

CORNERSTONE THERAPEUTICS INC

Form 10-Q

May 12, 2011

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-Q**

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

For the Quarterly Period Ended March 31, 2011

or

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

For the Transition Period From _____ to _____

Commission File Number: 000-50767

CORNERSTONE THERAPEUTICS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

*(State or Other Jurisdiction of
Incorporation or Organization)*

04-3523569

*(I.R.S. Employer
Identification No.)*

1255 Crescent Green Drive, Suite 250

Cary, North Carolina

(Address of Principal Executive Offices)

27518

(Zip Code)

(919) 678-6611

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a smaller
reporting company)

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

As of May 10, 2011, the registrant had 25,950,804 shares of Common Stock, \$0.001 par value per share, outstanding.

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PART I FINANCIAL INFORMATION

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report on Form 10-Q includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. For this purpose, any statements contained herein, other than statements of historical fact, including statements regarding the progress and timing of our product development programs and related trials; our future opportunities; our strategy, future operations, anticipated financial position, future revenues and projected costs; our management's prospects, plans and objectives; and any other statements about management's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may, in some cases, use words such as anticipate, believe, could, estimate, expect, intend, may, plan, project, should, other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including our critical accounting estimates; our ability to develop and maintain the necessary sales, marketing, supply chain, distribution and manufacturing capabilities to commercialize our products; our ability to replace the revenues from our marketed unapproved products, which we ceased manufacturing and distributing at the end of 2010, and from our propoxyphene products, which we voluntarily withdrew from the U.S. market in November 2010 at the request of the U.S. Food and Drug Administration, or FDA; patient, physician and third-party payor acceptance of our products as safe and effective therapeutic products; our heavy dependence on the commercial success of a relatively small number of currently marketed products; our ability to maintain regulatory approvals to market and sell our products with FDA-approved marketing applications; our ability to obtain FDA approval to market and sell our products under development; our ability to enter into additional strategic licensing, product acquisition, collaboration or co-promotion transactions on favorable terms, if at all; our ability to maintain compliance with NASDAQ listing requirements; adverse side effects experienced by patients taking our products; difficulties relating to clinical trials, including difficulties or delays in the completion of patient enrollment, data collection or data analysis; the results of preclinical studies and clinical trials with respect to our product candidates and whether such results will be indicative of results obtained in later clinical trials; our ability to develop and commercialize our product candidates before our competitors develop and commercialize competing products; our ability to satisfy FDA and other regulatory requirements; and our ability to obtain, maintain and enforce patent and other intellectual property protection for our products and product candidates. These and other risks are described in greater detail in Part I Item 1A. Risk Factors of our annual report on Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission, or SEC, on March 3, 2011. Any material changes to the risk factors disclosed in the annual report are discussed below in Part II Item 1A. Risk Factors. If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, any forward-looking statements in this quarterly report on Form 10-Q represent our views only as of the date of this quarterly report on Form 10-Q and should not be relied upon as representing our views as of any subsequent date. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements publicly at some point in the future, we specifically disclaim any obligation to do so, whether as a result of new information, future events or otherwise. Our forward-looking statements do not reflect the potential impact of any acquisitions, mergers, dispositions, business development transactions, joint ventures or investments we may enter into or make.

Table of Contents**ITEM 1. FINANCIAL STATEMENTS**

**CORNERSTONE THERAPEUTICS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)**

	March 31, 2011 (Unaudited)	December 31, 2010 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 86,078	\$ 50,945
Accounts receivable, net	40,170	76,476
Inventories, net	13,301	15,174
Prepaid and other current assets	4,727	5,111
Income tax receivable		197
Deferred income tax asset	6,003	6,599
Total current assets	150,279	154,502
Property and equipment, net	1,425	1,486
Product rights, net	108,733	112,328
Goodwill	13,231	13,231
Amounts due from related parties	38	38
Long-term accounts receivable and other assets	2,338	8,553
Total assets	\$ 276,044	\$ 290,138
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 8,376	\$ 7,671
Accrued expenses	42,979	46,599
Current portion of license agreement liability	1,408	1,368
Current portion of capital lease	85	83
Current portion of deferred revenue	42,034	37,616
Income taxes payable	224	
Total current liabilities	95,106	93,337
Capital lease, less current portion	124	146
Deferred revenue, less current portion	1,950	19,578
Deferred income tax liability	4,334	4,679
Total liabilities	101,514	117,740
Commitments and contingencies, Note 6		
Stockholders equity		

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Preferred stock	\$0.001 par value, 5,000,000 shares authorized; no shares issued and outstanding		
Common stock	\$0.001 par value, 90,000,000 shares authorized; 25,483,224 and 25,472,963 shares issued and outstanding as of March 31, 2011 and December 31, 2010, respectively	25	25
Additional paid-in capital		160,496	160,106
Retained earnings		14,009	12,267
Total stockholders' equity		174,530	172,398
Total liabilities and stockholders' equity		\$ 276,044	\$ 290,138

The accompanying notes are an integral part of the consolidated financial statements.

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CORNERSTONE THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(In thousands, except share and per share data)

	Three Months Ended March	
	31,	
	2011	2010
Net revenues	\$ 29,997	\$ 36,406
Costs and expenses:		
Cost of product sales (exclusive of amortization of product rights)	7,537	6,819
Selling, general and administrative	13,269	12,425
Royalties	2,497	4,598
Research and development	559	906
Amortization of product rights	3,595	3,595
Total costs and expenses	27,457	28,343
Income from operations	2,540	8,063
Other expenses:		
Interest expense, net	(41)	(1)
Total other expenses	(41)	(1)
Income before income taxes	2,499	8,062
Provision for income taxes	(757)	(3,049)
Net income	\$ 1,742	\$ 5,013
Net income per share, basic	\$ 0.07	\$ 0.20
Net income per share, diluted	\$ 0.07	\$ 0.19
Weighted-average common shares, basic	25,479,891	25,349,677
Weighted-average common shares, diluted	26,088,851	25,951,952

The accompanying notes are an integral part of the consolidated financial statements.

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CORNERSTONE THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Three Months Ended March	
	2011	31, 2010
Cash flows from operating activities		
Net income	\$ 1,742	\$ 5,013
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	3,713	3,678
Provision for prompt payment discounts	1,067	1,144
Recovery of inventory allowances	(268)	(457)
Stock-based compensation	379	280
Benefit from (provision for) deferred income taxes	251	(738)
Changes in operating assets and liabilities:		
Accounts receivable	35,239	(4,450)
Inventories	2,141	(2,803)
Prepaid expenses, long-term accounts receivable and other assets	6,599	1,746
Accounts payable	705	960
Accrued expenses	(3,580)	2,251
Income taxes payable/receivable	421	1,294
Deferred revenue	(13,210)	
Net cash provided by operating activities	35,199	7,918
Cash flows from investing activities		
Purchase of property and equipment	(57)	(136)
Net cash used in investing activities	(57)	(136)
Cash flows from financing activities		
Proceeds from exercise of common stock options and warrants	9	483
Excess tax benefit from stock-based compensation	2	421
Principal payments on capital lease obligation	(20)	(3)
Net cash (used in) provided by financing activities	(9)	901
Net increase in cash and cash equivalents	35,133	8,683
Cash and cash equivalents as of beginning of period	50,945	18,853
Cash and cash equivalents as of end of period	\$ 86,078	\$ 27,536

The accompanying notes are an integral part of the consolidated financial statements.

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CORNERSTONE THERAPEUTICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION

Nature of Operations

Cornerstone Therapeutics Inc., together with its subsidiaries (collectively, the Company), is a specialty pharmaceutical company focused on acquiring, developing and commercializing products for the respiratory and related markets. Key elements of the Company's strategy are to leverage commercial capabilities by promoting respiratory and related products to high prescribing physicians through the Company's respiratory sales force and to hospital-based healthcare professionals through the Company's hospital sales force; acquire rights to existing patent- or trade secret-protected, branded products, which can be promoted through the same channels to generate on-going high-value earnings streams; advance the Company's development projects and further build a robust pipeline; and generate revenues by marketing approved generic products through the Company's wholly owned subsidiary, Aristos Pharmaceuticals, Inc.

Principles of Consolidation

The Company's consolidated financial statements include the accounts of Cornerstone Therapeutics Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Interim Financial Statements

The accompanying unaudited consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of these financial statements. The consolidated balance sheet at December 31, 2010 has been derived from the Company's audited consolidated financial statements included in its annual report on Form 10-K for the year ended December 31, 2010, and these financial statements should be read in connection with those financial statements.

Certain information and footnote disclosure normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2010.

Operating results for the three month period ended March 31, 2011 are not necessarily indicative of the results for the full year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates reflected in the Company's consolidated financial statements include certain judgments regarding revenue recognition, product rights, inventory valuation, accrued expenses and stock-based compensation. Actual results could differ from those estimates or assumptions.

Concentrations of Credit Risk and Limited Suppliers

The financial instruments that potentially subject the Company to concentrations of credit risk are cash, cash equivalents and accounts receivable. The Company's cash and cash equivalents are maintained with two financial institutions.

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The Company relies on certain materials used in its development and manufacturing processes, most of which are procured from a single source. The Company purchases its pharmaceutical ingredients pursuant to long-term supply agreements with a limited number of suppliers. The failure of a supplier, including a subcontractor, to deliver on schedule could delay or interrupt the development or commercialization process and thereby adversely affect the Company's operating results. In addition, a disruption in the commercial supply of or a significant increase in the cost of the active pharmaceutical ingredient (API) from any of these sources could have a material adverse effect on the Company's business, financial position and results of operations. During the three months ended March 31, 2011, one supplier individually accounted for 77% of the Company's total inventory purchases. Amounts due to this supplier represented approximately 18% of total accounts payable as of March 31, 2011.

The Company sells its products primarily to large national wholesalers, which in turn resell the products to smaller or regional wholesalers, hospitals, retail pharmacies, chain drug stores, government agencies and other third parties. The following table lists the Company's customers that individually comprised greater than 10% of total gross product sales for the three months ended March 31, 2011 and 2010 or 10% of total accounts receivable as of March 31, 2011 and December 31, 2010:

	Three Months Ended March 31,		March	December
	2011	2010	31,	31,
	Gross	Gross	2011	2010
	Product	Product	Accounts	Accounts
	Sales	Sales	Receivable	Receivable
Cardinal Health, Inc.	39%	45%	43%	50%
McKesson Corporation	35	30	49	30
AmerisourceBergen Drug Corporation	21	18	7	15
Total	95%	93%	99%	95%

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The Company maintains its cash deposits with federally insured banks. As of March 31, 2011, all cash deposits were federally insured.

Accounts Receivable

The Company typically requires its customers to remit payments within the first 30 to 90 days, depending on the customer and the products purchased. In addition, the Company offers wholesale distributors a prompt payment discount if they make payments within these deadlines. This discount is generally 2%, but may be higher in some instances due to product launches or customer and/or industry expectations. Because the Company's wholesale distributors typically take the prompt payment discount, the Company accrues 100% of the prompt payment discounts, based on the gross amount of each invoice, at the time of sale, and the Company applies earned discounts at the time of payment. The Company adjusts the accrual periodically to reflect actual experience. Historically, these adjustments have not been material.

The Company performs ongoing credit evaluations and does not require collateral. As appropriate, the Company establishes provisions for potential credit losses. In the opinion of management, no allowance for doubtful accounts was necessary as of March 31, 2011 or December 31, 2010. The Company writes off accounts receivable when management determines they are uncollectible and credits payments subsequently received on such receivables to bad debt expense in the period received. There were no write offs during the three months ended March 31, 2011 or 2010.

The following table represents accounts receivable, net as of March 31, 2011 and December 31, 2010 (in thousands):

	March 31, 2011	December 31, 2010
Accounts receivable	\$ 41,291	\$ 78,491
Less allowance for prompt payment discounts	(1,121)	(2,015)
Accounts receivable, net	\$ 40,170	\$ 76,476

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In December 2010, the Company sold its remaining inventories of its marketed unapproved products, which include ALLERX® and HYOMAX®, primarily to national wholesalers. In connection with certain of these sales, the Company offered various extended payment terms, some of which extend through June 2012. The Company has classified accounts receivable of \$582,000 and \$7.9 million relating to such sales as long-term accounts receivable and other assets in the accompanying consolidated balance sheets as of March 31, 2011 and December 31, 2010, respectively.

Inventories

Inventories are stated at the lower of cost or market value with cost determined under the first-in, first-out method and consist of raw materials, work in process and finished goods. Raw materials include the API for a product to be manufactured, work in process includes the bulk inventory of tablets that are in the process of being coated and/or packaged for sale, and finished goods include pharmaceutical products ready for commercial sale or distribution as samples.

On a quarterly basis, the Company analyzes its inventory levels and records allowances for inventory that has become obsolete, inventory that has a cost basis in excess of the expected net realizable value and inventory that is in excess of expected requirements based upon anticipated product sales.

The following table represents inventories, net as of March 31, 2011 and December 31, 2010 (in thousands):

	March 31, 2011	December 31, 2010
Raw materials	\$ 5,025	\$ 5,542
Work in process	1,105	1,575
Finished goods:		
Pharmaceutical products trade	7,460	8,635
Pharmaceutical products samples	1,084	1,267
Total	14,674	17,019
Inventory allowances	(1,373)	(1,845)
Inventories, net	\$ 13,301	\$ 15,174

Revenue Recognition

The Company's consolidated net revenues represent the Company's net product sales and license and royalty agreement revenues. The following table sets forth the categories of the Company's net revenues (in thousands):

	Three Months Ended March 31,	
	2011	2010
Gross product sales	\$ 51,195	\$ 54,968
Sales allowances	(21,220)	(18,576)
Net product sales	29,975	36,392
License and royalty agreement revenues	22	14
Net revenues	\$ 29,997	\$ 36,406

The Company records all of its revenue from product sales, license agreements and royalty agreements when realized or realizable and earned. Revenue is realized or realizable and earned when all of the following criteria are

met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

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Product Sales. The Company recognizes revenue from its product sales upon transfer of title, which occurs when product is received by its customers. The Company sells its products primarily to large national wholesalers, which have the right to return the products they purchase. The Company is required to reasonably estimate the amount of future returns at the time of revenue recognition. The Company recognizes product sales net of estimated allowances for product returns, rebates, price adjustments, chargebacks, and prompt payment and other discounts. When the Company cannot reasonably estimate the amount of future product returns, it records revenues when the risk of product return has been substantially eliminated.

As of March 31, 2011 and December 31, 2010, the Company had \$44.0 million and \$57.2 million, respectively, of deferred revenue related to sales made in 2010 for which future returns could not be reasonably estimated at the time of sale. The deferred revenue is recognized when the product is sold through to the end user based upon prescriptions filled. To estimate product sold through to end users, the Company relies on third-party information, including prescription data and information obtained from significant distributors with respect to their inventory levels and sell-through to customers. Deferred revenue is recorded net of estimated allowances for rebates, price adjustments, chargebacks, and prompt payment and other discounts. Changes in estimated allowances are recorded when information that gives rise to the changes becomes known. Estimated allowances were recorded as of December 31, 2010 and remain classified as accrued expenses in the accompanying consolidated balance sheet as of March 31, 2011. The cost of product sales as of March 31, 2011 of \$1.0 million related to the deferred revenue has been deferred and classified in the accompanying consolidated balance sheet as prepaid and other current assets. The cost of product sales as of December 31, 2010 of \$1.3 million related to the deferred revenue has been deferred and classified in the accompanying consolidated balance sheet as prepaid and other current assets and long-term accounts receivable and other assets in the amounts of \$1.1 million and \$250,000, respectively.

Product Returns. Consistent with industry practice, the Company offers contractual return rights that allow its customers to return the majority of its products within an 18-month period that begins six months prior to and ends twelve months subsequent to expiration of the products. The Company's products have an 18 to 48 month expiration period from the date of manufacture. The Company adjusts its estimate of product returns if it becomes aware of other factors that it believes could significantly impact its expected returns. These factors include actual and historical return rates for expired lots, historical and forecasted product sales and consumer consumption data reported by external information management companies, estimated expiration dates or remaining shelf life of inventory in the distribution channel, estimates of inventory levels of its products in the distribution channel and any significant changes to these levels, and competitive issues such as new product entrants and other known changes in sales trends. The Company evaluates this reserve on a quarterly basis, assessing each of the factors described above, and adjusts the reserve through charges to income in the period in which the information that gives rise to the adjustment becomes known.

Rebates. The liability for government program rebates is calculated based on historical and current rebate redemption and utilization rates contractually submitted by each program's administrator.

Price Adjustments and Chargebacks. The Company's estimates of price adjustments and chargebacks are based on its estimated mix of sales to various third-party payors, which are entitled either contractually or statutorily to discounts from the Company's listed prices of its products. These estimates are also based on the contract fees the Company pays to certain group purchasing organizations (GPOs) in connection with the Company's sales of CUROSURF®. In the event that the sales mix to third-party payors or the contract fees paid to GPOs are different from the Company's estimates, the Company may be required to pay higher or lower total price adjustments and/or chargebacks than it has estimated.

The Company, from time to time, offers certain promotional product-related incentives to its customers. These programs include sample cards to retail consumers, certain product incentives to pharmacy customers and other sales stocking allowances. The Company has initiated voucher programs for its promoted products whereby the Company offers a point-of-sale subsidy to retail consumers. The Company estimates its liabilities for these voucher programs based on the historical redemption rates for similar completed programs used by other pharmaceutical companies as reported to the Company by a third-party claims processing organization and actual redemption rates

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for the Company's completed programs. The Company accounts for the costs of these special promotional programs as price adjustments, which are a reduction of gross revenue.

Prompt Payment Discounts. The Company typically offers its wholesale customers a prompt payment discount of 2% as an incentive to remit payments within the first 30 to 90 days after the invoice date depending on the customer and the products purchased (see "Accounts Receivable" above).

License and Royalty Agreement Revenues

Payments from the Company's licensees are recognized as revenue based on the nature of the arrangement (including its contractual terms), the nature of the payments and applicable accounting guidance. Non-refundable fees where the Company has no continuing performance obligations are recognized as revenues when there is persuasive evidence of an arrangement and collection is reasonably assured. If the Company has continuing performance obligations, nonrefundable fees are deferred and recognized ratably over the estimated performance period. At-risk milestone payments, which are typically related to regulatory, commercial or other achievements by the Company's licensees, are recognized as revenues when the milestone is accomplished and collection is reasonably assured. Refundable fees are deferred and recognized as revenues upon the later of when they become nonrefundable or when performance obligations are completed.

There were no license agreement revenues for the three months ended March 31, 2011 or 2010.

Royalty agreement revenues are earned under license agreements which provide for the payment of royalties based on sales of certain licensed products. These revenues are recognized based on product sales that occurred in the relevant period. Royalty agreement revenues were \$22,000 and \$14,000 for the three months ended March 31, 2011 and 2010, respectively.

NOTE 3: GOODWILL AND INTANGIBLE ASSETS**Goodwill**

The Company's goodwill balance as of March 31, 2011 and December 31, 2010 was \$13.2 million and relates to the October 31, 2008 merger whereby the Company, which was then known as Critical Therapeutics, Inc. ("Critical Therapeutics"), merged (through a transitory subsidiary) with Cornerstone BioPharma Holdings, Inc., which was deemed to be the acquiring company for accounting purposes (the "Merger"). No amount of the goodwill balance at March 31, 2011 will be deductible for income tax purposes.

Product Rights

The following tables represent product rights, net as of March 31, 2011 and December 31, 2010 (in thousands):

	March 31, 2011			Weighted - Average Amortization Period (yrs.)
	Gross Carrying Amount	Accumulated Amortization	Net Amount	
		\$	\$	
CUROSURF	107,606	17,038	90,568	10.0
FACTIVE®	7,613	2,454	5,159	4.8
SPECTRACEF®	4,505	2,122	2,383	10.0
ZYFLO®	11,500	3,878	7,622	7.1
Products under development	3,000		3,000	n/a
Other	75	74	1	4.3
Total	\$ 134,299	\$ 25,566	\$ 108,733	9.5

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	December 31, 2010			Weighted
	Gross	Accumulated	Net	Average
	Carrying	Amortization	Amount	Amortization
	Amount	Amount	Amount	Period
				(yrs.)
CUROSURF	\$ 107,606	\$ 14,347	\$ 93,259	10.0
FACTIVE	7,613	2,061	5,552	4.8
SPECTRACEF	4,505	2,017	2,488	10.0
ZYFLO	11,500	3,477	8,023	7.1
Products under development	3,000		3,000	n/a
Other	75	69	6	4.3
Total	\$ 134,299	\$ 21,971	\$ 112,328	9.5

The Company amortizes the product rights related to its currently marketed products over their estimated useful lives, which range from four to ten years. As of March 31, 2011, the Company had \$3.0 million of product rights related to products it expects to launch in the future. The Company expects to begin amortization upon the commercial launch of the first product using these rights, which is expected to be shortly after regulatory approval of such first product. The rights will be amortized over the estimated useful lives of the new products.

NOTE 4: ACCRUED EXPENSES

The components of accrued expenses are as follows (in thousands):

	March 31,	December
	2011	31,
		2010
Accrued product returns	\$ 14,955	\$ 15,025
Accrued rebates	3,190	3,034
Accrued price adjustments and chargebacks	18,260	21,520
Accrued compensation and benefits	2,189	2,760
Accrued royalties	3,387	3,303
Accrued expenses, other	998	957
Total accrued expenses	\$ 42,979	\$ 46,599

In December 2010, the Company sold its remaining inventories of its marketed unapproved products, which included ALLERX and HYOMAX, primarily to national wholesalers. As of March 31, 2011 and December 31, 2010, the Company had \$44.0 million and \$57.2 million, respectively, of deferred revenue related to sales for which future returns could not be reasonably estimated at the time of sale. Deferred revenue was recorded net of estimated allowances for rebates, price adjustments, chargebacks, and prompt payment and other discounts. Estimated allowances were recorded as of December 31, 2010 and remain classified as accrued expenses as of March 31, 2011.

NOTE 5: STOCK-BASED COMPENSATION**Stock Options**

The Company currently uses the Black-Scholes-Merton option pricing model to determine the fair value of its stock options. The determination of the fair value of stock-based payment awards on the date of grant using an option pricing model is affected by the Company's stock price, as well as assumptions regarding a number of complex and subjective variables. These variables include the Company's expected stock price volatility over the term of the

awards, actual employee exercise behaviors, risk-free interest rate and expected dividends.

There were 495,547 and 3,331 stock options granted and exercised, respectively, during the three months ended March 31, 2011.

The following table shows the assumptions used to value stock options on the date of grant, as follows:

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%	
COST OF SALES	
	(645,713
)	
	(622,564
)	
GROSS PROFIT	
	1,218,406
	65.4
%	
	1,165,608
	65.2
%	
	4.5
%	
<i>OPERATING EXPENSES:</i>	
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SELLING EXPENSES

(562,685

)

(571,572

)

ROYALTIES

(36,170

)

(32,518

)

ADVERTISING EXPENSES

(111,553

)

(101,978

)

GENERAL AND ADMINISTRATIVE EXPENSES

(233,181

)

(225,945

)

TOTAL

(943,589)

)

(932,013)

)

OPERATING INCOME

274,817

14.7

%

233,595

13.1

%

17.6

%

OTHER INCOME (EXPENSE):

INTEREST EXPENSES

(26,555

)

(36,984

)

INTEREST INCOME

2,548

5,417

OTHER - NET

177

(69

)

OTHER INCOME (EXPENSES)-NET

(23,830

)

(31,636

)

INCOME BEFORE PROVISION FOR INCOME TAXES

250,987

13.5

%

201,960

11.3

%

24.3

%

PROVISION FOR INCOME TAXES

(90,366)

)

(71,061)

)

NET INCOME

	160,622
	8.6
<i>%</i>	
	130,899
	7.3
<i>%</i>	
	22.7
<i>%</i>	
OF WHICH ATTRIBUTABLE TO:	

- LUXOTTICA GROUP STOCKHOLDERS

159,234

8.5

%

128,976

7.2

%

23.5

%

- NON-CONTROLLING INTERESTS

1,387

0.1

%

1,923

0.1

%

NET INCOME

160,622

8.6

%

130,899

7.3

%

22.7

%

BASIC EARNINGS PER SHARE (ADS):

0.34

0.28

FULLY DILUTED EARNINGS PER SHARE (ADS):

0.34

WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES

469,697,345

462,217,203

FULLY DILUTED AVERAGE NUMBER OF SHARES

472,742,228

464,615,581

Notes :

(1) Except earnings per share (ADS), which are expressed in Euro

LUXOTTICA GROUP

CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO	March 31, 2013	December 31, 2012
<i>CURRENT ASSETS:</i>		
CASH AND CASH EQUIVALENTS	582,096	790,093
ACCOUNTS RECEIVABLE - NET	893,286	698,755
INVENTORIES - NET	765,732	728,767
OTHER ASSETS	228,202	209,250
TOTAL CURRENT ASSETS	2,469,315	2,426,866
<i>NON-CURRENT ASSETS:</i>		
PROPERTY, PLANT AND EQUIPMENT - NET	1,200,668	1,192,394
GOODWILL	3,299,528	3,148,770
INTANGIBLE ASSETS - NET	1,389,867	1,345,688
INVESTMENTS	57,225	11,745
OTHER ASSETS	163,804	147,036
DEFERRED TAX ASSETS	162,696	169,662
TOTAL NON-CURRENT ASSETS	6,273,790	6,015,294
TOTAL	8,743,105	8,442,160
<i>CURRENT LIABILITIES:</i>		
BANK OVERDRAFTS	92,257	90,284
CURRENT PORTION OF LONG-TERM DEBT	240,311	310,072
ACCOUNTS PAYABLE	653,970	682,588
INCOME TAXES PAYABLE	126,614	66,350
SHORT TERM PROVISIONS FOR RISKS AND OTHER CHARGES	85,443	66,032
OTHER LIABILITIES	597,533	589,658
TOTAL CURRENT LIABILITIES	1,796,127	1,804,984
<i>NON-CURRENT LIABILITIES:</i>		
LONG-TERM DEBT	2,065,820	2,052,107
EMPLOYEE BENEFITS	154,500	191,710
DEFERRED TAX LIABILITIES	211,671	227,806
LONG TERM PROVISIONS FOR RISKS AND OTHER CHARGES	123,697	119,612
OTHER LIABILITIES	55,349	52,702
TOTAL NON-CURRENT LIABILITIES	2,611,036	2,643,936
<i>STOCKHOLDERS EQUITY:</i>		
LUXOTTICA GROUP STOCKHOLDERS EQUITY	4,323,579	3,981,372
NON-CONTROLLING INTEREST	12,363	11,868
TOTAL STOCKHOLDERS EQUITY	4,335,942	3,993,240
TOTAL	8,743,105	8,442,160

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE THREE-MONTH PERIODS ENDED

MARCH 31, 2013 AND MARCH 31, 2012

- SEGMENTAL INFORMATION -

In accordance with IAS/IFRS

In thousands of Euro	Manufacturing and Wholesale	Retail	Inter-Segment Transactions and Corporate Adj.	Consolidated
2013				
Net Sales	780,999	1,083,120		1,864,119
Operating Income	188,398	132,193	(45,774)	274,817
<i>% of Sales</i>	<i>24.1%</i>	<i>12.2%</i>		<i>14.7%</i>
Capital Expenditures	28,393	40,437		68,830
Depreciation & Amortization	25,333	43,535	21,661	90,529
2012				
Net Sales	726,794	1,061,378		1,788,172
Operating Income	172,919	103,157	(42,480)	233,595
<i>% of Sales</i>	<i>23.8%</i>	<i>9.7%</i>		<i>13.1%</i>
Capital Expenditures (1)	22,758	52,864		75,622
Depreciation & Amortization	23,112	43,461	20,818	87,390

Notes :

(1) In 2012, Capital Expenditures include Retail division finance leases of Euro 14.2 million. Capital Expenditures excluding finance leases were Euro 61.4 million.

Non-IAS/IFRS Measures: Adjusted measures

In order to provide a supplemental comparison of current period results of operations to prior periods, we have adjusted for certain non-recurring transactions or events.

We have made such adjustments to the following measures: EBITDA, EBITDA margin, operating income, operating margin, net income and earnings per share.

For comparative purposes, management has made adjustments to fiscal year 2012 measures for comparative purposes as described in the footnotes to the tables that contain such fiscal year 2012 data.

The Company believes that these adjusted measures are useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry because they exclude the impact of non-recurring items that are not relevant to the Company's operating performance.

The adjusted measures referenced above are not measures of performance in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include these adjusted comparisons in this presentation in order to provide a supplemental view of operations that excludes items that are unusual, infrequent or unrelated to our ongoing core operations.

These adjusted measures are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these adjusted measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating these adjusted measures may differ from methods used by other companies.

The Company recognizes that there are limitations in the usefulness of adjusted comparisons due to the subjective nature of items excluded by management in calculating adjusted comparisons. We compensate for the foregoing limitation by using these adjusted measures as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the tables on the following pages for a reconciliation of the adjusted measures discussed above to their most directly comparable IAS/IFRS financial measures or, in the case of adjusted EBITDA and adjusted EBITDA margin, to EBITDA and EBITDA margin, respectively, which are also non-IAS/IFRS measures. For a discussion of EBITDA and EBITDA margin and a reconciliation of EBITDA and EBITDA margin to their most directly comparable IAS/IFRS financial measures, see the tables on the pages immediately following the reconciliation of the adjusted measures.

Non-IAS/IFRS Measure: Reconciliation between reported and adjusted P&L items

Millions of Euro

Luxottica Group

	1Q13			1Q12							
	Net sales	EBITDA	Operating Income	Net Income	EPS	Net sales	EBITDA	Operating Income	Net Income	EPS	
Reported	1,864.1	365.3	274.8	159.2	0.34	1,788.2	321.0	233.6	129.0	0.28	
> Adjustment for OPSM reorganization							21.7	21.7	15.2	0.03	
Adjusted	1,864.1	365.3	274.8	159.2	0.34	1,788.2	342.6	255.3	144.1	0.31	

Retail Division

	1Q13			1Q12							
	Net sales	EBITDA	Operating Income	Net Income	EPS	Net sales	EBITDA	Operating Income	Net Income	EPS	
Reported	1,083.1	175.7	132.2	n.a.	n.a.	1,061.4	146.6	103.2	n.a.	n.a.	
> Adjustment for OPSM reorganization							21.7	21.7			
Adjusted	1,083.1	175.7	132.2	n.a.	n.a.	1,061.4	168.3	124.8	n.a.	n.a.	

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. **EBITDA margin** means EBITDA divided by net sales.

The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business.

EBITDA and EBITDA margin are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and EBITDA margin are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company.

The Company cautions that these measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors.

Investors should be aware that Luxottica Group's method of calculating EBITDA may differ from methods used by other companies. The Company recognizes that the usefulness of EBITDA has certain limitations, including:

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- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;
- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs; and
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss.

We compensate for the foregoing limitations by using EBITDA as a comparative tool, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of EBITDA margin.

Non-IAS/IFRS Measure: EBITDA and EBITDA margin

Millions of Euro

	1Q 2012	1Q 2013	FY 2012	LTM March 31, 2013
Net income/(loss)	129.0	159.2	534.0	564.2
(+)				
Net income attributable to non-controlling interest	1.9	1.4	4.2	3.7
(+)				
Provision for income taxes	71.1	90.4	306.0	325.3
(+)				
Other (income)/expense	31.6	23.8	125.7	117.9
(+)				
Depreciation & amortization	87.4	90.5	358.5	361.7
(+)				
EBITDA	321.0	365.3	1,328.4	1,372.8
(=)				
Net sales	1,788.2	1,864.1	7,086.1	7,162.0
(/)				
EBITDA margin	18.0%	19.6%	18.7%	19.2%
(=)				

Non-IAS/IFRS Measure: *Adjusted EBITDA* and *Adjusted EBITDA margin*

Millions of Euro

	1Q 2012(1)	1Q 2013	FY 2012(2)	LTM March 31, 2013 (1) (2)
Adjusted net income/(loss)	144.1	159.2	560.0	575.1
(+)				
Net income attributable to non-controlling interest	1.9	1.4	4.2	3.7
(+)				
Adjusted provision for income taxes	77.6	90.4	302.0	314.8
(+)				
Other (income)/expense	31.6	23.8	125.7	117.9
(+)				
Adjusted depreciation & amortization	87.4	90.5	358.2	361.3
(+)				
Adjusted EBITDA	342.6	365.3	1,350.1	1,372.8
(=)				
Net sales	1,788.2	1,864.1	7,086.1	7,162.0
(/)				
Adjusted EBITDA margin	19.2%	19.6%	19.1%	19.2%
(=)				

The adjusted figures exclude the following:

- (1) non-recurring OPSM reorganization costs with approximately 22 million impact on operating income and an approximately 15 million adjustment to net income.
- (2) (a) non-recurring OPSM reorganization costs with approximately 22 million impact on operating income and an approximately 15 million adjustment to net income; and
 (b) a non-recurring accrual for tax audit relating to Luxottica S.r.l. (fiscal Year 2007) of approximately 10 million.

Non-IAS/IFRS Measure: Net Debt to EBITDA ratio

Net debt to EBITDA ratio: Net debt means the sum of bank overdrafts, current portion of long-term debt and long-term debt, less cash. EBITDA represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization. The Company believes that EBITDA is useful to both management and investors in evaluating the Company's operating performance compared with that of other companies in its industry. Our calculation of EBITDA allows us to compare our operating results with those of other companies without giving effect to financing, income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to the overall operating performance of a company's business. The ratio of net debt to EBITDA is a measure used by management to assess the Company's level of leverage, which affects our ability to refinance our debt as it matures and incur additional indebtedness to invest in new business opportunities. The ratio also allows management to assess the cost of existing debt since it affects the interest rates charged by the Company's lenders.

EBITDA and ratio of net debt to EBITDA are not measures of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include them in this presentation in order to:

- improve transparency for investors;
- assist investors in their assessment of the Company's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Company's cost of debt;
- ensure that these measures are fully understood in light of how the Company evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

EBITDA and ratio of net debt to EBITDA are not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, these non-IAS/IFRS measures should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that these measures are not defined terms under IAS/IFRS and their definitions should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculating EBITDA and the ratio of net debt to EBITDA may differ from methods used by other companies. The Company recognizes that the usefulness of EBITDA and the ratio of net debt to EBITDA as evaluative tools may have certain limitations, including:

- EBITDA does not include interest expense. Because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate profits and cash flows. Therefore, any measure that excludes interest expense may have material limitations;
- EBITDA does not include depreciation and amortization expense. Because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate profits. Therefore, any measure that excludes depreciation and expense may have material limitations;

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- EBITDA does not include provision for income taxes. Because the payment of income taxes is a necessary element of our costs, any measure that excludes tax expense may have material limitations;
- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not allow us to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss; and
- The ratio of net debt to EBITDA is net of cash and cash equivalents, restricted cash and short-term investments, thereby reducing our debt position.

Because we may not be able to use our cash to reduce our debt on a dollar-for-dollar basis, this measure may have material limitations. We compensate for the foregoing limitations by using EBITDA and the ratio of net debt to EBITDA as two of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance and leverage.

See the table on the following page for a reconciliation of net debt to long-term debt, which is the most directly comparable IAS/IFRS financial measure, as well as the calculation of the ratio of net debt to EBITDA. For a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure, see the table on the preceding pages.

Non-IAS/IFRS Measure: Net debt and Net debt / EBITDA

Millions of Euro

	Mar. 31, 2013	Dec. 31, 2012
Long-term debt (+)	2,065.8	2,052.1
Current portion of long-term debt (+)	240.3	310.1
Bank overdrafts (+)	92.3	90.3
Cash (-)	(582.1)	(790.1)
Net debt (=)	1,816.3	1,662.4
EBITDA	1,372.8	1,328.4
Net debt/EBITDA	1.3x	1.3x
Net debt @ avg. exchange rates (1)	1,813.1	1,679.0
Net debt @ avg. exchange rates (1)/EBITDA	1.3x	1.3x

(1) Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.

Non-IAS/IFRS Measure: Net debt and Net debt / *Adjusted* EBITDA

Millions of Euro

	Mar. 31, 2013	Dec. 31, 2012
Long-term debt (+)	2,065.8	2,052.1
Current portion of long-term debt (+)	240.3	310.1
Bank overdrafts (+)	92.3	90.3
Cash (-)	(582.1)	(790.1)
Net debt (=)	1,816.3	1,662.4
LTM Adjusted EBITDA	1,372.8	1,350.1
Net debt/LTM Adjusted EBITDA	1.3x	1.2x
Net debt @ avg. exchange rates (1)	1,813.1	1,679.0
Net debt @ avg. exchange rates (1)/LTM EBITDA	1.3x	1.2x

(1) Net debt figures are calculated using the average exchange rates used to calculate the EBITDA figures.

(a) non-recurring OPSM reorganization costs with approximately 22 million impact on operating income and an approximately 15 million adjustment to net income; and

(b) a non-recurring accrual for tax audit relating to Luxottica S.r.l. (fiscal Year 2007) of approximately 10 million.

Non-IAS/IFRS Measures: Free Cash Flow

Free cash flow represents net income before non-controlling interest, taxes, other income/expense, depreciation and amortization (i.e. EBITDA see table on the earlier page) plus or minus the decrease/(increase) in working capital over the prior period, less capital expenditures, plus or minus interest income/(expense) and extraordinary items, minus taxes paid. The Company believes that free cash flow is useful to both management and investors in evaluating the Company's operating performance compared with other companies in its industry. In particular, our calculation of free cash flow provides a clearer picture of the Company's ability to generate net cash from operations, which is used for mandatory debt service requirements, to fund discretionary investments, pay dividends or pursue other strategic opportunities.

Free cash flow is not a measure of performance under International Financial Reporting Standards as issued by the International Accounting Standards Board (IAS/IFRS). We include it in this presentation in order to:

- Improve transparency for investors;
- Assist investors in their assessment of the Company's operating performance and its ability to generate cash from operations in excess of its cash expenses;
- Ensure that this measure is fully understood in light of how the Company evaluates its operating results;
- Properly define the metrics used and confirm their calculation; and
- Share this measure with all investors at the same time.

Free cash flow is not meant to be considered in isolation or as a substitute for items appearing on our financial statements prepared in accordance with IAS/IFRS. Rather, this non-IAS/IFRS measure should be used as a supplement to IAS/IFRS results to assist the reader in better understanding the operational performance of the Company. The Company cautions that this measure is not a defined term under IAS/IFRS and its definition should be carefully reviewed and understood by investors. Investors should be aware that Luxottica Group's method of calculation of free cash flow may differ from methods used by other companies. The Company recognizes that the usefulness of free cash flow as an evaluative tool may have certain limitations, including:

- The manner in which the Company calculates free cash flow may differ from that of other companies, which limits its usefulness as a comparative measure;
- Free cash flow does not represent the total increase or decrease in the net debt balance for the period since it excludes, among other things, cash used for funding discretionary investments and to pursue strategic opportunities during the period and any impact of the exchange rate changes; and
- Free cash flow can be subject to adjustment at the Company's discretion if the Company takes steps or adopts policies that increase or diminish its current liabilities and/or changes to working capital.

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We compensate for the foregoing limitations by using free cash flow as one of several comparative tools, together with IAS/IFRS measurements, to assist in the evaluation of our operating performance.

See the table on the following page for a reconciliation of free cash flow to EBITDA and the table on the earlier page for a reconciliation of EBITDA to net income, which is the most directly comparable IAS/IFRS financial measure.

Non-IAS/IFRS Measure: Free cash flow

Millions of Euro

	1Q 2013
EBITDA (1)	365
Δ working capital	(255)
Capex	(69)
Operating cash flow	42
Financial charges (2)	(24)
Taxes	(14)
Extraordinary charges (3)	0
Free cash flow	4

(1) EBITDA is not an IAS/IFRS measure; please see table on the earlier page for a reconciliation of adjusted EBITDA to EBITDA and EBITDA to net income

(2) Equals interest income minus interest expense

(3) Equals extraordinary income minus extraordinary expense

Major currencies

Average exchange rates per 1	Three months ended March 31, 2012	Twelve months ended December 31, 2012	Three months ended March 31, 2013
US\$	1.31082	1.28479	1.31999
AUD	1.24247	1.24071	1.27073
GBP	0.83448	0.81087	0.85102
CNY	8.26924	8.10523	8.21679
JPY	103.99323	102.49188	121.78032

April 29, 2013 Ordinary Stockholders Meeting Voting results

1. The approval of the Statutory Financial Statements for the year ended December 31, 2012.

Shares represented at the Stockholders Meeting no379,992,875, equal to 79.82% of the issued share capital

No. 368,057,719 votes in favor, equal to 96.86% of the votes represented at the Stockholders Meeting and to 77.32% of the Company's issued share capital;

No. 44,292 votes against, equal to 0.012% of the votes represented at the Stockholders Meeting and to 0.009% of the Company's issued share capital;

No. 82,767 of abstentions, equal to 0.022% of the votes represented at the Stockholders Meeting and to 0.017% of the Company's issued share capital;

No. 11,808,097 shares did not vote.

2. The allocation of net income and the distribution of dividends.

Shares represented at the Stockholders Meeting no379,992,875, equal to 79.82% of the issued share capital

No. 379,901,074 votes in favor, equal to 99.98% of the votes represented at the Stockholders Meeting and to 79.8% of the Company's issued share capital;

No. 20,096 votes against, equal to 0.005% of the votes represented at the Stockholders Meeting and to 0.004% of the Company's issued share capital;

No. 71,705 of abstentions, equal to 0.019% of the votes represented at the Stockholders Meeting and to 0.015% of the Company's issued share capital;

3. The approval of the incentive compensation plan Performance Shares Plan 2013-2017 in accordance with article 114-bis of Legislative Decree no. 58/1998.

Shares represented at the Stockholders Meeting no379,992,875, equal to 79.82% of the issued share capital

No. 330,494,391 votes in favor, equal to 86.97% of the votes represented at the Stockholders Meeting and to 69.43% of the Company's issued share capital;

No. 49,251,409 votes against, equal to 12.96% of the votes represented at the Stockholders Meeting and to 10.35% of the Company's issued share capital;

No. 247,075 of abstentions, equal to 0.065% of the votes represented at the Stockholders Meeting and to 0.052% of the Company's issued share capital;

4. An advisory vote on the first section of the Company's Remuneration Report in accordance with article 123-ter, paragraph 6 of Legislative Decree no. 58/1998.

Shares represented at the Stockholders Meeting no379,992,875, equal to 79.82% of the issued share capital

No. 370,032,032 votes in favor, equal to 97.38% of the votes represented at the Stockholders Meeting and to 77.73% of the Company's issued share capital;

No. 6,008,997 votes against, equal to 1.58% of the votes represented at the Stockholders Meeting and to 1.26% of the Company's issued share capital;

No. 3,951,846 of abstentions, equal to 1.04% of the votes represented at the Stockholders Meeting and to 0.83% of the Company's issued share capital.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LUXOTTICA GROUP S.p.A.

Date: May 1, 2013

By:

/s/ ENRICO CAVATORTA
ENRICO CAVATORTA
CHIEF FINANCIAL OFFICER