, manidipine is available in a number of countries under different brand names: Italy, France, Tunisia and Morocco (Iperten); Brazil - (Manivasc); Greece and Germany (Manyper); Spain (Artedil).

Vicace

A fixed combination of manidipine and delapril, (ACE-inhibitor), particularly suitable for the treatment of hypertensive patients at medium to high cardiovascular risk, such as hypertensive diabetic patients and those suffering from metabolic syndrome. The synergism between Vivace's dual components means that in addition to its effective blood pressure lowering effect, valuable target-organ protection and high tolerability is achieved, which is capable of improving both patient compliance and adherence to therapy, resulting in positive medium to long term outcomes.
It has been commercialized in Brazil (Hipertil), Germany and Spain. In 2011, it is expected to be launched in Greece and in Italy.

VIVACE®

> Focus

Human Capital in businesses based on innovation

Alberto Grando

Dean, SDA Bocconi School of Management

In a business context, the term "human capital" is becoming increasingly used to replace the term "resource" when referring to the people who work for a company or an institution. In everyday usage these two ways of representing the workforce of an organisation are often applied without distinction. However, a more careful analysis of the deeper meaning of the two terms reveals a substantial difference, which I believe provides a worthwhile starting-point for this brief observation.
"Resource" brings to mind the concept of an investment acting as leverage, whereas "human capital" is more closely associated with the meaning of value, linked to an asset in which to invest so that its potential can be developed. My point is this: how can human capital be developed in line with today's, and more importantly tomorrow's, needs and opportunities? Those that work in a Business School, whose aim is precisely that of contributing to the creation of human capital by developing and transferring knowledge on economic and management issues, have witnessed an evolution in the elements that constitute value. Over the years, the core competencies required in a manager have gradually changed, adding to and enhancing the range of aptitudes, skills, personal characteristics and those pertaining to value which are needed to ensure that development prospects remain sustainable and to be able to effectively place oneself at the service of businesses and institutions. In the past, disciplinary hard skills may have been the only ones truly considered core competencies, and the others might have seemed to be more like a series of peripheral accessories, but today this is no longer the case.
Technical and disciplinary competencies appear to be a necessary but insufficient requirement. So-called soft skills are taking on an increasingly important role and playing a crucial part in completing a profile with great potential: the ability to work in groups, the ability to listen and provide leadership, a predisposition for working in a multicultural environment, making the most of the principles of intellectual pluralism and of every element of diversity, appear to be increasingly vital to the search for qualified staff. These skills have now been further complemented by even more recent requirements that have become essential as a result of the rapid and often unpredictable changes brought about by the social-economic conditions in which today's companies operate and compete: a predisposition for taking decisions on the basis of information of an uncertain and changeable nature, managerial responsiveness, the ability to motivate ones co-workers by taking advantage of new values, such as sustainability, subsidiarity and the ability to seek and guarantee an appropriate work-life balance, as well as a desire to enhance individual and collective wellbeing.
This obviously applies to all those businesses and institutions that want to create value. Nevertheless, especially in knowledge-intensive environments, the challenge is to some extent even more crucial. In these contexts, the company's raison d'être is firmly rooted in the competencies and skills of its staff, in their motivation, in the opportunities for growth it offers its talents, exploiting them to the full and recognising their merits, providing an opportunity for professional development on the one hand, and devising effective retention policies on the other. In these contexts, company success would not appear to be dependent upon production plants, or on communicational messages designed to highlight differentiating elements where they are not clearly evident in an offer of a product or service. The cornerstone of development lies in those competencies primarily involved in the knowledge creation phase, and more generally in its dissemination and careful management.
Within this framework, it is training which takes on a central role. As Claudio Dematté, founder of the SDA Bocconi School of Management, maintained "education is the resource of resources", or rather the driving force which ensures that the potential for knowledge or skills in each and every one of us can grow. Investment in training is a sign of vision, of long-term thinking, a choice which sees human capital as an asset to use to the full, managing to successfully combine an individual's desire for personal development with the overall aims of the company investing in them and that of the social system in which it operates.
The partnership between the SDA Bocconi School of Management and Chiesi Farmaceutici, which has given rise to the Chiesi Academy dedicated to the Chiesi workforce and led to numerous initiatives inspired by the principles of continuous learning, has gained in importance as it is based on this shared vision and intent: to help the individual to grow in order to ensure that society develops as a whole.

Human Resources

Considering the rapid evolution the Group has achieved, it is easy to understand why Human Resources has been asked to provide new, effective solutions to increasing business needs. At the same time, particular attention has been constantly paid to people's quality of life. People Care programmes are in place both at the headquarters and most of the affiliates to establish and maintain a high quality standard of working and private life for the company people. This is also confirmed by the fact Chiesi Farmaceutici SpA has been awarded and certified among the Top Employers Italy for the third consecutive year, achieving excellent result in Pay & Benefits, Working conditions, Corporate culture, Training and development and Career development.

Organization Improvement

In 2010, new professional profiles were integrated into the Chiesi Organization model to meet the new business requirements.

The new "project driven" Chemistry Manufacturing Control organization design, exploited in 2010, aims to create an organization which significantly and cost efficiently contributes to company growth.

According to the new CMC Organization, professionals are organised for best coaching, development and knowledge sharing, and the organization model is more directly linked to skills and experience, whilst accountability is delegated at the lowest level with adequate competences.

A significant example of the international collaboration within the Group comes from the start-up of the new Chiesi Belgium legal entity. The HR Corporate staff and the German affiliate have been able to effectively support the procedures for the kick-off of our Belgian affiliate taking into consideration the recent, similar process applied to the start-up of the Dutch affiliate.

Human Capital Development

Within the framework of the Chiesi Academy activities, the participants of the first edition of the Chiesi Corporate Master were awarded their diplomas for the successful completion of the two-year Master's degree last November. The same day, the future participants took part in the official inauguration of the second edition of the CCM.

Alongside the Chiesi Academy program, the Human Resources function at our headquarters has started the LEAD project, aimed at improving the effectiveness of Italian managers through a guided analysis of leadership and excellence issues. The five training sessions have shown some significant outcomes in terms of behaviour, e.g. a remarkable increase in compliance with Group values and in personal effectiveness, a stronger leadership capacity and the expression of personal plans to develop it.

The full implementation of the new Corporate website and the establishment of cross links between this latter and the local companies' sites has further improved the effectiveness of this approach.

top EMPLOYERS 2010 ITALIA
AWARDED BY THE CRF INSTITUTE

Research & Selection

A new set of recruiting corporate guidelines was created in 2010, with the purpose of promoting the harmonization of selection processes and improving the quality of their output. The new guidelines were conceived capitalizing on the best practices developed with the Group and at the same time respecting local needs and differences.

During the year, web recruiting demonstrated that it is a powerful tool for identifying high quality human resources and selecting those that most closely meet the Group's needs. The full implementation of the new Corporate website and the establishment of cross links between this and local companies' sites has further improved the effectiveness of this approach.

Information & communication technology

A step towards the future

The internationalisation of the company has significantly increased the number and scope of Corporate projects for CICT. Besides providing the information technology basics for the headquarters and affiliates, CICT has started a new trend, aimed at improving integration within the Group. This approach has been implemented in different projects, sharing some common principles such as:

- Simplification of the business process
- Harmonisation of the ICT processes and tools
- Adoption of best practices
- Common business models (e.g. finance & control, industrial operations, etc.)
- Standardisation of the most important processes and master data
- Creation of shared competencies and glossary.

The initiatives

According to this new strategy, during 2010 CICT has started implementing some projects that are expected to continue in the next years.

ERP Project

From the evaluation of the former Chiesi Italy ERP system, it was soon clear that the adoption of a new ERP platform would have offered the opportunity to put a global vision of the company into practice. Besides the technological implications, the implementation process of the **SAP platform** is expected to provide a new consciousness of the business on a global scale.

Mercury Project

Just like the business processes, the communication infrastructures are following the harmonisation approach that is currently driving our initiatives. The **Mercury project** aims at providing all the local companies with a new communication

integrated system, including: e-mail, instant messaging, web conferencing, supported by a new user profiling system. One of the most relevant implications of this project will be the adoption of the new e-mail address structure for all the Chiesi Group employees.

CICT Internal Processes harmonisation

A dedicated tool is currently being developed to support the CICT planning management and the budget allocation.

> Focus

Ethics and information in healthcare

Margherita De Bac

Scientific journalist

Corriere della Sera correspondent, blogger and author of books dedicated to rare diseases

Margherita De Bac, Corriere della Sera journalist, deals with the evolution of the media in the healthcare sector and the way the relationship between the need for information and the expectations for new therapies is changing.

Written journalism, on paper, is a profession nearing its end. It is likely, if not already a foregone conclusion according to American publishers, that in a few years the papers sold by newsagents will no longer exist, ousted by their online rivals, by new media and increasingly technological forms of information. In the same way, medical journalism will also disappear and require an overhaul, at precisely a time when it had come of age and effectively matured.

Despite the criticism they attract (a tendency towards sensationalism, an obsession for an easy scoop, little respect for their patient readership by reporting unfounded miracle cure stories), I believe that the standards of Italian reporters dealing with these issues have greatly improved, particularly with respect to those in other countries where pressure from various sources is more evident in their reporting.

The biggest newspapers currently employ one or more experts, who are well-equipped to deal seriously and authoritatively with such delicate and complex matters, albeit with the occasional slip from time to time. Reports on discoveries that turn out to be unsubstantiated, or a lack of in-depth examination. Mistakes that are twice as deadly in that they can bring about devastating effects on the hopes and expectations of countless sick people waiting for "the cure".

The medical and health pages are among those most frequently read or clicked upon, proof that what is published in the papers represents a point of reference for families, an unbiased source of information on which a decision to opt for a particular treatment may be based. This is why it should be a moral obligation for those who write articles not to allow themselves to get carried away by their enthusiasm, but instead ensure that what they write is unprejudiced and has been scrupulously checked as far as possible.

The risk is that the disappearance of newspapers may result in scientific information degenerating and becoming less reliable. There may be fewer guarantees for readers. The changeover to the electronic format has its advantages (rapidity, continual online updates), but also a number of disadvantages due to various factors imposed by this new means of communication. There is less scope for inquiries, special reports and accuracy, as well as less screening and selection. It is a dangerous tendency as it can raise false hopes and encourage patients and their families to consult inadequately qualified specialists or medical practices to tackle their problems. For all these reasons (besides merely "saving" my job) I hope that written (and published) scientific journalism survives the crisis as long as possible.

As far as the restrictions and rules that those in journalism should adhere to, I believe they should be kept in mind each time we begin to fill a blank page. First and foremost, we should prioritise the news read by the sick, i.e. concerning drugs, medical care and treatments that are already or will shortly become available. Secondly, we should not provide too much information about findings regarding the field of general medicine, which has no tangible link with the patient and is seldom destined to result in an actual therapy unless it represents a radical discovery. In other words, our first commandment should be do not delude. It is something we too often forget.

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Pharmaceutical Division Italy

The Italian pharmaceutical market ended 2010 somewhat negatively compared to the previous year from a retail point of view. The growing number of expiring patents and pressure on prices of reimbursed drugs have brought about this downturn in the overall value of the market.
Despite this scenario, Chiesi has reached a significantly improved market performance for yet another year. This result is particularly satisfactory in light of the fact that in 2010 one of the lowest levels of respiratory morbidity in the last decade was recorded, and in May the antibiotic Prixar was returned to the licensor company.
In the first few months of the year the new commercial organisation was fully operative. The growth of key products such as Foster (up by 14.4% on 2009, with a market share of 11.2%) and Provisacor (up by 17.4% on 2009, with a market share of 11.9% in the high potency statin market) continued at a steady pace; the trend for the market share of the three main established products (Clenil, Fluibron and Clody) reversed in a positive way. The muscular-skeletal products reached a significant growth rate compared to the previous year, also partially due to the launch of a new drug based on glucosamine hydrochloride and sodic chondroitin sulphate, Donegal.
It was an extremely important year for the beclomethasone/formoterol combination (Foster), as it became the second bestselling combination overtaking the budesonide/formoterol brands. Provisacor entered the ranking of the top 25 bestselling retail products in Italy.
In the Special Care area, Xenazina, Jumex and Bramitob were of particular interest as they all showed successful growth rates of around +30% on the previous year.

Italy

Domestic direct Sales (K€)	272,785
Variation versus 2009	-0.4%
Human resources	1,507
Commercial network	481

Chiesi France

Chiesi SA maintained a turnover of 114 million Euro, despite the fact that Cetornan, its most important product, faced the arrival of a generic competitor.

This result has been made possible thanks to the ability of the company's teams to further enhance the image and take-up of company products in the fields of pneumology and neonatology, whilst maintaining the position of its mature products in the nutrition and cardiology sectors. In addition, its continued efforts in the search for new opportunities has also resulted in partnerships in the fields of nutrition and the development of new approaches to promotion, thanks to digital media.

Innovair (beclomethason/formaterol association) achieved a turnover of 34 million Euro and is now the affiliate's top product. It has been prescribed by almost 2/3 of French general practitioners to more than 255,000 patients. It is now an established brand for French GPs and is also increasingly recognised and used by independent and hospital-based lung specialists, with a 10% total market share that confirms its recognition by French physicians and patients and the reinforcement of the company's image.

In the hospital supply sector, Curosurf has upped its market share to 95%, further highlighting Chiesi's leadership in neonatology.

The affiliate has also launched the CRM systems across all of its field forces lines, distinguishing itself as one of the first companies to implement systems of this kind for its entire field staff.

Moreover, customs certification has enabled the affiliate to increase performance in the export activities assigned to the Blois production plant. Finally, hospital and retail certification for field forces has also been obtained, as well as very favourable outcomes from internal and external audits, enhancing the overall high level of quality developed within all the company teams.

France

Domestic direct Sales (K€)	114,173
Variation versus 2009	-3.8%
Human resources	344
Commercial network (direct + interim)	189

Chiesi Spain

Even though 2010 was not an easy year for the pharmaceutical industry in Spain, the Spanish affiliate grew by 5.5% and reached €71,2 million. Chiesi Spain divides its sales force into two business units - retail and special care. The first focuses on general practitioners and specialists while the second turns its attention to the hospital supplies field.

Foster changed its promotional strategy during the year. Its presence in the respiratory area has increased considerably and the positive impact with lung specialists has significantly improved the product's performance.

In September Chiesi Spain launched Vivace, a combination in the cardiovascular therapeutic area. During the launch period, Vivace achieved its sales objective and is on target for the best launch ever made in its category. The Special Care Unit, devoted mainly to Bramitob and Curosurf, has achieved an excellent performance, and has built up close relationships with neonatologists in order to prepare for the launch of Peyona.

The company intends to further increase its presence and growth in the respiratory area, both in the retail and hospital sectors.

The area of Business Knowledge has been created to provide support and advice to the business functions.

The Spanish affiliate's goals for 2011 are to continue increasing sales, presence and leadership in the Spanish market and the Chiesi group. This growth will be achieved through Corporate products and new alliances with other companies that will help it become one of the best companies in the respiratory, cardiovascular and neonatology fields.

Spain

Domestic direct Sales (K€)	67.858
Variation versus 2009	5.5%
Human resources	245
Commercial network	196

Chiesi United Kingdom

2010 was the year when the UK affiliate broke through the £80 million sales barrier for the first time, with a sales growth of +27% on the previous year - again amongst the highest percentage growth of any UK pharmaceutical company.
This achievement saw the UK affiliate join the top 20 list of pharmaceutical companies for the first time in its history thanks to the sharp rise in respiratory portfolio sales, which now represent some 70% of total company sales.
Clenil now commands a market share in excess of 70% and has achieved a turnover of close to £47 million, having fully exploited the opportunity afforded by the withdrawal of CFC-propelled beclomethasone from the UK marketplace.
Fostair grew by 2.5 times the turnover level seen in the previous year and is now recognized by an increasing number of clinicians as a real and viable product of choice within combination therapy for the treatment of asthma. The last 4 months of the year in particular showed strong indicative progress in terms of increasing numbers of prescribers.

This progress was in line with the company strategy of increasing its presence within the respiratory therapeutic market sector whilst at the same time expanding its range of 'Special Care' products, in particular Curosurf, which now has a market share in excess of 90% and Bramitob, which has achieved strong growth during the year to attain an overall market share of 30%.
These achievements were realised by the further strengthening of both the respiratory and the special care sales team structures, in addition to a number of new initiatives such as the recruitment and launch of a non-promotional medical development associate network offering medical information to Clinicians and other external medical related personnel.
The ambition of the UK affiliate for the new year is to provide a perfect fit to the needs of the NHS and indeed to lead the way in partnerships with our important customers.

United Kingdom

Domestic direct Sales (K€)	95,211
Variation versus 2009	31.6%
Human resources	174
Commercial network (direct + interim)	173

Chiesi Germany

2010 was a record-breaking year with sales volumes.
This achievement saw the German affiliate break into the top five German respiratory companies for the first time.
As in previous years Foster was the key driver for growth, reaching 41.6 million Euro and a peak market share of 8.7% in sales at the end of the year.
Besides Foster other Chiesi top products, which account for more than two thirds of the total company turnover, also grew: Forair (+17.8%), Curosurf (+13.1%) and Bramitob (+49.6%).
Chiesi Germany relies on two front lines of medical reps targeting general practitioners and specialists focussing on our respiratory products. The third line, the Special Care hospital field force, successfully promotes Curosurf and Bramitob. The fourth sales force line focuses on Foster in hospitals. With this specialised sales force the affiliate is well prepared for the launch of Peyona in the current year.

The successful implementation of the business intelligence system and the HR management tool ensures the organisation is well placed for the future years and growth to come.
In 2011 the affiliate will continue to focus on sales increase and business expansion, aimed at further strengthening our position in the respiratory market.

Germany

Domestic direct Sales (K€)	84,011
Variation versus 2009	28.9%
Human resources	170
Commercial network (direct + interim)	208

Torrex Chiesi – Austria and Central & Eastern Europe

The Chiesi Central Eastern Europe Group with its headquarters in Vienna, Austria, is the regional structure representing the corporation in the Eastern European Countries including Russia and the Countries within the Commonwealth of Independent States (CIS). This entire group of countries is serviced in logistics, regulatory, medical und financial matters. Aside from Chiesi's corporate products for respiratory disorders, rheumatology and neonatology, the regional portfolio is well-established in anaesthesiology, intensive care medicine, systemic antifungal therapy and the treatment of addiction.

Chiesi Austria

Chiesi Austria is managing the local portfolio with two business units, in primary and in special care. The primary care unit has a strong focus on respiratory diseases with its flagship Foster as well as an interesting portfolio in CNS. The special care unit has a broad product range in anaesthesia, intensive care medicine, including Curosurf for premature babies and Bramitob for cystic fibrosis. In-licensed from Talecris (US), the product Prolastin offers an important treatment for a rare genetic pulmonary disease. Starting in 2011 Chiesi Austria is co-promoting Neupro with UCB in Austria.

Chiesi Hungary

In spite of the difficult pharmaeconomical situation in Hungary the business was successfully developed, mainly based on sales in the respiratory field (Foster, Atimos), but also in the rheumatology sector (Piroxicam-betacyclodextrin, Brexin) with a well-established position in intensive care (Midazolam, etc.)

Chiesi Czech Republic

Hospital products in particular represent an important basis for the portfolio (Sufentanil, Midazolam, Fentanyl) in Czech Republic. The respiratory products have great potential for further growth. Bramitob (tobramycin) forms part of the special care products which include Curosurf, Amphocil, etc.

Chiesi Slovakia

The affiliate has always operated successfully over the years. Since the launch of Foster in 2007 Chiesi is enjoying one of the highest market shares world-wide in Slovakia.

Chiesi Romania

2010 was still a difficult year for the pharmaceutical industry due to highly unfavourable market conditions and a significant shortage of liquid assets in the healthcare system. Chiesi Romania successfully managed to develop our position. For 2011 two new launches will further stimulate the development of the portfolio and the organisation.

Chiesi Slovenia

This well-established affiliate's most important area is that of respiratory products with Foster, Budiair and Atimos. ReVia (an anti-addiction drug) and Midazolam are also main contributors to our position in Slovenia.

Chiesi Bulgaria

The company (Ltd.) was officially established at the beginning of 2008. In addition to Foster, Budiair and Curosurf, Ferriprox (licensed-in from Apopharm, Canada) completes our special care portfolio. Flamexin was launched at the beginning of 2006 and is maintaining a strong position in anti-rheumatic treatment.

Chiesi Poland

The Polish affiliate is mainly focused to develop the position of our hospital products (Amphocil, Curosurf and the anaesthetic portfolio). Bramitob (Tobramycin) completes the special care product range. Since 2009 the respiratory products, starting with Budesonide, followed 2010 by Atimos and Fostex, have boosted the development of the Polish organisation.

Austria & CEEC

Sales in Austria and CEEC Market (K€)	53,401
Variation versus 2009	24.6%
Human resources	252
Commercial network (direct + interim)	275

Chiesi Hellas

2010 was the most difficult year in the contemporary history of the country. The extremely difficult economic situation forced the government to ask for intervention from Europe and the IMF and take a number of drastic measures aimed at saving the country from collapse.

Some of these measures undermined the pharmaceutical industry and created a number of problems for businesses in the sector. Flat pricing cuts of almost 25%, restrictions in hospital consumption, the strict control of prescriptions, electronic prescribing and a build-up in hospital debts created uncertainty and hardship.

In this hostile environment Chiesi people managed to generate remarkable results. All the promoted products showed significant growth on 2009: Manyper 12.3%, Curosurf 33%, Becloneb 47.8%, Foster 6.8%, reducing the damage to the lowest possible level.

2011 looks more promising but also equally challenging. Two new products, Vivace and Peyona, will be launched within the year, offering additional business opportunities to our affiliate.

Hellas

Domestic direct Sales (K€)	10,170
Variation versus 2009	-6.6%
Human resources	58
Commercial network	38

Chiesi Netherlands

It has been a record-breaking year for this young affiliate with revenues growing by 72.2% compared to the previous year to reach €8.9 million. This achievement saw the Dutch affiliate break into the top 45 pharmaceutical companies in the Netherlands for the first time. The results have been primarily driven by convincing growth rates of the major brands in the respiratory (Foster, Atimos) and cystic fibrosis (Bramitob) therapeutic areas.

During the year Chiesi Netherlands adapted its business model according to the rapidly changing healthcare market environment resulting in partnerships with important new stakeholders and a focus on gaining a better understanding of their needs and philosophy.

In 2011 the affiliate will continue to focus on increasing its sales by expanding most of its products in all therapeutic areas and by launching two new products in the neonatal and allergy segments. Building the Chiesi brand and offering added value services to all relevant stakeholders will contribute to the reputation and acceptance of the company and its current and future products.

Chiesi Belgium

It was the very first year for the Belgium affiliate, which has for years been the missing piece of the jigsaw representing Chiesi's direct presence in the old continent. After 8 months of intense preparation by a dedicated project team, the 24th affiliate launched its operations on 1st September.

The smooth transfer of the highly experienced and enthusiastic commercial team which launched Inuvair in 2008 was one of the major achievements of this young organization, resulting in rising market shares for our main product. From the beginning the work of the new management team was characterized by team spirit and collaboration, entrepreneurship and a genuine focus on people.

In 2011 the affiliate will focus on strengthening its position in the respiratory market through further increasing the market shares for Inuvair and launching Formoair. The reinforcement of the market leader position with Curosurf (more than 85% market share), the development of Clipper and the expansion of the business in Luxembourg are amongst the main commercial priorities.

Netherlands

Domestic direct Sales (K€)	8,983
Variation versus 2009	72.2%
Human resources	40
Commercial network (direct + interim)	29

Positioning Chiesi as a reliable and preferred partner for the medical and scientific communities in the main therapeutic areas Chiesi serves is key for future success in the rapidly changing Belgian market. The Marketing & Sales Force Effectiveness and operational efficiency will be amongst the key organizational projects for the future, bringing Chiesi Belgium to a higher level and contributing to
the double digit growth.

Chiesi Russia

The affiliate was integrated in 2007 into the management of Torrex Chiesi.

By tradition, sales in Russia are mainly based on Vasobral and Clenil; the launches of Atimos, Bramitob and Foster are building a strong position in respiratory.

Since February 2011 Curosurf has been bought back and is marketed by Chiesi directly. Chiesi is actively looking for cooperation and acquisition possibilities in Russia. A successful and flexible cooperation with the Russian distribution system and a scientifically based communication with the medical areas are the cornerstones for solid development. Furthermore, the affiliate is evaluating local production possibilities, as at the current growth rate Russia is expected to become a major market in the near future.

Belgium

Domestic direct Sales (K€) (*)	2,671
Variation versus 2009	n/a
Human resources	25
Commercial network	21

(*) Sales figures referring to September - December 2010

Russia

Domestic direct Sales (K€)	6,782
Variation versus 2009	16.8%
Human resources	63
Commercial network	53

Chiesi Pharma USA

The US affiliate, Chiesi Pharmaceuticals Inc., provides both local and global research development to Chiesi Group. The company headquarters are in Rockville, MD and has a primary focus on the approval of a US New Drug Application (NDA) for Tobramycin solution for inhalation, for the treatment of *Pseudomonas aeruginosa* infections associated with Cystic Fibrosis. It is also responsible for the global clinical program leadership for Tobramycin, and the supervision of manufacturing in the US.

It is also responsible for the planning and execution of the Phase 1 clinical studies of CHF 5074, as a potential new drug to treat Alzheimer's disease.

Cornerstone Therapeutics Inc.

Cornerstone Therapeutics Inc. continued its focus on its commercial strategy during the last year. The company's performance during 2010 reflects the continued execution of its strategy. The proportion of the company's sales generated by strategic products, principally including Curosurf, increased on the previous year.

The company also focused its business development efforts on identifying products and companies that meet its strategic acquisition criteria. Finally, the company advanced its development pipeline candidates and commenced preliminary development on CRTX 809. It has ceased the production of some old products, from which it had previously raised a significant part of its turnover.

The following summarizes certain key financial results for 2010:

- Net revenues increased 14% to $125.3 million in 2010; the percentage of net revenues generated from strategic products increased to 60% of the total;
- Income from operations to $7.9 million on a GAAP[1] basis, stabilising to $24.0 million on a non-GAAP basis
- Net income decreased to $6.2 million in 2010 on a GAAP basis, and increased by 8% to $18.9 million on a non-GAAP basis.

At the end of the year, the company's working capital was $61.2 million, more than double in comparison with the previous year. The primary driver of this growth was the increase in available cash to $50.9 million.

The company's relationships with the head office also continue to strengthen. In what the company views as a challenging economic environment, it believes these two attributes, available

Note

1. Generally Accepted Accounting Principles

cash and the Chiesi relationship, uniquely position it among its peers to capitalize on potential growth opportunities.

USA (Cornerstone Therapeutics. Inc.)

Domestic direct Sales (K€)	93,265
Variation versus 2009*	186.6%
Human resources	161
Commercial network	105

(*) Sales figures referring to August-December 2009

Chiesi Brazil

The Brazilian pharmaceutical market has presented double digit growth rates in recent years, due in particular to the arrival of generic products.

In this scenario, Chiesi Brazil had a growth of 11.4% on the previous year even in the branded ethical market alone. Besides this, the affiliate is achieving a significant level of exports to major European countries.

Another big milestone was the launch of Fostair, which brings this innovative product in the treatment of asthma to the market, with promising preliminary results. Moreover, the affiliate was able to consolidate the position of Bramitob in the Cystic Fibrosis market, thus already becoming a leader in its area in the first year of sales.

Finally, it completed the CFC transition in time and has already launched the full line of Clenil HFA, which is entirely produced in Brazil. At the end of the year, the Brazilian Government even included the Clenil family in the programme "Farmacia Popular", which ensures patients can receive substantial reimbursements on their asthma treatment.

Brazil is one of the most attractive markets nowadays and the company is ready to take advantage of this and expand its operations.

Brazil

Domestic direct Sales (K€)	56,954
Variation versus 2009	31.4%
Human resources	297
Commercial network (direct + interim)	138

Chiesi Pakistan

It was a highly unusual year for the country because of the terrible flooding Pakistan experienced. This natural disaster, which was the worst in the country's history, meant that 75 % of the country was under water for more than a month, resulting in a huge loss of human life, livestock and property, and forcing over two million survivors to migrate.

The affiliate's field operations were reduced during the flood. In spite of this calamity Chiesi Pakistan was able to realize a 10% growth rate compared to 2009.

Apart from the satisfactory sales results, another milestone achieved by the affiliate was the marketing authorizations for Foster and Clipper. Although the launch of both these products had originally been planned for 2010, it has been postponed to 2011 due to regulatory delays.

The market share achieved has enabled the affiliate to place itself in 42nd position in the top 100 companies of Pakistan's pharmaceutical market.

A local strategic plan for the affiliate was approved. It focuses on the development of the fast-growing branded generics market. The first product of this kind, **Pulmikast** (montelukast), was launched to complement the well-established respiratory line.

The affiliate remained consistent and progressive in the musculoskeletal area by achieving successful growth and a stable position in the **NSAID** market with our top product **Brexin**, while sizeable sales of Curosurf have also been registered.

2011 will be a busy year for the affiliate because of the launch of Foster and Clipper, as well as that of branded generics.

Pakistan

Domestic direct Sales (K€)	7,676
Variation versus 2009	10.5%
Human resources	124
Commercial network)	94

Chiesi Turkey

The affiliate achieved an 86.6% increase on 2009, despite the 12% increase in the legal discount introduced in December 2009, which had a negative impact on all our products.
In February Atimos was launched, a new drug which will strengthen Chiesi's respiratory line.
In March the COPD filing for Foster was submitted to the Ministry of Health, and at the end of July Chiesi Turkey became the first affiliate in the world to obtain approval for this indication. This gave it the opportunity to extend to over 50% the product reference market, previously limited to asthma.
In July, the company received marketing authorisation from UCB Pharma for the distribution of Xyzal and Cirrus, two products that together with Rinoclenil will complete the anti-allergy line and significantly increase our total turnover.
In the last quarter, a Foster co-promotion with Boehringer Ingelheim was developed to support the COPD indication and increase contacts with doctors (lung specialists and internists).
IT has expanded the primary care field force to improve the effort for our portfolio.

Owing to the highly diverse nature of its promotional and marketing activities, an 8.2% market share was achieved for Foster, which represents one of the Chiesi Group's best performances.
In the special care area, Curosurf and Aggrastat achieved a sales turnover equivalent to 25% of the total turnover. In the last quarter, an agreement was signed with Apopharma for the distribution of Ferriprox, an important and long-standing product for thalassemia.

Turkey

Domestic direct Sales (K€)	22,455
Variation versus 2009	86.6%
Human resources	207
Commercial network	180

Chiesi China

It was a remarkable year for Chiesi China, which achieved a sales growth of over 50% on 2009, owing to economy recovery from the financial crisis and the concerted promotional effort made by the whole team.

Chiesi China continued to focus on promoting Curosurf to maintain its leading market position. Hospital supplies in the neonatology department and neonatal intensive care units made remarkable progress, mainly attributed to the economic development of several local regions. Chiesi China grasped these opportunities quickly and effectively by increasing its field force size, developing its presence in new hospitals and making product information more widely available. By means of a carefully tailored marketing programme, involving a Curosurf Expert Meeting and comprehensive regional workshops, Chiesi China maintained a high profile for Curosurf and played a fundamental role in the neonatology field in China.

Another milestone was the re-launch of Vasobral: with our sales and marketing efforts, Vasobral gained additional status in the cerebrovascular therapy in China.

The drug registration process for three of Chiesi's respiratory products, including Foster, was successfully completed by the Regulatory Affairs Department. Foster and Clenil are both due for launch in 2012, and as a result pre-marketing activities already kicked off, including a key expert round-table meeting held in October.

Key objectives for 2011 are focused on continued strong growth in the sales of Curosurf, preparation for the launch of respiratory products in 2012 and the formation of a dedicated field force.

China

Primary Sales (K€)	10,788
Variation versus 2009	53.7%
Human resources	58
Commercial network	42

International Commercial Operations

2010 was a busy year for change concerning the Europe Area in particular: the rights for Foster in Belgium and Turkey were bought back from UCB and operations in Belgium were developed into a new affiliate, which opened in September.
The income from International Commercial Operations registered an increase on 2009, reaching 63 million Euro with a significant expansion in some non-European markets including the Middle East (+40%), Mexico (+16%), the Southern hemisphere (+15%) and Maghreb (+9%).
Curosurf continues to be the top product, with a growth of 21% on 2009: the product recorded excellent results in a number of countries, including Mexico, Columbia, Iran, South Africa and licensee in Russia and the CIS.
Foster is sold in an as yet limited number of countries, although it continues to grow (Tunisia, South Korea, Jordan); in 2011 its sale will be extended to new markets such as Albania, the United Arab Emirates, Morocco, Singapore, Taiwan and Vietnam.
Brexin / Cycladol and Clenil, historical products in the group's export portfolio, continue to make a significant contribution (26%) to the income.
An important part of the turnover (20%) is guaranteed by other products which have demonstrated a growth rate of over 30%.

Egypt

Chiesi has consolidated its local presence with a commercial network dedicated to promoting and selling the group's products in the respiratory and musculoskeletal areas. As a result of the local team's hard work, the local turnover remains above the level of 30 million Egyptian pounds. Sales of Clenil Compositum and Brexin have also significantly contributed to this result.

Maghreb

Chiesi also has a dedicated commercial network in Algeria, which has produced excellent results despite unfavourable market conditions (-14%), with local sales up by 9.5%, mainly due to Clenil, Cetornan and Cycladol.
In Tunisia the Chiesi team's activities continue to produce good results, so much so that local sales have recorded a growth rate of 10% thanks to the development of the cardiovascular

product line and Foster, which reached a market share of 14%. These results have allowed the company to establish itself firmly among the top twenty pharmaceutical businesses in the country. Morocco has proven to be one of the reference markets in the area, with local sales up by 4% thanks to our partnership with Promopharm.

Mexico

Sales of Curosurf continue according to plan, with a growth rate of 27%.

Further development of the commercial department has been planned for 2011, in order to increase coverage in the territory and ensure additional growth in market share.

Business Development and strategic alliances

Corporate Development carried out its activities using the new organisational model created in 2009 on the basis of the guidelines set out in the corporate strategic plan. According to these, projects in the respiratory area, cystic fibrosis and neonatology are prioritised and can be pursued at any stage of development (from pre-clinical to commercial). Opportunities for products in other areas will only be considered if their mechanism of action in the patient has been established and their clinical development is at an advanced stage. In addition to product opportunities, Corporate Development also took advantage of those which enabled the company to expand its direct presence; an example of this is the business deal signed with UCB for Belgium, where the Group not only bought back the rights to Innuver but also purchased the rights to distribute Qvar. The key element of this deal was the transfer of the UCB sales force to Chiesi, which then set up its own affiliate in Belgium. The most important business deals in 2010 were:

- re-acquisition of the rights to Innuver (Foster) from UCB in Turkey, Cyprus, Belgium, Luxembourg
- licensing-in of some anti-allergy products for commercialisation in Turkey
- licensing-in of a product in the respiratory area in Belgium and Luxembourg
- the transfer of the UCB sales force in Belgium
- co-promotion agreement with Boeringher Ingelheim for Foster in Turkey
- research agreement with Pari for the development of a new form of administration (nebulisation) for Curosurf
- co-promotion agreement in Austria for a rotigotine patch (Neupro) indicated in the treatment of Restless Leg Syndrome
- in the cardiovascular area, acquisition of the nitroglycerin patch Triniplas indicated in the treatment of angina for the Italian market
- in the special care area, agreement with Apopharma for the sale of Ferriprox in Turkey and Azerbaijan.

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Board of Directors

Alberto Chiesi
Paolo Chiesi
Alessandro Chiesi
Andrea Chiesi
Maria Paola Chiesi
Giacomo Chiesi
Carlo Salvatori

Board of Auditors

Giuseppe Piroli
Paolo Alinovi
Vincenzo Simonazzi

Executive Committee

Chairman and Managing Director	Alberto Chiesi
Vice-Chairman and R&D Director	Paolo Chiesi
International Division Director	Alessandro Chiesi
R&D Planning and Control Director	Andrea Chiesi
Strategic Planning Director	Maria Paola Chiesi
Corporate Human Resources & Organisation Director	Ugo Bettini
Corporate Drug Development Director	Vanda De Cian
Corporate Development Director	Anton Giorgio Failla
Industrial Operations Director	Giovanni La Grasta
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THE MOST IMPORTANT EVENTS IN 2010

January

UK Trade & Investment assigns the Research & Development Award to the Chiesi Group.

June

Chiesi Farmaceutici 75th Anniversary.

September

Chiesi Belgium SA starts operations.

Foster launched in Poland and Brazil and approved for the COPD indication in Turkey.

GLOSSARY

Beclomethasone dipropionate (BDP):
synthetic glucocorticoid with potent anti-inflammatory action. When taken through inhalation, this drug reaches the lungs directly where it exerts its effect. Its low level of absorption in the rest of the body ensures negligible systemic side effects.

Chronic Obstructive Pulmonary Disease (COPD):
term used to indicate two related lung diseases – chronic bronchitis and emphysema. Both diseases are characterised by chronic and progressive obstruction of the airways making it difficult to breathe.

Cystic Fibrosis (CF):
chronic hereditary disease of the lungs and the digestive system, which currently affects roughly 70,000 people worldwide. A mutated gene creates a protein that causes production of a thick viscous mucus that accumulates and renders breathing difficult. This in turn makes it easier for secretions to build up and consequently promotes the development of dangerous infections. In the digestive system the mucus tends to block ducts in the pancreas and prevents digestive enzymes from working in the intestines, which leads to malabsorption of food and stunted growth.

Dry Powder Inhaler (DPI):
a device for administering drugs in the treatment or control of respiratory diseases and conditions.

Generally Accepted Accounting Principles (GAAP):
term used to refer to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as Accounting Standards. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Hydrofluoroalkanes (HFA):
innovative propellants used in some inhalers for the management of asthma. They do not damage the ozone layer. A propellant is a gas which facilitates the diffusion of an inhalant drug in the lungs.

Long-acting Beta-agonists (LABA):
drugs which open peripheral and central airways and keep them unobstructed by relaxing bronchial smooth muscle. LABAs are often administered with steroids in inhalation form as a long-term bronchodilation treatment for patients with moderate to severe asthma or other chronic lung diseases.

Manufacturing Execution Systems (MES):
IT solutions that support the primary production processes in a production plant. These applications close the gap between ERP systems and production equipment control or SCADA (Supervisory Control And Data Acquisition) applications. Nowadays, MES applications have become essential to support both real-time production control as well as the data collection and reporting ("manufacturing intelligence") necessary to improve production performance.

Piroxicam-beta-cyclodextrin (PBC):
a successful example of "host-guest" technology, whereby the host, a starch derivative known as beta-cyclodextrin, solubilises the guest, an anti-inflammatory drug known as piroxicam, thus enhancing the pharmacological properties of its active ingredient.

Pressurised Metered-Dose Inhalers (pMDI):
A device which ensures that a specific quantity of drug is delivered to the lungs. Widely used by the Chiesi Group for its products, it is commonly employed in the treatment of asthma, Chronic Obstructive Pulmonary Disease (COPD), and other respiratory conditions.

Respiratory Distress Syndrome (RDS):
Disease typically affecting premature neonates caused by insufficient production of endogenous surfactant and immature lungs. The condition may also be due to a genetic problem linked to the production of proteins associated with the surfactant. RDS affects 1% of neonates and is the main cause of mortality in premature infants.

Unit-Dose Vials (UDV):
non-reusable sterile containers containing a single dose of drug. Pharmaceutical products packaged in vial or mono-dose bottles are easily recognisable and simple to use.

Ulcerative Colitis (UC):
inflammatory bowel disease (IBD) which causes lesions known as ulcers to develop in the lining of the colon and rectum. Ulcers form where the inflammatory process destroys the cells which normally line the colon, causing in bleeding and pus.
The inflammation may also result in frequent bowel movements, and therefore diarrhoea.

Spacer:
is a type of add-on device used by asthmatics to increase the effectiveness of a metered-dose inhaler.

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