Canadian Supplement to Management's Discussion and Analysis for the three and twelve months ended December 31, 2010

This document supplements the Management's Discussion and Analysis (MD&A) for December 31, 2010 and has been prepared as of March 11, 2011, pursuant to Section 5.2 of National Instrument 51-102 – Continuous Disclosure Obligations (NI 51-102).

The audited consolidated financial statements of Cardiome Pharma Corp. as at and for the year ended December 31, 2010 are prepared in accordance with generally accepted accounting principles used in the United States of America (U.S. GAAP). As part of our filing requirements under NI 51-102, we are providing this supplement to our MD&A for the three and twelve months ended December 31, 2010 that restates, based on financial information reconciled to Canadian generally accepted accounting principles (Canadian GAAP), those parts of our MD&A that would contain material differences if they were based on financial statements prepared in accordance with Canadian GAAP. The Canadian GAAP supplement should be read in conjunction with our December 31, 2010 MD&A and audited consolidated financial statements as at and for the year ended December 31, 2010. Note 20 to our audited consolidated financial statements explains and quantifies the material differences between U.S. GAAP and Canadian GAAP on our financial condition and results of operations.

The following contains forward-looking statements and should be read in conjunction with the statement regarding forward-looking statements set forth in our December 31, 2010 MD&A. All amounts are expressed in thousands of U.S. dollars except share and per share amounts and where otherwise indicated.

DIFFERENCES BETWEEN UNITED STATES AND CANADIAN GAAP

Our MD&A has been prepared in accordance with U.S. GAAP. Differences between U.S. GAAP and Canadian GAAP that have the most significant impact on the Company's financial conditions and results of operations include accounting for stock-based compensation and intangible assets.

Results of Operations

The application of Canadian GAAP would have the following effects on the net income (loss) as reported:

	Three months ended		Twelve months ended	
Expressed in thousands of U.S. Dollars except share and per share amounts	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Net (loss) income for the period, U.S. GAAP	$ (7,302)	$ 12,102	$ 35,499	$ 2,354
Patents	37	25	31	57
In–process research and development	(526)	(526)	(2,168)	(1,954)
Stock-based compensation	540	293	521	207
Net (loss) income for the period, Canadian GAAP	$ (7,251)	$ 11,894	$ 33,883	664
Basic income (loss) per common share, Canadian GAAP	$ (0.12)	$ 0.19	$ 0.56	$ 0.01
Diluted income (loss) per common share, Canadian GAAP	(0.12)	0.19	0.55	0.01
Weighted average number of common shares outstanding, Canadian GAAP				
Basic	61,052,199	61,391,676	60,813,604	63,259,871
Diluted	61,052,199	61,588,116	61,321,263	65,192,635

Our net loss for the three months ended December 31, 2010 (Q4-2010) was $7.3 million under both Canadian GAAP and U.S. GAAP. Under Canadian GAAP, our net income for the three months ended December 31, 2009 (Q4-2009) was $11.9 million compared to $12.1 million under U.S. GAAP. Our basic and diluted loss per common share was $0.12 for Q4-2010 under both Canadian GAAP and U.S. GAAP. Our basic and diluted income per common share for Q4-2009 was $0.19 under Canadian GAAP and $0.20 under U.S. GAAP.

Under Canadian GAAP, our net income for the year ended December 31, 2010 was $33.9 million (2009 – $0.7 million) compared to $35.5 (2009 – $2.4 million) under U.S. GAAP. Our basic income per common share was $0.56 for the year ended December 31, 2010 under Canadian GAAP, and $0.58 under U.S. GAAP. Our diluted income per common share was $0.55 for the year ended December 31, 2010 under Canadian GAAP, and $0.58 under U.S. GAAP. Our basic and diluted income per common share for the year ended December 31, 2009 was $0.01 under Canadian GAAP and $0.04 under U.S. GAAP.

The reasons for the differences in net income (loss) and income (loss) per common share under U.S. GAAP and Canadian GAAP are outlined below.

Patents

Under U.S. GAAP, patent costs related to internally generated assets developed from research activities are capitalized and amortized on a straight line basis over the estimated useful life of the patent. Under Canadian GAAP, these costs are expensed as incurred. Under Canadian GAAP, this difference resulted in a decrease in net loss (increase in net income) for Q4-2010 of $0.04 (Q4-2009 - $0.03 million) and for the year ended December 31, 2010 of $0.03 million (2009 - $0.06 million).

In-process research and development

Under U.S. GAAP, our acquired license for a clinical-stage drug candidate is classified as in-process research and development and written off immediately as it has no alternative use. Under Canadian GAAP, in-process research and development is amortized over its estimated useful life. Under Canadian GAAP, this difference resulted in an increase in net loss (decrease in net income) of $0.5 million (Q4-2009 - $0.5 million) and for the year ended December 31, 2010 of $2.2 million (2009 - $2.0 million)

Stock-Based Compensation

The amount of stock-based compensation expense for U.S. GAAP purposes differs from the amount for Canadian GAAP purposes, representing the impact of estimated employee award forfeitures. Under U.S. GAAP, we estimate forfeitures for unvested options as a percentage of stock-based compensation. Under Canadian GAAP, no estimate of forfeitures of unvested options is made. Instead, forfeitures are recorded when they occur. Under Canadian GAAP, this difference resulted in a decrease in expenses and a decrease in net loss (increase in net income) for Q4-2010 of $0.5 million (Q4-2009 – $0.29 million) and a decrease in expenses and an increase in net income for the year ended December 31, 2010 of $0.5 million (2009 – decrease in expense and an increase in net income of $0.21 million).