



Jazz Pharmaceuticals®



JAZZ PHARMACEUTICALS PLC
PROXY STATEMENT
2015 ANNUAL REPORT



MEET EVE

Our cover highlights Eve.

Soon after becoming a nurse, Eve was diagnosed with leukemia and began receiving intensive cycles of chemotherapy to combat her disease. As part of her leukemia treatment, her physician recommended a hematopoietic stem cell transplant (HSCT). Shortly after her transplant, Eve became very ill and was diagnosed with hepatic veno-occlusive disease (VOD), a rare, life-threatening complication of HSCT. Through an expanded access treatment-investigational new drug protocol in the U.S., Eve received defibrotide, an investigational drug at the time, to manage this complication.

To celebrate her recovery, Eve and her husband expanded their family with a new puppy. Today, Eve has resumed nursing to provide patients with the same great care she received during the management of her leukemia and HSCT.

On March 30, 2016, the U.S. Food and Drug Administration granted marketing approval for Defitelio® (defibrotide sodium) for the treatment of adult and pediatric patients with hepatic VOD, also known as sinusoidal obstruction syndrome, with renal or pulmonary dysfunction following HSCT.

Making a real difference in patients' lives is at the center of everything we do.

The patient story shared in this communication depicts an individual patient's response to our medicine and is not representative of all patient responses.

June 20, 2016

Dear Shareholders,

2015 was another successful year for Jazz Pharmaceuticals. We delivered solid top- and bottom-line growth, while continuing to focus on improving patients' lives by identifying, developing and delivering clinically meaningful products to patients with disabling or potentially fatal diseases. We executed on our corporate strategy and business model through organic growth of our key marketed products, expansion of lifecycle management programs for our commercial products, and advancement of our clinical development pipeline, including a focus on the evaluation of new indications for our product candidate, JZP-110. We remained active in our corporate development initiatives by evaluating a broad set of acquisition and licensing opportunities. We use a defined set of criteria to identify well-differentiated, clinically meaningful, long-lived products or product candidates that we believe will generate appropriate returns to shareholders. While we did not complete a transaction in 2015, this disciplined approach allowed us to further strengthen our cash position and expand our borrowing capacity, and has positioned us well for future corporate development activities.

We achieved a key milestone in 2015 by completing the submission of our new drug application for defibrotide to the U.S. Food and Drug Administration (FDA). On March 30, 2016, the FDA approved Defitelio® (defibrotide sodium) for the treatment of adult and pediatric patients with hepatic VOD with renal or pulmonary dysfunction following HSCT. Defitelio became commercially available in the U.S. in April 2016.

Financial performance highlights in 2015

- Total revenues of \$1.3 billion, an increase of 13% over 2014, driven primarily by sales of our lead marketed product, Xyrem® (sodium oxybate) oral solution.
- GAAP net income attributable to Jazz Pharmaceuticals plc of \$329.5 million and adjusted net income attributable to Jazz Pharmaceuticals plc of \$600.1 million, an increase of 15% over 2014.
- GAAP net income per diluted share attributable to Jazz Pharmaceuticals plc of \$5.23 and adjusted net income per diluted share attributable to Jazz Pharmaceuticals plc of \$9.52, an increase of 15% over 2014.

Other 2015 milestones

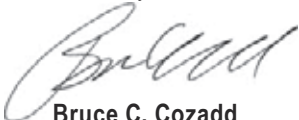
- In February 2015, the FDA approved the final Xyrem risk evaluation and mitigation strategy (REMS), which we implemented in August 2015.
- We initiated patient enrollment in our Phase 3 clinical program for JZP-110 for the treatment of excessive daytime sleepiness (EDS) in patients with narcolepsy and for the treatment of EDS in patients with obstructive sleep apnea in the second quarter.
- We continued to repurchase our ordinary shares under share repurchase programs authorized by our board of directors. In 2015, we spent a total of \$62 million to repurchase 0.4 million of our ordinary shares under the repurchase programs.
- We completed construction of a 54,000 square foot manufacturing and development facility in Ireland in late 2015.

Continued execution of our corporate growth strategy

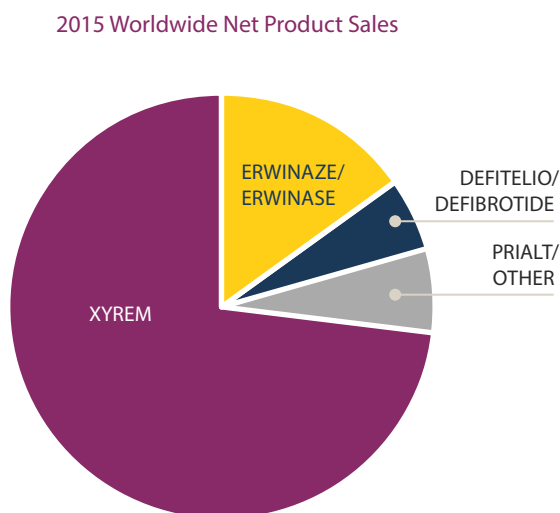
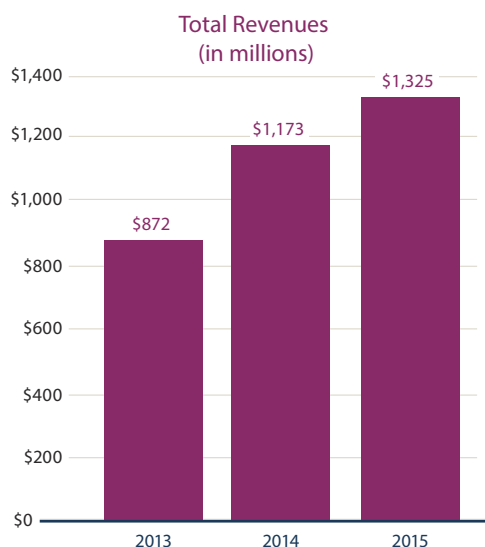
In 2016, we look forward to delivering on key financial, commercial and R&D goals that have the potential to drive significant value creation. Our R&D goals for 2016 include obtaining preliminary data from our three Phase 3 safety and efficacy studies of JZP-110 and initiating our Phase 3 study evaluating defibrotide for the prevention of VOD following HSCT in high risk patients, in pursuit of our goal of generating important new therapeutic options for patients. With our strong balance sheet and overall market valuations that are more conducive to transactions that could generate strong returns, we are focused and prepared to execute on corporate development opportunities that have the potential to expand the business and deliver long-term value for our shareholders.

We thank you for your ongoing support as we focus on our mission of delivering meaningful products to patients.

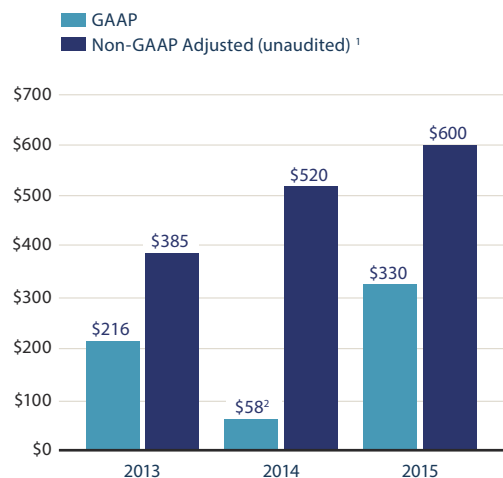
Sincerely,



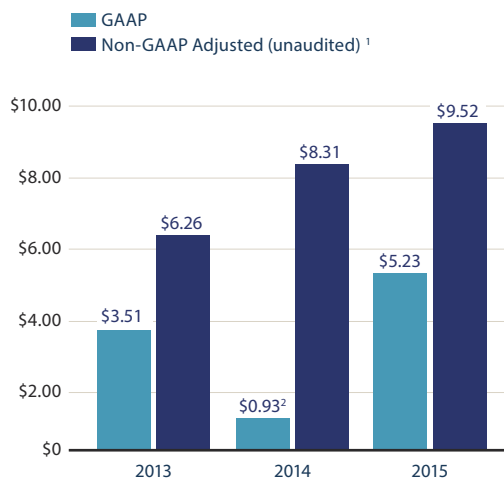
Bruce C. Cozadd
Chairman and Chief Executive Officer



Net Income Attributable to Jazz Pharmaceuticals plc (in millions)



Net Income Attributable to Jazz Pharmaceuticals plc Per Diluted Share



1. Represents adjusted net income attributable to Jazz Pharmaceuticals plc (and the related per share amounts), which are non-GAAP financial measures that exclude certain items from GAAP reported net income attributable to Jazz Pharmaceuticals plc (and the related per share amounts). Reconciliations of GAAP reported net income attributable to Jazz Pharmaceuticals plc (and related per share amounts) to non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc (and related per share amounts) for each period presented can be found under the heading "Non-GAAP Financial Measures" in Part II, Item 7 of the enclosed Annual Report on Form 10-K for the year ended December 31, 2015.

2. For 2014, GAAP reported net income attributable to Jazz Pharmaceuticals plc included acquired in-process research and development costs of \$203 million, or approximately \$3.24 per diluted share, primarily relating to rights for JZP-110 and rights for defibrotide in the Americas.



JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY
Registered in Ireland – No. 399192
Fourth Floor, Connaught House
One Burlington Road
Dublin 4, Ireland

NOTICE OF 2016 ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 4, 2016

Dear Shareholder:

You are cordially invited to attend the 2016 annual general meeting of shareholders (the “annual meeting”) of Jazz Pharmaceuticals plc, a public limited company formed under the laws of Ireland (the “company”). The annual meeting will be held on Thursday, August 4, 2016, at 10:00 a.m. local time at our corporate headquarters located at Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland, for the following purposes:

1. To elect by separate resolutions the four nominees for director named in the accompanying proxy statement (the “proxy statement”) to hold office until the 2019 annual general meeting of shareholders (**Proposal 1**).
2. To ratify, on a non-binding advisory basis, the appointment of KPMG, Dublin as the independent auditors of the company for the fiscal year ending December 31, 2016 and to authorize, in a binding vote, the board of directors, acting through the audit committee, to determine the independent auditors’ remuneration (**Proposal 2**).
3. To approve, on a non-binding advisory basis, the compensation of the company’s named executive officers as disclosed in the accompanying proxy statement (**Proposal 3**).
- 4A. To approve amendments to the company’s memorandum of association to make certain administrative adjustments to address the enactment of the Irish Companies Act 2014 and a minor housekeeping matter (**Proposal 4A**).
- 4B. To approve amendments to the company’s articles of association to make certain administrative adjustments to address the enactment of the Irish Companies Act 2014 and certain minor housekeeping matters (**Proposal 4B**).
5. To authorize the company and/or any subsidiary of the company to make open market purchases of the company’s ordinary shares (**Proposal 5**).
6. To renew the board of directors’ existing authority under Irish law to allot and issue ordinary shares (**Proposal 6**).
7. To renew the board of directors’ existing authority under Irish law to allot and issue ordinary shares for cash without first offering those ordinary shares to existing shareholders pursuant to the statutory pre-emption right that would otherwise apply (**Proposal 7**).
8. To approve any motion to adjourn the annual meeting, or any adjournments thereof, to another time and place to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any or all of Proposals 4A, 4B and/or 7 (**Proposal 8**).
9. To approve an amendment and restatement of the company’s 2011 Equity Incentive Plan in order to renew the company’s ability to grant awards thereunder that may qualify as “performance-based compensation” under section 162(m) of the U.S. Internal Revenue Code (**Proposal 9**).
10. To approve an amendment and restatement of the company’s Amended and Restated 2007 Non-Employee Directors Stock Option Plan in order to (i) expand the types of stock awards that may be granted thereunder to the company’s non-employee directors and (ii) eliminate the final automatic annual increase to the share reserve that otherwise is scheduled to occur in 2017 pursuant to the “evergreen” provision included therein (**Proposal 10**).
11. To conduct any other business properly brought before the annual meeting.

The above proposals are more fully described in the proxy statement. Proposals 4A, 4B and 7 require approval as special resolutions, meaning they need the affirmative vote of 75% of votes cast (in person or by proxy) to be approved. Proposals 1, 2, 3, 5, 6, 8, 9 and 10 require approval as ordinary resolutions, meaning they need the affirmative vote of a majority of votes cast (in person or by proxy) to be approved.

In addition to the above proposals, the meeting will also receive and consider the company’s Irish statutory financial statements for the fiscal year ended December 31, 2015 and the reports of the directors and auditors thereon. There is no requirement under Irish law that the Irish statutory financial statements be approved by the shareholders, and no such approval will be sought at the annual meeting. Under the company’s articles of association, Proposals 1 and 2 above are deemed to be ordinary business, and Proposals 3, 4A, 4B, 5, 6, 7, 8, 9 and 10 above are deemed to be special business. The annual meeting will also include a review of the company’s affairs.

The record date for the annual meeting is June 7, 2016. Only shareholders of record at the close of business on that date may vote at the annual meeting or any adjournment or postponement thereof.

A shareholder entitled to attend and vote at the annual meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her at the annual meeting, using the proxy card provided (or the form of proxy contained in section 184 of the Irish Companies Act 2014) or using an electronic proxy card by telephone or via the internet in the manner described in this proxy statement. A proxy need not be a shareholder of record.

Important Notice Regarding the Availability of Proxy Materials for the annual general meeting of shareholders to be held on August 4, 2016, at 10:00 a.m. local time at our corporate headquarters located at Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland.

The proxy statement, our annual report and our Irish statutory financial statements are available at <https://materials.proxyvote.com/G50871>.

By order of the board of directors,

/s/ Shawn Mindus
Shawn Mindus
Company Secretary

Dublin, Ireland
June 20, 2016

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please vote as soon as possible. You may vote your shares over the telephone or via the internet. If you received a proxy card or voting instruction card by mail, you may submit your proxy card or voting instruction card by completing, signing, dating and mailing your proxy card or voting instruction card in the envelope provided. Proxy cards must be received by August 3, 2016. Electronic proxy cards submitted via the internet or by telephone must be received by 11:59 p.m., U.S. Eastern Time, on August 3, 2016. It may not be possible to count proxy cards received after the relevant time towards voting. Proxy cards received will be forwarded to the company's registered office electronically before commencement of the annual meeting to comply with Irish law. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if the record holder of your ordinary shares is a broker, bank or other nominee, and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

Table of Contents

	<u>Page</u>
PROXY OVERVIEW	1
GENERAL	11
QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING	12
CORPORATE GOVERNANCE AND BOARD MATTERS	18
Overview	18
Independence of the Board of Directors	18
Board Leadership Structure and Risk Oversight	18
Meetings of the Board of Directors	19
Information About the Committees of the Board of Directors	19
Audit Committee	20
Report of the Audit Committee of the Board of Directors	21
Compensation Committee	21
Compensation Committee Processes and Procedures	22
Compensation Committee Interlocks and Insider Participation	23
Compensation Committee Report	23
Nominating and Corporate Governance Committee	23
Other Corporate Governance Matters	24
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	26
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	29
EXECUTIVE OFFICERS	30
EXECUTIVE COMPENSATION	32
Compensation Discussion and Analysis	32
Summary of Compensation	48
Grants of Plan-Based Awards	49
Description of Compensation Arrangements	50
Outstanding Equity Awards at Fiscal Year-End	54
Option Exercises and Stock Vested	55
Potential Payments upon Termination or Change in Control	55
DIRECTOR COMPENSATION	59
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	63
PROPOSAL 1 — ELECTION OF DIRECTORS	64

Table of Contents

(continued)

	<u>Page</u>
PROPOSAL 2 — RATIFY, ON A NON-BINDING ADVISORY BASIS, THE APPOINTMENT OF INDEPENDENT AUDITORS AND AUTHORIZE, IN A BINDING VOTE, THE BOARD OF DIRECTORS, ACTING THROUGH THE AUDIT COMMITTEE, TO DETERMINE THE INDEPENDENT AUDITORS' REMUNERATION .....	.69
Independent Registered Public Accounting Firm Fees and Services .....	.69
Pre-Approval Policies and Procedures .....	.70
Independence .....	.70
PROPOSAL 3 — NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION .....	.71
BACKGROUND TO PROPOSALS 4A AND 4B .....	.73
PROPOSAL 4A — APPROVE AMENDMENTS TO THE COMPANY'S MEMORANDUM OF ASSOCIATION .....	.74
PROPOSAL 4B — APPROVE AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION .....	.75
PROPOSAL 5 — AUTHORIZE THE COMPANY AND/OR ANY SUBSIDIARY OF THE COMPANY TO MAKE OPEN MARKET PURCHASES OF THE COMPANY'S ORDINARY SHARES .....	.76
BACKGROUND TO PROPOSALS 6 AND 7 .....	.78
PROPOSAL 6 — RENEW DIRECTORS' AUTHORITY TO ISSUE SHARES .....	.81
PROPOSAL 7 — RENEW DIRECTORS' AUTHORITY TO ISSUE SHARES FOR CASH WITHOUT FIRST OFFERING SHARES TO EXISTING SHAREHOLDERS .....	.82
PROPOSAL 8 — ADJOURNMENT PROPOSAL .....	.83
PROPOSAL 9 — APPROVE AN AMENDMENT AND RESTATEMENT OF THE COMPANY'S 2011 EQUITY INCENTIVE PLAN .....	.84
PROPOSAL 10 — APPROVE AN AMENDMENT AND RESTATEMENT OF THE COMPANY'S AMENDED AND RESTATED 2007 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN .....	.94
EQUITY COMPENSATION PLAN INFORMATION .....	.102
OTHER MATTERS .....	.104
Presentation of Irish Statutory Financial Statements .....	.104
Registered and Principal Executive Offices .....	.104
Shareholder Proposals and Director Nominations for the 2017 Annual General Meeting .....	.104
Householding of Proxy Materials .....	.104
Annual Report on Form 10-K .....	.105
Special Note Regarding Forward-Looking Statements .....	.105
General .....	.105
ANNEX A — SUMMARY OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF JAZZ PHARMACEUTICALS PLC	A-1
ANNEX B — COMPLETE TEXT OF THE PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF JAZZ PHARMACEUTICALS PLC	B-1
ANNEX C — JAZZ PHARMACEUTICALS PLC 2011 EQUITY INCENTIVE PLAN	C-1
ANNEX D — JAZZ PHARMACEUTICALS PLC AMENDED AND RESTATED 2007 NON-EMPLOYEE DIRECTORS STOCK AWARD PLAN	D-1

PROXY OVERVIEW

This overview highlights certain information contained elsewhere in this proxy statement and does not contain all of the information that you should consider. You should read the entire proxy statement carefully before voting. For more complete information regarding our business and 2015 performance, please review our Annual Report on Form 10-K for the year ended December 31, 2015.

In this proxy statement, unless otherwise indicated or the context otherwise requires, all references to “Jazz Pharmaceuticals,” “the company,” “we,” “us” and “our” refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries, except when the context makes clear that the time period being referenced is prior to January 18, 2012, in which case such terms are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. See “General—Basis of Presentation” on page 11 below.

Meeting and Voting Information

Time and Date:

10:00 a.m., local time on Thursday, August 4, 2016

Place:

Our corporate headquarters
Fourth Floor, Connaught House
One Burlington Road
Dublin 4, Ireland

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please vote as soon as possible. Please see “Questions and Answers About These Proxy Materials and Voting—How Do I Vote?” beginning on page 13 below.

Business Overview

Jazz Pharmaceuticals plc is an international biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing meaningful products that address unmet medical needs.

We have a diverse portfolio of products and product candidates, with a focus in the areas of sleep and hematology/oncology. Our lead marketed products are:

- **Xyrem® (sodium oxybate) oral solution**, the only product approved by the U.S. Food and Drug Administration, or FDA, for the treatment of both cataplexy and excessive daytime sleepiness, or EDS, in patients with narcolepsy;
- **Erwinaze® (asparaginase *Erwinia chrysanthemi*)**, a treatment approved in the U.S. and in certain markets in Europe (where it is marketed as Erwinase®) for patients with acute lymphoblastic leukemia who have developed hypersensitivity to E. coli-derived asparaginase; and
- **Defitelio® (defibrotide sodium)**, a product approved in the U.S. for the treatment of adult and pediatric patients with hepatic veno-occlusive disease, or VOD, also known as sinusoidal obstruction syndrome, or SOS, with renal or pulmonary dysfunction following hematopoietic stem cell transplantation, or HSCT, and in Europe (where it is marketed as Defitelio® (defibrotide)) for the treatment of severe VOD in adults and children undergoing HSCT therapy.

Our strategy is to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying and investing in growth opportunities such as new treatment indications;
- Acquiring clinically meaningful and differentiated products that are on the market or product candidates that are in late-stage development; and
- Pursuing targeted development of post-discovery differentiated product candidates.

We apply a disciplined approach to allocating our resources between investments in our current commercial and development portfolio and acquisitions or in-licensing of new assets.

Proxy Overview (continued)

2015 Company Highlights

In 2015, we delivered solid top- and bottom-line growth while increasing investment in additional research and development activities, which include clinical development of new product candidates, activities related to line extensions and new indications for existing products and the generation of additional clinical data for existing products. The highlights of our performance during 2015 included:

- We continued to achieve solid revenue growth, primarily from sales of Xyrem.
- In August 2015, we implemented the final Xyrem risk evaluation and mitigation strategy, which was approved by the FDA in February 2015.
- In September 2015, the FDA accepted for filing with priority review our new drug application, or NDA, for Defitelio, which became commercially available in April 2016.
- We initiated patient enrollment in our Phase 3 clinical program for our product candidate, JZP-110, for the treatment of EDS in patients with narcolepsy and for EDS in patients with obstructive sleep apnea.
- In June 2015, we entered into a new credit agreement, which provides for a higher borrowing limit, more favorable interest rates and a longer maturity than our prior credit agreement.
- We completed construction of a 54,000 square foot manufacturing and development facility in Ireland in late 2015.

Corporate Governance

Director Nominees and Continuing Directors

The following table provides summary information about each director nominee and continuing director as of June 1, 2016. See pages 18 to 20 and 64 to 68 for more information.

Name	Age	Director Since	Principal Position	Independent	Other Current Public Boards
2016 Director Nominees					
Paul L. Berns	49	2010 ⁽¹⁾	Chairman, Chief Executive Officer and President, Anacor Pharmaceuticals, Inc.	Yes	2 ⁽²⁾
Patrick G. Enright	54	2009 ⁽¹⁾	Managing Director, Longitude Capital	Yes	3
Seamus Mulligan	55	2012	Chairman and Chief Executive Officer, Adapt Pharma Ltd.	Yes	0
Norbert G. Riedel, Ph.D.	58	2013	Chief Executive Officer and President, Aptinyx, Inc.	Yes	1
Continuing Directors					
Bruce C. Cozadd	52	2003 ⁽¹⁾	Chairman and Chief Executive Officer	No	2
Heather Ann McSharry	54	2013	Director, CRH plc and Greencore Group plc	Yes	2
Rick E Winningham	56	2010 ⁽¹⁾	Chief Executive Officer and Chairman of the Board of Directors, Theravance Biopharma, Inc.	Yes	2
Peter Gray	61	2013	Chairman, UDG Healthcare plc	Yes	1
Kenneth W. O'Keefe	49	2004 ⁽¹⁾	Chief Executive Officer, Beecken Petty O'Keefe & Company	Yes	0
Elmar Schnee	57	2014	Chief Operating Officer, MindMaze SA	Yes	0
Catherine A. Sohn, Pharm. D.	63	2012	Director, Neuralstem, Inc. and Landec Corporation	Yes	2

⁽¹⁾ Includes service on the board of directors of Jazz Pharmaceuticals, Inc., our predecessor.

⁽²⁾ Includes Mr. Berns' service as a member of the board of directors of Collectar Biosciences, Inc., or Collectar. Mr. Berns will not be standing for re-election as a director of Collectar when his current term expires on June 29, 2016.

Proxy Overview (continued)

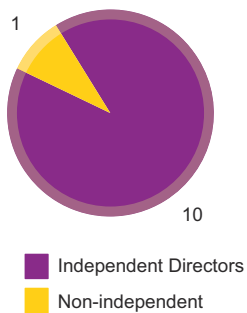
Director Dashboards

We examine the experience and expertise of our board as a whole to ensure alignment between the abilities and contributions of our board and our strategic priorities and long-range plan, emphasizing, among other things, expertise in global and U.S. sales and marketing and product development, in financial management and in corporate development transactions. All of our directors exhibit high integrity, collegiality, innovative thinking, sound business judgment and a knowledge of corporate governance requirements and practices, and our directors as a whole bring a balance of relevant skills and experience to our boardroom:

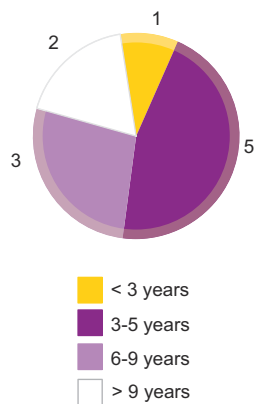


Our board is substantially independent and has a mix of relatively newer and longer-tenured directors. The charts below show board makeup by various characteristics:

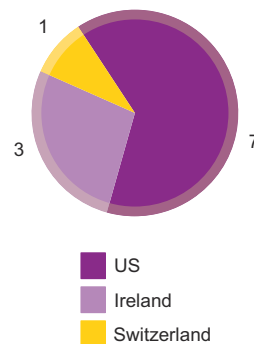
Director Independence



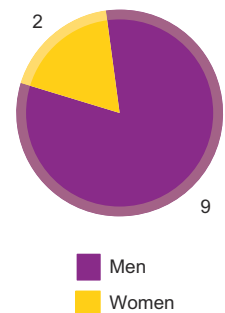
Tenure



Residency



Gender



Proxy

Proxy Overview (continued)

Corporate Governance Strengths

We are committed to exercising good corporate governance practices. We believe that good governance promotes the long-term interests of our shareholders and strengthens board and management accountability. The highlights of our corporate governance practices include the following:

-
- 10 out of 11 of our directors are independent
 - Regular executive sessions of independent directors
 - Audit, compensation and nominating and corporate governance committees are comprised solely of independent directors
 - Diverse board in terms of tenure, residency, gender, experience and skills
 - Annual board and committee self-evaluations
 - Risk oversight by the full board and committees
 - Board and committees may engage outside advisors independently of management
 - Independent compensation consultant reporting directly to the compensation committee
 - Director participation in continuing education and related reimbursement policy
 - Lead Independent Director with clearly delineated duties
 - Corporate Governance Guidelines
 - Majority voting for elections of directors
 - Share ownership guidelines for directors and executive officers
 - Anti-hedging/pledging policy
 - Code of Conduct
 - Annual advisory approval of executive compensation
 - Shareholder ability to call extraordinary meetings⁽¹⁾
-

⁽¹⁾ Irish law provides that shareholders holding 10% or more of the total voting rights may at any time request that the directors call an extraordinary general meeting (*i.e.*, special meeting). If the directors do not proceed to convene a meeting within a specified period, those shareholders (or any of them representing more than half of the total voting rights of all of them) may themselves convene a meeting within a specified period. For more information, see “*Corporate Governance and Board Matters—Other Corporate Governance Matters—Shareholder Ability to Call Extraordinary Meetings.*”

Shareholder Engagement

A priority for our board of directors is listening to the views of our shareholders on a variety of topics, including our business and growth strategy and corporate governance practices. This year, we have solicited the views of institutional investors representing approximately 56% of our outstanding shares. These discussions have been productive and informative, and have helped ensure that our board’s decisions are aligned with shareholder objectives. During these discussions, our shareholders have generally been supportive of our business and growth strategy. In discussions we have had with shareholders about the share issuance authorities that we must obtain as a matter of Irish law, shareholders have generally understood that renewing our existing share issuance authorities would allow us to continue to execute on our business and growth strategy in a timely and competitive manner.

Summary of Shareholder Voting Matters and Board Recommendations

For the reasons set forth below and in the rest of this proxy statement, our board of directors recommends that you vote your shares “FOR” each of the nominees named below for director to hold office until the 2019 annual general meeting of shareholders, and “FOR” each of the other proposals.

Proposal 1 — Election of Directors

The board of directors recommends a vote “FOR” each of the nominees.

Vote required to elect each nominee: Affirmative vote of a majority of the votes cast on his election.

For more information, see Proposal 1 starting on page 64.

We are asking our shareholders to vote, by separate resolutions, on the election of each of Paul L. Berns, Patrick G. Enright, Seamus Mulligan and Norbert G. Riedel, Ph.D. to hold office until the 2019 annual general meeting of shareholders. Detailed information about each nominee’s background and experience can be found beginning on page 64.

Each of the nominees for director was nominated for election by the board of directors upon the recommendation of our nominating and corporate governance committee. Our board of directors believes that each nominee has the specific experience, qualifications, attributes and skills to serve as a member of the board of directors.

Proposal 2 — Ratify, on a Non-Binding Advisory Basis, the Appointment of Independent Auditors and Authorize, in a Binding Vote, the Board of Directors, Acting Through the Audit Committee, to Determine the Independent Auditors’ Remuneration

The board of directors recommends a vote “FOR” this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see Proposal 2 starting on page 69.

Under Irish law, KPMG, Dublin, or KPMG, will be deemed to be reappointed as our independent auditors for the financial year ending December 31, 2016, without needing a shareholder vote at the annual meeting. However, our shareholders are being asked to ratify KPMG’s appointment on a non-binding advisory basis because we value our shareholders’ views on the company’s independent auditors. The board of directors and the audit committee intend to consider the results of this vote in making determinations in the future regarding the appointment of the company’s independent auditors.

Our shareholders are also being asked to authorize the board of directors, acting through the audit committee, to determine KPMG’s remuneration. This authorization is required by Irish law.

Less than 39% of the total fees that KPMG billed us for services last year were for services other than audit or audit-related services, and approximately 0.1% of the total fees that KPMG billed us for services last year were for services other than audit, audit-related and tax compliance/advisory services.

Proxy Overview (continued)

Proposal 3 — Non-Binding Advisory Vote on Executive Compensation

The board of directors recommends a vote “FOR” this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see Proposal 3 starting on page 71.

We are asking our shareholders for advisory approval of our named executive officers' compensation. Our executive compensation program is aligned with our business strategy and priorities and encourages executive officers to work for meaningful shareholder returns consistent with our pay-for-performance philosophy. We align our executive officers' interests with our shareholders' interests by rewarding our executive officers for both current performance and longer-term performance, with performance measured both by financial performance and milestones for the advancement of our long-term development programs and strategic initiatives. Our 2015 advisory say-on-pay proposal was approved by over 98% of total votes cast.

Proposals 4A and 4B — Approve Amendments to the Company's Memorandum of Association and Articles of Association

The board of directors recommends a vote “FOR” these proposals.

Vote required for approval: Affirmative vote of 75% of the votes cast on each proposal.

For more information, see:

- **Background to Proposals 4A and 4B on page 73;**
- **Proposal 4A starting on page 74; and**
- **Proposal 4B starting on page 75.**

We are asking our shareholders to approve these proposals in response to the enactment of the Irish Companies Act 2014, or the 2014 Act, which became effective on June 1, 2015. The proposals include making administrative adjustments to our memorandum and our articles of association to ensure the continued application of the substantive content of our memorandum and our articles of association without change due simply to the enactment of the 2014 Act. We are also proposing to make other minor “housekeeping” amendments to our memorandum and articles of association.

Under Irish law, separate resolutions are required to amend our memorandum and our articles of association notwithstanding that together they comprise our constitutional documents. Each of Proposals 4A and 4B is therefore subject to the other being approved by our shareholders. Both Proposals will fail and will not be implemented if either Proposal is not approved.

None of the proposed amendments to our memorandum and articles of association will materially change the rights of our shareholders.

Proposal 5 — Authorize the Company and/or Any Subsidiary of the Company to Make Open Market Purchases of the Company's Ordinary Shares

The board of directors recommends a vote “FOR” this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see Proposal 5 starting on page 76.

Consistent with prior years, we are asking our shareholders to authorize us or any of our subsidiaries to make open market purchases of our ordinary shares, within the following reasonable parameters:

- authorization sought to purchase up to a number of shares equal to 15% of our ordinary shares issued and outstanding as of December 31, 2015;
- authority sought for 18 months from the date of shareholder approval; and
- purchases would be conducted under this authority, if approved, at a price not less than 80% or more than 105% of the closing market price of our shares on the NASDAQ Global Select Market on the day preceding the day on which the relevant share is purchased.

Proposal 6 — Renew Directors' Authority to Issue Shares

The board of directors recommends a vote "FOR" this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see:

- Background to Proposals 6 and 7 on page 78; and
- Proposal 6 starting on page 81.

Prior to casting your vote on Proposal 6, we strongly urge you to read both the background discussion of Proposals 6 and 7 beginning on page 78 of this proxy statement and the discussion under Proposal 6 beginning on page 81.

Under Irish law, our directors must have specific authority from shareholders to issue shares. Currently, our articles of association authorize our directors to issue new ordinary shares without shareholder approval up to the amount of our authorized but unissued ordinary share capital. This authority has been in place since we effectively re-domiciled in Ireland in January 2012. Under Irish law, this authority can be granted for a maximum period of five years, at which point it lapses unless renewed by our shareholders. The current authority is due to expire in January 2017.

We are asking for your approval to renew our existing authority to issue up to the amount of shares that are already within our authorized share capital for an additional five years. We are not asking you to approve an *increase* to our authorized share capital. We are and will continue to be subject to the shareholder approval and other requirements of the NASDAQ Stock Market LLC, or NASDAQ, and the U.S. Securities and Exchange Commission, or SEC, with respect to share issuances, and our board of directors will also continue to focus on and satisfy its fiduciary duties to our shareholders with respect to share issuances. This renewal will simply keep us on an equal footing with our peer companies who are incorporated and listed in the U.S. and will best position us to continue to execute on our growth strategy.

The renewal of our current authority is fundamental to the way we intend to advance our business and increase shareholder value. Our growth strategy depends in part on our ability to identify, acquire, in-license, and/or develop additional products or product candidates. Our management and board of directors rely heavily on having the flexibility to quickly take advantage of strategic opportunities, including potential acquisitions and other capital-intensive opportunities. Many of these opportunities are highly competitive, with multiple parties often offering comparable or even the same economics. If we do not receive the required shareholder approval to renew the directors' authority to issue shares, we would be required to obtain shareholder approval prior to issuing any shares in connection with new strategic opportunities after January 17, 2017, even if we would not otherwise be required to obtain shareholder approval under NASDAQ rules. ***This limitation on our ability to issue shares could put us at a distinct disadvantage vis-à-vis many of our peers in competing for acquisitions and similar transactions and might make it difficult for us to complete such transactions in furtherance of our growth strategy, thus potentially limiting our ability to deploy capital to meet strategic goals that are in the best interests of our shareholders.***

Proposal 7 — Renew Directors' Authority to Issue Shares for Cash Without First Offering Shares to Existing Shareholders

The board of directors recommends a vote "FOR" this proposal.

Vote required for approval: Affirmative vote of 75% of the votes cast on the proposal.

For more information, see:

- Background to Proposals 6 and 7 on page 78; and
- Proposal 7 starting on page 82.

Prior to casting your vote on Proposal 7, we strongly urge you to read both the background discussion of Proposals 6 and 7 beginning on page 78 of this proxy statement and the discussion under Proposal 7 beginning on page 82.

Under Irish law, our directors must have specific authority from our shareholders to issue shares for cash without first offering those shares on the same or more favorable terms to our existing shareholders on a pro-rata basis. Currently, our articles of association authorize our directors to issue new shares for cash, up to the amount of our authorized but unissued ordinary share capital, without first offering them to existing shareholders in this manner. This pre-emption opt-out authority has been in place since we effectively re-domiciled in Ireland in January 2012. Under Irish law, the pre-emption opt-out authority can be granted for a maximum period of up to five years, at which point it lapses unless renewed by our shareholders. The current pre-emption opt-out authority is due to expire in January 2017.

We are asking for your approval to renew our existing pre-emption opt-out authority for an additional five years. We are and will continue to be subject to the shareholder approval and other requirements of the NASDAQ and the SEC with respect to share issuances, and our board of directors will also continue to focus on and satisfy its fiduciary duties to our shareholders with respect to share issuances. This renewal will simply keep us on an equal footing with our peer companies who are incorporated and listed in the U.S. and will best position us to continue to execute on our growth strategy. In this regard, companies who are incorporated and publicly-traded in the U.S. generally do not grant all existing shareholders pre-emptive rights on new issuances of shares.

As is the case with Proposal 6, the renewal of our current authority is fundamental to the way we intend to advance our business and increase shareholder value. Our growth strategy depends in part on our ability to identify, acquire, in-license, and/or develop additional products or product candidates. Our management and board of directors rely heavily on having the flexibility to quickly take advantage of strategic opportunities, including potential acquisitions and other capital-intensive opportunities. Many of these opportunities are highly competitive, with multiple parties often offering comparable or even the same economics. If we do not receive the required affirmative vote of 75% of the votes cast to approve Proposal 7, shares that we would issue for cash in connection with new strategic opportunities after January 17, 2017 would have to first be offered to existing shareholders in costly and time-consuming pro-rata rights offerings. ***This limitation on our ability to issue shares for cash could put us at a distinct disadvantage vis-à-vis many of our peers in competing for acquisitions and similar transactions, would considerably reduce the speed at which we could complete capital-raising activities undertaken in furtherance of our growth strategy, and would increase our costs and otherwise might make it difficult for us to complete such transactions in furtherance of our growth strategy, thus potentially limiting our ability to deploy capital to meet strategic goals that are in the best interests of our shareholders.***

The approval of Proposal 7 is conditional on the approval of Proposal 6 because Irish law requires that a general authority to issue shares be in place before a pre-emption opt-out authority can be granted. Proposal 7 will therefore not be passed unless Proposal 6 is also approved.

Proposal 8 — Adjournment Proposal

The board of directors recommends a vote “FOR” this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see Proposal 8 starting on page 83.

We are asking our shareholders to vote on a proposal to approve any motion to adjourn the annual meeting, or any adjournments thereof, to another time and place to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any or all of Proposals 4A, 4B and/or 7.

Under Irish law, Proposals 4A, 4B and 7 are special resolutions, which require no less than 75% of the votes of shareholders cast (in person or by proxy) at a general meeting to be voted “FOR” the proposal in order to be passed. Given the high vote threshold associated with these proposals, we are seeking your authority to adjourn the meeting to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any of these proposals.

Proposal 9 — Approve an Amendment and Restatement of the Company’s 2011 Equity Incentive Plan

The board of directors recommends a vote “FOR” this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see Proposal 9 starting on page 84.

The purpose of Proposal 9 is to renew our ability to grant “performance-based compensation” under section 162(m) of the U.S. Internal Revenue Code, or the Code. In 2011, our public company shareholders approved the existing 2011 Equity Incentive Plan, or the 2011 Plan, including the terms and conditions necessary for us to grant performance-based stock and cash awards. Under U.S. tax rules, our shareholders must re-approve such terms and conditions at this annual meeting for us to maintain flexibility to grant performance-based awards that may be deducted by the company for U.S. federal income tax purposes. The sole proposed change to the existing 2011 Plan is to update the definition of ‘performance goals’ in response to the elimination of the concept of “extraordinary items” under U.S. generally accepted accounting principles. Shareholders are not being asked to approve an increase in the number of shares available for grant under the 2011 Plan or to add any new features to the 2011 Plan.

Proxy Overview (continued)

Proposal 10 — Approve an Amendment and Restatement of the Company's Amended and Restated 2007 Non-Employee Directors Stock Option Plan

The board of directors recommends a vote “FOR” this proposal.

Vote required for approval: Affirmative vote of a majority of the votes cast on the proposal.

For more information, see Proposal 10 starting on page 94.

We are seeking shareholder approval to amend and restate our Amended and Restated Non-Employee Directors Stock Option Plan, or the Directors Plan, in order to (i) expand the types of stock awards that may be granted to our non-employee directors under the Directors Plan and (ii) eliminate the final automatic annual increase to the share reserve that otherwise is scheduled to occur in 2017 pursuant to the “evergreen” provision of the Directors Plan. Under the current Directors Plan, stock options are the only type of stock award that can be granted to our non-employee directors. We have been granting restricted stock unit, or RSU, awards to our directors under our 2007 Equity Incentive Plan, or the 2007 Plan, which expires in 2017. If Proposal 10 is not approved by our shareholders, we will not be able to continue to grant RSU awards to our directors without first obtaining shareholder approval.

In addition, as part of the amendment and restatement of our Directors Plan, we propose to eliminate the provision that provides an automatic annual increase to the share reserve. Accordingly, if Proposal 10 is approved by our shareholders, there will be no further automatic annual increases to the share reserve of the Directors Plan.

The changes described above are the only changes to the terms of the Directors Plan that would be effected by shareholder approval of Proposal 10. Importantly, shareholders are not being asked to approve an increase in the number of shares available for grant under the Directors Plan.

Index of Frequently Requested Information

	<u>Page</u>
Anti-Hedging/Pledging Policy	25
Auditor Fees	69
Auditor Tenure	69
Board Diversity	24
Board Leadership	18
Board Meeting Attendance	19
Code of Conduct	25
Compensation Consultant	35
Corporate Governance Guidelines	24
Director Biographies	64
Director Independence	18
Director Qualifications	64
Majority Voting for Directors	64
Peer Group Companies	36
Related Party Transactions	63
Risk Oversight	18
Severance Benefits	55
Share Ownership Guidelines	41
Shareholder Ability to Call Extraordinary Meetings	25
Shareholder Communications with the Board	25
Procedures for Shareholder Proposals and Director Nominations for the 2017 Annual General Meeting	104



PROXY STATEMENT FOR THE 2016 ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON AUGUST 4, 2016

GENERAL

Proxy

Purpose of this Proxy Statement and Other General Information

Our board of directors is soliciting proxies for use at our 2016 annual general meeting of shareholders, or the annual meeting. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the annual meeting. Please read it carefully. Our proxy materials, which include this proxy statement, our annual letter to shareholders and our annual report on Form 10-K for the year ended December 31, 2015, together with our Irish statutory financial statements for the year ended December 31, 2015, are first being mailed or made available to shareholders on or about June 21, 2016. Our proxy materials are also available online at <https://materials.proxyvote.com/G50871>.

The specific proposals to be considered and acted upon at the annual meeting are summarized in the accompanying Notice of 2016 Annual General Meeting of Shareholders. Each proposal is described in more detail in this proxy statement.

This solicitation is made on behalf of our board of directors and all solicitation expenses, including costs of preparing, assembling and mailing proxy materials and notices, will be borne by us. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. In addition, we have retained Alliance Advisors, a proxy solicitation firm, to assist in the solicitation of proxies for a fee of approximately \$30,000, plus reimbursement of expenses. We have also retained Joele Frank, Wilkinson Brimmer Katcher as our public relations advisors in connection with the proxy solicitation. We have agreed to pay customary compensation for such services and to reimburse Joele Frank, Wilkinson Brimmer Katcher for their out-of-pocket expenses arising out of or in connection with their engagement.

Our board of directors has set the close of business on June 7, 2016 as the record date for the annual meeting. Shareholders of record who owned our ordinary shares on that date are entitled to vote at and attend the annual meeting. Each ordinary share is entitled to one vote. There were 60,486,047 of our ordinary shares outstanding and entitled to vote on the record date.

Basis of Presentation

In this proxy statement, unless otherwise indicated or the context otherwise requires, all references to "Jazz Pharmaceuticals," "the company," "we," "us" and "our" refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries, except when the context makes clear that the time period being referenced is prior to January 18, 2012, in which case such terms are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. On January 18, 2012, the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma Public Limited Company, or Azur Pharma, were combined in a merger transaction, or the Azur Merger, in connection with which Azur Pharma was re-named Jazz Pharmaceuticals plc and we became the parent company of and successor to Jazz Pharmaceuticals, Inc., with Jazz Pharmaceuticals, Inc. becoming our wholly-owned subsidiary. Jazz Pharmaceuticals, Inc. was treated as the acquiring company in the Azur Merger for accounting purposes, and as a result, the historical consolidated financial statements of Jazz Pharmaceuticals, Inc. became our consolidated financial statements. In addition, on June 12, 2012, we completed our acquisition of EUSA Pharma Inc., which we refer to in this proxy statement as the EUSA Acquisition, and on January 23, 2014, we completed our acquisition of a controlling interest in Gentium S.r.l., or Gentium, which we refer to in this proxy statement as the Gentium Acquisition.

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

Our board of directors is soliciting your proxy to vote at the annual meeting, including at any adjournments or postponements of the annual meeting. This proxy statement contains important information regarding the annual meeting, the proposals on which you are being asked to vote, information you may find useful in determining how to vote and voting procedures.

Why did I receive a notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

We are pleased to take advantage of SEC rules that allow companies to furnish their proxy materials over the internet. Most of our shareholders will not receive paper copies of our proxy materials (unless requested), and will instead be sent a Notice of Internet Availability of Proxy Materials, or Notice. All shareholders receiving a Notice will have the ability to access the proxy materials on the website referred to in the Notice and to request a printed set of the proxy materials. Instructions on how to access the proxy materials via the internet or to request a printed set of the proxy materials may be found in the Notice.

Why did I receive a full set of proxy materials in the mail instead of a notice regarding the internet availability of proxy materials?

We are providing shareholders who have previously requested a printed set of our proxy materials with paper copies of our proxy materials instead of a Notice.

What is the annual report included in the proxy materials?

Under applicable U.S. securities laws, we are required to send an annual report to security holders along with this proxy statement. We intend to satisfy this annual report requirement by sending the annual report on Form 10-K for the year ended December 31, 2015 that we filed with the SEC on February 23, 2016, which we refer to throughout this proxy statement as the “2015 10-K,” together with this proxy statement.

How do I attend the annual meeting?

You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. The annual meeting will be held on Thursday, August 4, 2016, at 10:00 a.m. local time at our corporate headquarters located at Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland. For directions to attend the annual meeting in person, please contact our Investor Relations department at +353.1.634.7892 (Ireland) or +1.650.496.2800 (U.S.) or by email at investorinfo@jazzpharma.com. Information on how to vote in person at the annual meeting is discussed below. However, you do not need to attend the annual meeting to vote your shares.

Who can vote at the annual meeting?

Only shareholders of record at the close of business on June 7, 2016, the record date for the annual meeting, will be entitled to vote at the annual meeting.

Shareholders of Record: Shares registered in your name

If, at the close of business on June 7, 2016, your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are a shareholder of record. As a shareholder of record, you may vote in person at the annual meeting or vote by proxy. Whether or not you plan to attend the annual meeting, we urge you to vote by proxy over the telephone or via the internet as instructed below, or, for those shareholders who receive a paper proxy card in the mail, by mailing a completed proxy card.

Beneficial Owners: Shares registered in the name of a broker, bank or other agent

If, at the close of business on June 7, 2016, your shares were held not in your name, but rather in an account at a brokerage firm, bank or other agent, then you are the beneficial owner of shares held in “street name” and a Notice is being sent to you by that broker, bank or other agent. The broker, bank or other agent holding your account is considered to be the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent regarding how to vote the shares in your account as set forth in the voting instructions in the Notice from your broker, bank or other agent. You are also invited to attend the

Questions and Answers About These Proxy Materials and Voting (continued)

annual meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a valid proxy from your broker, bank or other agent.

What am I voting on?

There are eleven matters scheduled for a vote at the annual meeting:

- Election by separate resolutions of the four named nominees for director to hold office until the 2019 annual general meeting of shareholders (*Proposal 1*).
- Ratification, on a non-binding advisory basis, of the appointment of KPMG, Dublin as the independent auditors of the company for the fiscal year ending December 31, 2016 and the authorization, in a binding vote, of the board of directors, acting through the audit committee, to determine the independent auditors' remuneration (*Proposal 2*).
- Approval, on a non-binding advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement (*Proposal 3*).
- Approval of amendments to the company's memorandum of association to make certain administrative adjustments to address the enactment of the Irish Companies Act 2014 and a minor housekeeping matter (*Proposal 4A*).
- Approval of amendments to the company's articles of association to make certain administrative adjustments to address the enactment of the Irish Companies Act 2014 and certain minor housekeeping matters (*Proposal 4B*).
- Authorization of the company and/or any subsidiary of the company to make open market purchases of the company's ordinary shares (*Proposal 5*).
- Renewal of the board of directors' existing authority under Irish law to allot and issue ordinary shares (*Proposal 6*).
- Renewal of the board of directors' existing authority under Irish law to allot and issue ordinary shares for cash without first offering those ordinary shares to existing shareholders pursuant to the statutory pre-emption right that would otherwise apply (*Proposal 7*).
- Approval of any motion to adjourn the annual meeting, or any adjournments thereof, to another time and place to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any or all of Proposals 4A, 4B and/or 7 (*Proposal 8*).
- Approval of an amendment and restatement of the company's 2011 Equity Incentive Plan in order to renew the company's ability to grant awards thereunder that may qualify as "performance-based compensation" under section 162(m) of the U.S. Internal Revenue Code (*Proposal 9*).
- Approval of an amendment and restatement of the company's Amended and Restated 2007 Non-Employee Directors Stock Option Plan in order to (i) expand the types of stock awards that may be granted thereunder to the company's non-employee directors and (ii) eliminate the final automatic annual increase to the share reserve that otherwise is scheduled to occur in 2017 pursuant to the "evergreen" provision included therein (*Proposal 10*).

What are the board's voting recommendations?

The board of directors recommends that you vote your shares "FOR" each of the director nominees named below to hold office until the 2019 annual general meeting of shareholders and "FOR" each of the other proposals.

What if another matter is properly brought before the annual meeting?

The board of directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the annual meeting, it is the intention of the persons named in the accompanying proxy, referred to in this proxy statement as the "proxy holders," to vote on those matters in accordance with their best judgment.

How do I vote?

For the election of directors (*Proposal 1*), you may vote "FOR" or "AGAINST" each nominee, or you may abstain from voting for all or any of the nominees. For each of the other proposals, you may vote "FOR" or "AGAINST" or abstain from voting.

Shareholders of Record: Shares registered in your name

If you are a shareholder of record, you may vote in person at the annual meeting, you may vote by electronic proxy over the telephone or via the internet as instructed below, or, for those shareholders who receive a paper proxy card in the mail, by mailing a completed proxy card. Whether or not you plan to attend the annual meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the annual meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the annual meeting and we will give you a ballot when you arrive. Please bring your admission ticket or proof of ownership, as further discussed under “*Do I need a ticket to attend the annual meeting*” below.
- To vote using a proxy card, simply complete, sign and date the proxy card that was mailed to you and return it promptly in the envelope provided. Proxy cards must be received by August 3, 2016. If you return your signed proxy card before this time, we will forward it to the company’s registered office electronically in accordance with Irish law and we will vote your shares as you direct.
- To vote by telephone, dial toll-free 1.800.690.6903 within the United States, U.S. territories and Canada using a touch-tone phone and follow the recorded instructions to submit an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., U.S. Eastern Time, on August 3, 2016 to be counted.
- To vote via the internet, go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., U.S. Eastern Time, on August 3, 2016 to be counted.

Beneficial Owners: Shares registered in the name of a broker, bank or other agent

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a Notice or the full set of proxy materials containing voting instructions from that broker, bank or other agent rather than from us. Simply follow the voting instructions in the Notice or the full set of proxy materials to ensure that your vote is counted. Alternatively, you may vote by telephone or via the internet as instructed by your broker, bank or other agent. To vote in person at the annual meeting, you must request and obtain a valid proxy from your broker, bank, or other agent. Follow the voting instructions from your broker, bank or other agent, or contact your broker, bank or other agent to request a proxy form.

We provide internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon, you have one vote for each ordinary share you owned as of the close of business on June 7, 2016.

What if I return a proxy card or otherwise vote by proxy but do not make specific choices?**Shareholders of Record: Shares registered in your name**

If you are a shareholder of record and you do not specify your vote on each proposal individually when voting by proxy via the internet or by telephone, or if you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the board of directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the annual meeting. The voting recommendations of the board of directors are set forth under “*What are the board’s voting recommendations?*” above.

Beneficial Owners: Shares registered in the name of a broker, bank or other agent

If you are a beneficial owner of shares held in “street name” and you do not provide the broker, bank or other agent that holds your shares with specific instructions, under the rules of various U.S. national and regional securities exchanges, the broker, bank or other agent that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the broker, bank or other agent that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the broker, bank or other agent that holds your shares will inform our inspector of elections that it does not have the authority to vote on that matter with respect to

your shares. This is generally referred to as a “broker non-vote.” When our inspector of elections tabulates the votes for any particular matter, broker non-votes will be counted for purposes of determining whether a quorum is present, but will not be counted toward the vote total for any proposal. ***We strongly encourage you to provide voting instructions to the broker, bank or other agent that holds your shares to ensure that your vote is counted on all eleven proposals.***

Which proposals are considered “routine” or “non-routine”?

The “routine” proposals in this proxy statement are expected to be Proposals 2, 4A, 4B, 6, 7 and 8, for which your broker has discretionary voting authority under applicable rules to vote your shares, even if the broker does not receive voting instructions from you. All other proposals (expected to be Proposals 1, 3, 5, 9 and 10) are considered “non-routine” such that, if you are a beneficial owner whose shares are held of record by a broker and you do not provide voting instructions, a broker non-vote will occur and your shares will not be voted on these proposals.

What does it mean if I receive more than one set of proxy materials, more than one Notice, or a combination thereof?

If you receive more than one set of proxy materials, more than one Notice, or a combination thereof, your shares may be registered in more than one name or are registered in different accounts. Please follow the voting instructions on each set of proxy materials or Notices to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the commencement of the annual meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or via the internet.
- You may send a timely written notice that you are revoking your proxy to our Company Secretary at Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland.
- You may attend the annual meeting and vote in person. Simply attending the annual meeting will not, by itself, revoke your proxy.

Your most recent proxy card or telephone or internet proxy is the one that is counted.

If your shares are held by your broker, bank or other agent as a nominee or agent, you should follow the instructions provided by your broker, bank or other agent.

Do I need a ticket to attend the annual meeting?

Yes, you will need an admission ticket or proof of ownership of ordinary shares to enter the annual meeting. If you are a shareholder of record and you received a full set of proxy materials in the mail, your admission ticket is attached to the proxy card sent to you. If you plan to attend the annual meeting, please so indicate when you vote and bring the ticket and valid photo identification with you to the annual meeting. If you are a shareholder of record and you received a Notice in the mail, your admission ticket is your Notice. Please bring your Notice and valid photo identification with you to the annual meeting. If your shares are held in the name of a bank, broker or other holder of record, your admission ticket is on your voting instruction form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the annual meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you arrive at the annual meeting without an admission ticket, we will admit you only if we are able to verify that you are a shareholder of our company. For directions to attend the annual meeting in person, please contact our Investor Relations department at + 353.1.634.7892 (Ireland) or + 1.650.496.2800 (U.S.) or by email at investorinfo@jazzpharma.com.

How are votes counted?

Votes will be counted by the inspector of elections appointed for the meeting. The inspector of elections will separately count, for each of the proposals, votes “FOR” and “AGAINST” and abstentions, and, as applicable, broker non-votes. Abstentions and broker non-votes will be treated as shares present for purposes of determining the presence of a quorum for the transaction of business at the annual meeting.

Questions and Answers About These Proxy Materials and Voting (continued)

Abstentions and broker non-votes will not, however, be considered votes cast at the annual meeting. Because the approval of all of the proposals is based on the votes cast at the annual meeting, abstentions and broker non-votes will not have any effect on the outcome of voting on the proposals.

How many votes are needed to approve each proposal?

Assuming that a quorum is present at the annual meeting, the following votes will be required for approval:

Proposal	Vote Required for Approval
Proposal 1	Each director nominee must receive the affirmative vote of a majority of the votes cast
Proposal 2	Affirmative vote of a majority of the votes cast
Proposal 3	Affirmative vote of a majority of the votes cast
Proposal 4A	Affirmative vote of 75% of the votes cast ⁽¹⁾
Proposal 4B	Affirmative vote of 75% of the votes cast ⁽¹⁾
Proposal 5	Affirmative vote of a majority of the votes cast
Proposal 6	Affirmative vote of a majority of the votes cast
Proposal 7	Affirmative vote of 75% of the votes cast ⁽²⁾
Proposal 8	Affirmative vote of a majority of the votes cast
Proposal 9	Affirmative vote of a majority of the votes cast
Proposal 10	Affirmative vote of a majority of the votes cast

⁽¹⁾ Each of Proposals 4A and 4B is subject to the other being approved by our shareholders, and as a result, both Proposals will fail and will not be implemented if either Proposal is not approved.

⁽²⁾ Proposal 7 is subject to Proposal 6 being approved. Therefore, unless shareholders approve Proposal 6, Proposal 7 will fail and not be implemented, notwithstanding that shareholders may have approved Proposal 7.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding a majority of the issued and outstanding ordinary shares entitled to vote as of the record date are present at the annual meeting or represented by proxy. On the record date, there were 60,486,047 ordinary shares outstanding and entitled to vote.

Your shares will be counted towards the quorum only if you submit a valid proxy (or if one is submitted on your behalf by your broker, bank or other nominee) or, provided that you are a shareholder of record, if you vote in person at the annual meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum within one hour of the time scheduled for the annual meeting, the annual meeting will stand adjourned to August 9, 2016 at 10:00 a.m. local time at the same location, or such other time or place as the board of directors may determine.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. In addition, final voting results will be published in a quarterly report on Form 10-Q or a current report on Form 8-K that we expect to file with the SEC within four business days after the annual meeting. If final voting results are not available to us in time to file a Form 10-Q or a Form 8-K within four business days after the annual meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

What are the Irish statutory financial statements and where can I access them?

We are presenting for consideration our Irish statutory financial statements, and the respective reports of the directors and the auditors thereon, at the annual meeting and we are making those financial statements available to shareholders via website at <https://materials.proxyvote.com/G50871>. Since we are an Irish company, we are required to prepare Irish statutory financial statements under applicable Irish company law and to deliver those financial statements together with the respective reports of the directors and the auditors thereon to shareholders of record in connection with our annual general meetings of shareholders. The Irish statutory financial statements cover the results of operations and financial position of Jazz Pharmaceuticals plc for the year ended December 31, 2015. The Irish

Questions and Answers About These Proxy Materials and Voting (continued)

statutory financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the 2014 Act. There is no requirement under Irish law that the Irish statutory financial statements be approved by the shareholders, and no such approval will be sought at the annual meeting.

We will mail without charge, upon written request, a copy of the Irish statutory financial statements, together with the respective reports of the directors and the auditors thereon, to shareholders of record and beneficial "street name" owners of our shares. Requests should be sent to: Jazz Pharmaceuticals plc, Attention: Company Secretary, Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland.

What proxy materials are available on the internet?

This proxy statement, our letter to shareholders, the annual report and our Irish statutory financial statements are available at <https://materials.proxyvote.com/G50871>.

Who should I call if I have any questions?

If you require any assistance in voting your shares or have any other questions, please call Alliance Advisors, our proxy solicitor, at +1.855.973.0094.

CORPORATE GOVERNANCE AND BOARD MATTERS

Overview

We are committed to exercising good corporate governance practices. In furtherance of this commitment, we regularly monitor developments in the area of corporate governance and review our processes, policies and procedures in light of such developments. Key information regarding our corporate governance initiatives can be found on our website, www.jazzpharmaceuticals.com, including our Corporate Governance Guidelines, Code of Conduct, and the charters for our audit, compensation and nominating and corporate governance committees. We believe that our strong corporate governance policies and practices, including the substantial percentage of independent directors on our board of directors and the robust duties of our Lead Independent Director, empower our independent directors to effectively oversee our management—including the performance of our Chief Executive Officer—and provide an effective and appropriately balanced board governance structure.

Independence of the Board of Directors

As required under the NASDAQ listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the board of directors. Our board of directors consults with counsel to ensure that the board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in the applicable NASDAQ listing standards, as in effect from time to time. Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and our company, our senior management and our independent registered public accounting firm, the board of directors affirmatively determined that all of our current directors are independent directors within the meaning of the applicable NASDAQ listing standards, except that Mr. Cozadd, our Chairman and Chief Executive Officer, is not independent by virtue of his employment with our company. In addition, our board of directors has determined that each member of the audit committee, compensation committee and nominating and corporate governance committee meets the applicable NASDAQ and SEC rules and regulations regarding "independence" and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the company. In determining that Seamus Mulligan is independent within the meaning of the applicable NASDAQ listing standards, the Board considered Mr. Mulligan's former employment relationship with us, which ended more than three years ago.

Board Leadership Structure and Risk Oversight

Bruce Cozadd has served as our Chairman and Chief Executive Officer since the Azur Merger. Mr. Cozadd has served (and continues to serve) as Chairman and Chief Executive Officer of Jazz Pharmaceuticals, Inc. since April 2009. Prior to that, he was the Executive Chairman since the founding of Jazz Pharmaceuticals in 2003.

The board of directors believes that the Chief Executive Officer is best suited to serve as our Chairman because he is the member of the board of directors who is most familiar with our business as a whole, and the most capable of identifying and bringing to the attention of the full board of directors the strategic priorities and key issues facing the company. The board of directors also believes that a combined Chairman/Chief Executive Officer role helps provide strong, unified leadership for our management team and optimizes communication with our board of directors. In addition, having served for many years as a director of other publicly-traded and privately-held companies and non-profit organizations and in executive management, Mr. Cozadd brings both a strategic and operational perspective to this combined position.

Our board of directors is currently comprised of eleven directors, of whom ten are independent. At meetings of our board of directors, the independent directors regularly convene executive sessions without the presence of management or our Chairman and Chief Executive Officer. In addition, our Corporate Governance Guidelines require that the independent directors elect a Lead Independent Director when the role of Chief Executive Officer and Chairman are held by the same person. Since 2014, Mr. Winningham has served in that role. In establishing the Lead Independent Director role, the board of directors determined that having a Lead Independent Director would help to ensure the effective independent functioning of the board of directors in its oversight responsibilities and would provide an appropriate balance in the company's leadership.

Specific roles and responsibilities of the Lead Independent Director, which are detailed in our Corporate Governance Guidelines, include:

- serving as the principal liaison between the independent directors and the Chairman;
- coordinating the activities of the independent directors, including developing agendas for and presiding at executive sessions of the independent directors;

- advising the Chairman on board and committee agendas, meeting schedules and information provided to other board members, including the quality, quantity and timeliness of such information, that is necessary or appropriate for the directors to effectively and responsibly perform their duties;
- discussing the results of the Chief Executive Officer's performance evaluation with the chairperson of the compensation committee; and
- presiding at all meetings of the board of directors at which the Chairman is not present.

The Lead Independent Director also has the authority to call meetings of the independent directors of the board of directors and is available for consultation and communication with major shareholders, if requested.

We believe that our directors provide effective oversight of risk management for our company, particularly as a result of the work of our committees and the ongoing dialogue between the full board, our Chairman and Chief Executive Officer and our Lead Independent Director. Our audit committee is responsible for overseeing our financial reporting process on behalf of our board of directors and reviewing with management and our auditors, as appropriate, our major financial risk exposures and the steps taken by management to monitor and control these exposures. Our compensation committee approves compensation of executive officers and all material compensation plans for our company and reviews our compensation practices to ensure that they do not encourage excessive risk taking and provide appropriate incentives for meeting both short-term and long-term objectives and increasing shareholder value over time. Our nominating and corporate governance committee oversees the company's risk management, other than with respect to risks related to the company's financial position or compensation policies, on behalf of our board of directors. At its meetings, our full board of directors receives reports concerning the management of the relevant risks from each committee, in addition to reports concerning material risks and concerns or significant updates on such matters from our General Counsel and other executive officers, as necessary.

Meetings of the Board of Directors

The board of directors met five times during 2015 and did not act by written consent during the year. All directors attended at least 75% of the aggregate number of meetings of the board of directors and of the standing committees on which they served that were held during the portion of 2015 for which they were directors or committee members, respectively.

As required under applicable NASDAQ listing standards, in 2015, the independent directors generally met at each regularly scheduled board meeting in scheduled executive sessions at which only independent directors were present.

Information About the Committees of the Board of Directors

The standing committees of the board of directors include an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees is comprised solely of independent directors and has a chairperson. Each committee has a written charter approved by the board of directors, which reflects the applicable standards and requirements adopted by the SEC and NASDAQ. A copy of each committee charter can be found on our website, www.jazzpharmaceuticals.com, in the section titled "About" under the subsection titled "Board of Directors." In addition, in 2015 the board of directors had a transaction committee that met on an as-needed basis.

Corporate Governance and Board Matters (continued)

The following table provides membership information for 2015 for each of the audit committee, compensation committee and nominating and corporate governance committee:

Name	Audit	Compensation	Nominating and Corporate Governance
Paul L. Berns		✓	
Patrick G. Enright		✓	
Peter Gray	✓*		
Heather Ann McSharry ⁽¹⁾	✓		✓
Kenneth W. O'Keefe	✓		
Norbert G. Riedel, Ph.D.		✓*	
Elmar Schnee			✓
Catherine A. Sohn, Pharm. D.			✓*
Rick E. Winningham			✓

* Served as committee chairperson during all of 2015.

⁽¹⁾ Ms. McSharry was appointed to our nominating and corporate governance committee effective as of July 30, 2015.

Audit Committee

The audit committee of the board of directors oversees our corporate accounting and financial reporting processes, our systems of internal control over financial reporting and audits of our financial statements, as well as the quality and integrity of our financial statements and reports and the qualifications, independence and performance of the auditors engaged as our independent registered public accounting firm for purposes of preparing or issuing an audit report or performing audit services. Specific responsibilities of the audit committee include:

- evaluating the performance of and assessing the qualifications of the independent auditors;
- determining and approving the engagement and remuneration of the independent auditors;
- determining whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors;
- determining and approving the engagement of the independent auditors to perform any proposed permissible non-audit services;
- monitoring the rotation of partners of the independent auditors on our audit engagement team as required by applicable laws and rules;
- reviewing and advising on the selection and removal of the head of our internal audit function, the activities and organizational structure of the internal audit function and the results of internal audit activities;
- reviewing and approving the internal audit charter at least annually and the annual internal audit plan and budget;
- meeting to review our annual audited financial statements, our quarterly financial statements and our financial press releases with management and the independent auditors, including reviewing our disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our annual and quarterly reports filed with the SEC;
- reviewing, overseeing and approving transactions between our company and any related persons;
- conferring with management, the internal audit function and the independent auditors regarding the scope, adequacy and effectiveness of our internal control over financial reporting;
- reviewing with management, the internal audit function and the independent auditors, as appropriate, major financial risk exposures, including reviewing, evaluating and approving our hedging and other financial risk management strategies, and the steps taken by management to monitor and control these exposures; and
- establishing procedures, when and as required under applicable laws and rules, for the receipt, retention and treatment of any complaints received by our company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The audit committee is currently composed of three directors: Mr. Gray, Ms. McSharry and Mr. O'Keefe. Mr. Gray currently serves as chairperson of the audit committee. Our board of directors has determined that each of Mr. Gray, Ms. McSharry and Mr. O'Keefe meets the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the NASDAQ listing standards with respect to audit committee members. Our board of directors has also determined that each of Mr. Gray, Ms. McSharry and Mr. O'Keefe is an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K. In making this determination, our board of directors considered the overall knowledge, experience and familiarity of each of Mr. Gray, Ms. McSharry and Mr. O'Keefe with accounting matters and in analyzing and evaluating financial statements, and, in the case of Mr. O'Keefe, managing private equity investments.

The audit committee met four times during 2015 and did not act by written consent during the year.

Report of the Audit Committee of the Board of Directors⁽¹⁾

The audit committee has reviewed and discussed the company's audited financial statements for the fiscal year ended December 31, 2015 with management of the company. The audit committee has discussed with KPMG, Dublin, the independent registered public accounting firm that audited the company's financial statements for the fiscal year ended December 31, 2015, the matters required to be discussed by Accounting Standard No. 16 "Communications with Audit Committees," as adopted by the Public Company Accounting Oversight Board, or the PCAOB, in Release No. 2012-004. The audit committee has also received the written disclosures and the letter from KPMG, Dublin required by applicable requirements of the PCAOB regarding the independent accountants' communications with the audit committee concerning independence, and has discussed with KPMG, Dublin that firm's independence. Based on the foregoing, the audit committee recommended to the board of directors that the audited financial statements be included in the company's annual report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2015.

Respectfully submitted,
The Audit Committee of the Board of Directors

Mr. Peter Gray (Chairperson)
Ms. Heather Ann McSharry
Mr. Kenneth W. O'Keefe

⁽¹⁾ The material under the heading "Report of the Audit Committee of the Board of Directors" in this proxy statement is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Compensation Committee

The compensation committee of the board of directors oversees, reviews and approves our compensation policies, plans and programs, determines or approves, as appropriate, the compensation to be paid to our executive officers and directors, and prepares and reviews the compensation committee report included in our annual proxy statement. Specific responsibilities and authority of our compensation committee include:

- reviewing, modifying (as needed) and approving overall compensation strategy and policies;
- recommending to our board of directors for determination and approval the compensation and other terms of employment of our Chief Executive Officer and evaluating our Chief Executive Officer's performance in light of relevant goals and objectives;
- reviewing and approving the goals and objectives of our other executive officers and determining and approving the compensation and other terms of employment of these executive officers, as appropriate;
- reviewing and recommending to our board of directors the type and amount of compensation to be paid or awarded to the members of our board of directors;
- having the full power and authority of our board of directors regarding the adoption, amendment and termination of our compensation plans and programs and administering these plans and programs;
- having direct responsibility for appointing, and providing compensation and oversight of the work of, any compensation consultants and other advisors retained by the compensation committee and considering the independence of each such advisor;

- periodically reviewing with our Chief Executive Officer the plans for succession to the offices of our executive officers and making recommendations to our board of directors with respect to the selection of appropriate individuals to succeed to these positions; and
- reviewing and discussing with management our disclosures contained under the caption “*Compensation Discussion and Analysis*” in our annual proxy statement.

The compensation committee is currently composed of three directors: Mr. Berns, Mr. Enright and Dr. Riedel. Dr. Riedel currently serves as the chairperson of the compensation committee. Each member of the compensation committee meets the independence requirements of the NASDAQ listing standards with respect to compensation committee members. In determining whether Mr. Berns, Mr. Enright and Dr. Riedel are independent within the meaning of the NASDAQ listing standards pertaining to compensation committee membership, our board of directors determined, based on its consideration of factors specifically relevant to determining whether any such director has a relationship to us that is material to that director’s ability to be independent from management in connection with the duties of a compensation committee member, that no member of the compensation committee has a relationship that would impair that member’s ability to make independent judgments about compensation of our executive officers.

The compensation committee held six meetings during 2015 and did not act by written consent during the year. The compensation committee also had a number of informal discussions and consultations with one another and with Mr. Cozadd.

Compensation Committee Processes and Procedures

Typically, the compensation committee meets five times per year, generally around the time of our regularly scheduled board meetings, with an additional meeting to approve the “*Compensation Discussion and Analysis*” included in this proxy statement and related matters. The agenda for each compensation committee meeting is usually developed by members of our human resources department and Chief Executive Officer, with input from members of our legal department, and is reviewed with the chairperson of the compensation committee. From time to time, various other members of management and other employees as well as outside advisors or consultants may be invited by the compensation committee to make presentations, provide financial or other background information or advice or otherwise participate in the compensation committee meetings. Mr. Cozadd may not participate in, or be present during, any deliberations or determinations of the compensation committee regarding his compensation. The charter of the compensation committee grants the compensation committee full access to all books, records, facilities and personnel of the company, as well as authority to obtain, at our expense, advice and assistance from compensation consultants and internal and external legal, accounting or other advisors and consultants and other external resources that the compensation committee considers necessary or appropriate in the performance of its duties. In particular, the compensation committee has the authority, in its sole discretion, to retain or obtain, at the expense of the company, compensation consultants to assist in its evaluation of executive compensation, and is directly responsible for the appointment, compensation and oversight of the work of its compensation consultants. The compensation committee has engaged Radford, an Aon Hewitt company, or Radford, which is a subsidiary of Aon plc, or Aon, as its independent compensation consultant to provide the compensation committee with peer company and industry compensation data and advice regarding executive officers’ compensation, including base salaries, performance-based bonuses and long-term equity compensation, and similar advice regarding director compensation.

The charter of the compensation committee provides that the compensation committee may delegate any responsibility or authority of the compensation committee under its charter to the chairperson of the committee or to one or more committee members, including subcommittees, except to the extent inconsistent with any applicable laws and rules, including the NASDAQ listing standards. Our compensation committee does not, however, delegate any of its functions to others in determining or recommending executive or director compensation.

For additional information regarding our processes and procedures for the consideration and determination of executive compensation, including the role of Radford in determining and recommending executive compensation, the aggregate cost of Radford’s executive and director compensation consulting services during 2015 and the aggregate cost of other services provided in 2015 by Radford and other affiliates of Aon, see the section of this proxy statement entitled “*Executive Compensation—Compensation Discussion and Analysis—Independent Compensation Consultant.*” With respect to director compensation matters, our compensation committee recommends to our board of directors and our board of directors determines and sets non-employee director compensation. Our compensation arrangements for our non-employee directors are described under the section of this proxy statement entitled “*Director Compensation.*”

Compensation Committee Interlocks and Insider Participation

During 2015 our compensation committee was composed of three directors: Messrs. Berns and Enright, and Dr. Riedel. None of the members of our compensation committee during 2015 has at any time been our officer or employee. None of our executive officers serve, or in the past fiscal year has served, as a member of the board of directors or the compensation committee of any entity that has one or more of its executive officers serving on our board of directors or compensation committee.

Compensation Committee Report⁽¹⁾

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis contained herein. Based on this review and discussion, the compensation committee has recommended to the board of directors that the Compensation Discussion and Analysis be included in our proxy statement for the 2016 annual general meeting of shareholders and be included in the Annual Report on Form 10-K we filed with the SEC for the fiscal year ended December 31, 2015.

Respectfully submitted,
The Compensation Committee of the Board of Directors

Dr. Norbert G. Riedel, Ph.D. (Chair)
Mr. Paul L. Berns
Mr. Patrick G. Enright

⁽¹⁾ The material under the heading "Compensation Committee Report" in this proxy statement is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee of our board of directors is responsible for, among other things:

- overseeing all aspects of our corporate governance functions on behalf of our board of directors;
- making recommendations to our board of directors regarding corporate governance issues;
- identifying, reviewing and evaluating candidates to serve on our board of directors, and reviewing and evaluating incumbent directors;
- reviewing, evaluating and considering the recommendation for nomination of incumbent members for reelection to our board of directors and monitoring the size of our board;
- recommending director candidates to our board of directors;
- overseeing on behalf of our board of directors the company's compliance with applicable laws and regulations, other than the financial compliance issues overseen by the audit committee;
- overseeing on behalf of our board of directors the company's risk management matters, other than with respect to risks related to the company's financial position or compensation policies overseen by the audit committee and compensation committee, respectively;
- evaluating director nominations and proposals by our shareholders and establishing policies, requirements, criteria and procedures in furtherance of the foregoing; and
- reviewing, discussing and assessing the performance of our board of directors, including committees of our board of directors, seeking input from senior management, our full board of directors and others.

The nominating and corporate governance committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age, and the highest personal integrity and ethics. The nominating and corporate governance committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to our affairs, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of our shareholders. However, the nominating and corporate governance committee retains the right to modify these qualifications from time to time. Members of the nominating and corporate governance committee obtain recommendations for potential directors from

their and other board members' contacts in our industry, and we or the nominating and corporate governance committee have in the past and may from time to time again in the future engage a search firm to assist in identifying potential directors. For example, in 2012, the company, at the direction of the nominating and corporate governance committee, engaged a search firm (as it had done in prior years) to conduct a search on our behalf for an audit committee financial expert with extensive Irish public limited company board experience and financial expertise gained as a chief financial officer of a public company, an audit partner at a major public accounting firm or a senior executive with responsibility for a division or corporation, in addition to experience in the healthcare or healthcare products industries. The company additionally charged the search firm with being mindful of the gender diversity of our board of directors in conducting this search. In 2013, the search firm identified and recommended Mr. Gray and Ms. McSharry as director candidates with extensive relevant experience.

Candidates for director nominees are reviewed in the context of the then current composition of the board of directors, the operating requirements of the company and the long-term interests of shareholders. In this regard, we examine the experience and expertise of our board as a whole to ensure alignment between the abilities and contributions of our board and our strategic priorities and long-range plan, emphasizing, among other things, expertise in global and U.S. sales and marketing and product development, in financial management and in corporate development transactions. While we do not have a formal policy on board diversity, the nominating and corporate governance committee takes into account a broad range of diversity considerations when assessing director candidates, including individual backgrounds, skill sets, professional experience and other factors, which include gender and residency in and outside of the United States and Ireland, that contribute to our board of directors having an appropriate range of expertise, talents, experiences and viewpoints, while recognizing that our business and operations are diverse and global in nature. The nominating and corporate governance committee evaluates those diversity considerations, in view of the needs of the board of directors as a whole, when making decisions on director nominations. Our board of directors has two female directors and four European directors, including three Irish directors. In the case of incumbent directors whose terms of office are set to expire, the nominating and corporate governance committee reviews these directors' overall service to the company during their terms, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors' independence, as well as the results of the board of directors' self-evaluation, which is generally conducted annually, to determine whether to recommend them to the board of directors for nomination for a new term. In the case of new director candidates, the nominating and corporate governance committee also determines whether the nominee is "independent" based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The nominating and corporate governance committee conducts appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the board of directors. The nominating and corporate governance committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the board of directors.

The nominating and corporate governance committee, to date, has not adopted a formal policy with regard to the consideration of director candidates recommended by shareholders and will consider director candidates recommended by shareholders on a case-by-case basis, as appropriate. Shareholders wishing to recommend individuals for consideration by the nominating and corporate governance committee may do so by delivering a written recommendation to our Company Secretary at Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland with the candidate's name, biographical data and qualifications and a document indicating the candidate's willingness to serve if elected. The nominating and corporate governance committee does not intend to alter the manner in which it evaluates candidates based on whether the candidate was recommended by a shareholder or not.

To date, the nominating and corporate governance committee has not received any such nominations nor has it rejected a director nominee from a shareholder or shareholders.

Our nominating and corporate governance committee is composed of four directors: Ms. McSharry, Mr. Schnee, Dr. Sohn and Mr. Winningham. Dr. Sohn is currently chairperson of the nominating and corporate governance committee. Each member of the nominating and corporate governance committee meets the independence requirements of the NASDAQ listing standards.

The nominating and corporate governance committee met four times during 2015 and did not act by written consent during the year.

Other Corporate Governance Matters

Corporate Governance Guidelines. As a part of our board of directors' commitment to enhancing shareholder value over the long term, our board of directors has adopted a set of Corporate Governance Guidelines to provide the framework for the governance of our company and to assist our board of directors in the exercise of its responsibilities. Our Corporate Governance Guidelines cover, among other topics, board composition, structure and functioning, director qualifications and board membership criteria, director independence, board and

board committee annual self-evaluations, committees of the board, board access to management and outside advisors, board share ownership guidelines, and director orientation and education. Our Corporation Governance Guidelines are available on our website at www.jazzpharmaceuticals.com under the section entitled “About” under “Board of Directors.”

Anti-Hedging/Pledging Policy. Our insider trading policy prohibits directors, executive officers and other employees from engaging in speculative trading activities, including hedging transactions or other inherently speculative transactions with respect to our securities. Our insider trading policy also prohibits directors, executive officers and other employees from pledging our securities as collateral for any loans.

Share Ownership Guidelines for Directors and Executive Officers. We maintain share ownership guidelines for our non-employee directors, Chief Executive Officer and certain other employees who serve on our executive committee. More information about our share ownership guidelines can be found under the section of this proxy statement entitled “*Executive Compensation—Compensation Discussion and Analysis—Executive Compensation Program—Ownership Guidelines for Directors and Executive Officers.*”

Shareholder Ability to Call Extraordinary Meetings. Irish law provides that shareholders holding 10% or more of the total voting rights may at any time request that the directors call an extraordinary general meeting (*i.e.*, special meeting). The shareholders who wish to request an extraordinary general meeting must deliver to our principal executive office a written notice, signed by the shareholders requesting the meeting and stating the purposes of the meeting. If the directors do not, within 21 days of the date of delivery of the request, proceed to convene a meeting to be held within two months of that date, those shareholders (or any of them representing more than half of the total voting rights of all of them) may themselves convene a meeting within a specified period, but any meeting so convened cannot be held after the expiration of three months from the date of delivery of the request.

Code of Conduct. Our Code of Conduct applies to all of our employees, directors and officers, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and those of our subsidiaries. The Code of Conduct is available on our website at www.jazzpharmaceuticals.com under the section entitled “About” under “Corporate Ethics.” We intend to satisfy the disclosure requirements under Item 5.05 of SEC Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Conduct by posting such information on our website at the website address and location specified above.

Shareholder Communications with the Board of Directors. To date, we have not adopted a formal process related to shareholder communications with the board of directors. Nevertheless, every effort has been made to ensure that the views of shareholders are heard by the board of directors or individual directors, as applicable, and that appropriate responses are provided to shareholders in a timely manner. We believe that our responsiveness to shareholder communications to the board of directors has been excellent. As a result, the board of directors believes that there has not been a need to adopt a formal process for shareholder communications with the board. Shareholders interested in communicating with the board of directors or a particular director (including our Chairman or our Lead Independent Director) may do so by sending written communication to: Jazz Pharmaceuticals plc, Attention: Company Secretary, Fourth Floor, Connaught House, One Burlington Road, Dublin 4 Ireland.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our ordinary shares as of May 18, 2016 (except as noted) by: (i) each director; (ii) each of the executive officers named in the Summary Compensation Table under “*Executive Compensation*” below (referred to throughout this proxy statement as our “named executive officers”); (iii) all of our executive officers and directors as a group; and (iv) all those known by us to be beneficial owners of more than five percent of our ordinary shares.

Name and Address of Beneficial Owner (1)	Beneficial Ownership (2)	
	Number of Shares	Percentage of Total
Five percent shareholders:		
Putnam Investments, LLC (3) One Post Office Square Boston, MA 02109	10,478,439	17.3%
FMR LLC (4) 245 Summer Street Boston, MA 02210	9,182,824	15.2%
The Vanguard Group (5) 100 Vanguard Blvd. Malvern, PA 19355	4,114,013	6.8%
BlackRock, Inc. (6) 55 East 52nd Street New York, NY 10055	4,003,446	6.6%
Named Executive Officers and Directors:		
Bruce C. Cozadd (7)	427,871	*
Matthew P. Young (8)	48,364	*
Russell J. Cox (9)	184,078	*
Suzanne Sawochka Hooper (10)	99,346	*
Karen Smith, M.D., Ph.D. (11)	6,832	*
Paul L. Berns (12)	23,598	*
Patrick G. Enright (13)	245,644	*
Peter Gray (14)	18,794	*
Heather Ann McSharry (15)	18,801	*
Seamus Mulligan (16)	1,116,984	1.9%
Kenneth W. O’Keefe (17)	42,896	*
Norbert G. Riedel, Ph.D. (18)	17,626	*
Elmar Schnee (19)	7,443	*
Catherine A. Sohn, Pharm.D. (20)	23,289	*
Rick E. Winningham (21)	29,064	*
All directors and executive officers as a group (19 persons) (22)	2,397,508	3.9%

* Less than 1%.

(1) Unless otherwise provided in the table above or in the notes below, the address for each of the beneficial owners listed is c/o Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland.

(2) Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each of the shareholders named in this table has sole voting and investment power with respect to the ordinary shares indicated as beneficially owned. Applicable percentages are based on 60,419,676 ordinary shares outstanding on May 18, 2016. The number of shares beneficially owned includes ordinary shares issuable pursuant to the exercise of stock options that are exercisable and shares credited to individual non-employee director phantom stock accounts under our Amended and Restated Directors Deferred Compensation Plan, or the Directors Deferred Plan, as of May 18, 2016. As of May 18, 2016, none of our directors or executive officers held RSUs that would vest within 60 days of May 18, 2016. Amounts credited to individual non-employee director phantom stock accounts under our Directors Deferred Plan are payable solely in our ordinary shares, but such shares do not have current voting or investment power. Shares issuable pursuant to the exercise of stock options that are exercisable within 60 days of May 18, 2016 and shares issuable pursuant to our Directors Deferred Plan are deemed to be outstanding and beneficially owned by the person to whom such shares are issuable for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Security Ownership of Certain Beneficial Owners and Management (continued)

- (3) This information is based on a Schedule 13G/A filed with the SEC on February 16, 2016 by Putnam Investments, LLC d/b/a Putnam Investments, or Putnam, on behalf of itself and on behalf of Putnam Investment Management, LLC, or PIM, The Putnam Advisory Company, LLC, or PAC, and Putnam Capital Spectrum Fund, or PCSF. According to the Schedule 13G/A, as of December 31, 2015, Putnam had sole power to vote or direct the vote of 131,319 ordinary shares and sole power to dispose or direct the disposition of 10,478,439 ordinary shares. Of these shares, PIM, a wholly-owned subsidiary of Putnam, is the beneficial owner of 10,323,334 ordinary shares, with sole power to vote or direct the vote of 3,109 ordinary shares and sole power to dispose or direct the disposition of 10,323,334 ordinary shares in its capacity as investment adviser to the Putnam family of mutual funds; and PAC, a wholly owned subsidiary of Putnam, is the beneficial owner of 155,106 ordinary shares, with sole power to vote or direct the vote of 128,210 ordinary shares and sole power to dispose or direct the disposition of 155,106 ordinary shares in its capacity as investment adviser to Putnam's institutional clients. As part of the Putnam family of funds, and the 10,323,334 shares beneficially owned by PIM, PCSF is the beneficial owner of, and has sole power to vote or direct the vote of, and sole power to dispose or direct the disposition of, 6,174,984 shares. The Schedule 13G/A provides information only as of December 31, 2015 and, consequently, the beneficial ownership of the above-mentioned entities may have changed between December 31, 2015 and May 18, 2016. In this regard, we received notifications made pursuant to Section 1048 of the 2014 Act, or Section 1048 Notifications, from Putnam indicating a change in interest in our shares, as required by Irish law. The Section 1048 Notifications disclose that Putnam disposed of an aggregate of 299,572 ordinary shares in May 2016. The Section 1048 Notifications also disclose that Putnam (or related entities) is a holder of our 1.875% exchangeable senior notes due 2021. Because the "interest" in our ordinary shares disclosed pursuant to the Section 1048 Notifications under Irish law is not necessarily the same as "beneficial ownership" as defined under the rules of the SEC, the table above does not reflect the interests and dispositions disclosed in the Section 1048 Notifications.
- (4) This information is based on a Schedule 13G/A filed with the SEC on February 12, 2016 by FMR LLC, or FMR, and Abigail P. Johnson. According to the Schedule 13G/A, as of December 31, 2015, FMR had sole power to vote or direct the vote of 525,840 ordinary shares and the sole power to dispose or direct the disposition of 9,182,824 ordinary shares, and Ms. Johnson has the sole power to dispose or direct the disposition of 9,182,824 ordinary shares. The Schedule 13G/A indicates that FMR is acting as a parent holding company or control person for a number of its relevant entities that beneficially owned the ordinary shares being reported, including FMR Co., Inc., an investment adviser reported as beneficially owning 5% or more of our ordinary shares. In addition, Ms. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR. Ms. Johnson and members of her family are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, or Investment Company Act, to form a controlling group with respect to FMR. Neither FMR nor Ms. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act, or the Fidelity Funds, advised by Fidelity Management & Research Company, or FMRC, a wholly owned subsidiary of FMR, which power resides with the Fidelity Funds' Boards of Trustees. FMRC carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The Schedule 13G/A provides information only as of December 31, 2015 and, consequently, the beneficial ownership of the above-mentioned persons and entities may have changed between December 31, 2015 and May 18, 2016.
- (5) This information is based on a Schedule 13G/A filed with the SEC on February 10, 2016 by The Vanguard Group, or Vanguard. According to the Schedule 13G/A, as of December 31, 2015, Vanguard had sole power to vote or direct the vote of 59,533 ordinary shares, shared power to vote or direct the vote of 5,900 ordinary shares, sole power to dispose or direct the disposition of 4,046,580 ordinary shares, and shared power to dispose or direct the disposition of 67,433 shares. The Schedule 13G/A also indicates that Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 41,533 ordinary shares as a result of its serving as investment manager of collective trust accounts, and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 43,900 ordinary shares as a result of its serving as investment manager of Australian investment offerings. The Schedule 13G/A provides information only as of December 31, 2015 and, consequently, the beneficial ownership of the above-mentioned entities may have changed between December 31, 2015 and May 18, 2016.
- (6) This information is based on a Schedule 13G/A filed with the SEC on February 10, 2016 by BlackRock, Inc., or BlackRock. According to the Schedule 13G/A, as of December 31, 2015, BlackRock had sole power to vote or direct the vote of 3,639,914 ordinary shares and sole power to dispose or direct the disposition of 4,003,446 ordinary shares. The Schedule 13G/A also identifies certain subsidiaries that acquired the ordinary shares being reported by BlackRock as parent holding company or control person, none of which individually are reported as beneficially owning 5% or more of our ordinary shares. The Schedule 13G/A provides information only as of December 31, 2015 and, consequently, the beneficial ownership of the above-mentioned entities may have changed between December 31, 2015 and May 18, 2016.
- (7) Includes 220,994 ordinary shares Mr. Cozadd has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (8) Includes 37,685 ordinary shares Mr. Young has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (9) Includes 161,176 ordinary shares Mr. Cox has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (10) Includes 90,711 ordinary shares Ms. Hooper has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (11) Includes 5,555 ordinary shares Dr. Smith has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (12) Includes 4,691 ordinary shares issuable to Mr. Berns pursuant to our Directors Deferred Plan as of May 18, 2016 and 15,715 ordinary shares Mr. Berns has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.

Security Ownership of Certain Beneficial Owners and Management (continued)

- (13) Includes 9,929 ordinary shares issuable to Mr. Enright pursuant to our Directors Deferred Plan as of May 18, 2016 and 15,715 ordinary shares Mr. Enright has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016. Also includes 215,677 ordinary shares held by Longitude Venture Partners, L.P. and 4,323 ordinary shares held by Longitude Capital Associates, L.P. The funds named in this footnote (13) are sometimes referred to in this footnote as the Longitude Funds. Each of Mr. Enright and Juliet Tammenoms Bakker is a managing member of Longitude Capital Partners, LLC, which is the general partner of each of the Longitude Funds, and may be deemed to have shared voting and dispositive power with respect to the ordinary shares held by or issuable to the Longitude Funds. Each of Mr. Enright and Ms. Bakker disclaims beneficial ownership of all such ordinary shares except to the extent of such person's proportionate pecuniary interest therein.
- (14) Includes 14,715 ordinary shares Mr. Gray has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (15) Includes 14,715 ordinary shares Ms. McSharry has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (16) Includes 15,715 ordinary shares Mr. Mulligan has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (17) Includes 22,249 ordinary shares issuable to Mr. O'Keefe pursuant to our Directors Deferred Plan as of May 18, 2016 and 11,215 ordinary shares Mr. O'Keefe has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (18) Includes 14,715 ordinary shares Dr. Riedel has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (19) Includes 6,609 ordinary shares Mr. Schnee has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (20) Includes 19,215 ordinary shares Dr. Sohn has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (21) Includes 15,715 ordinary shares Mr. Winningham has the right to acquire pursuant to options exercisable within 60 days of May 18, 2016.
- (22) Includes 220,000 ordinary shares held by entities affiliated with certain of our non-employee directors, 731,056 ordinary shares that our executive officers and non-employee directors have the right to acquire pursuant to options exercisable within 60 days of May 18, 2016 and 36,869 ordinary shares issuable to non-employee directors pursuant to our Directors Deferred Plan as of May 18, 2016. See footnotes (7) through (21) above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our ordinary shares and other equity securities. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2015, we believe that all Section 16(a) filing requirements applicable to our executive officers, directors and greater than ten percent beneficial owners were complied with.

EXECUTIVE OFFICERS

The following table provides information regarding our executive officers as of June 1, 2016.

Name	Age	Position
Bruce C. Cozadd	52	Chairman and Chief Executive Officer
Russell J. Cox	53	Executive Vice President and Chief Operating Officer
Suzanne Sawochka Hooper	50	Executive Vice President and General Counsel
Matthew P. Young	47	Executive Vice President and Chief Financial Officer
Iain McGill	44	Senior Vice President, Jazz Pharmaceuticals Europe and Rest of World
Michael P. Miller	59	Senior Vice President, U.S. Commercial
Karen Smith, M.D., Ph.D.	48	Global Head of Research & Development and Chief Medical Officer
Paul Treacy	55	Senior Vice President, Technical Operations
Karen J. Wilson	53	Senior Vice President, Finance and Principal Accounting Officer

Bruce C. Cozadd. Biographical information regarding Mr. Cozadd is set forth below under “*Proposal 1—Election of Directors—Class III Directors Continuing in Office Until the 2017 Annual General Meeting.*”

Russell J. Cox was appointed our Executive Vice President and Chief Operating Officer as of May 2014 and served as our Executive Vice President and Chief Commercial Officer from March 2012 until May 2014 and our Senior Vice President, Sales and Marketing from the closing of the Azur Merger in January 2012 until March 2012. Prior to the closing of the Azur Merger, he served in a variety of senior management roles since joining Jazz Pharmaceuticals, Inc. in 2010. From January 2009 to January 2010, he was Senior Vice President and Chief Commercial Officer of Ipsen Group, a pharmaceutical company, and from 2007 until December 2008, he was Vice President of Marketing at Tercica, Inc. (acquired by Ipsen Group), a biotechnology company. From 2003 to 2007, he was with Scios Inc. (acquired by Johnson & Johnson in 2003), where he also held the role of Vice President, Marketing. Prior to 2003, Mr. Cox was with Genentech, Inc. for 12 years, where he was a Product Team Leader responsible for the Growth Hormone franchise and led numerous product launches as a Group Product Manager. In 2015, Mr. Cox joined the board of directors of Aeglea BioTherapeutics, Inc., a biotechnology company. Mr. Cox received a B.S. in Biomedical Science from Texas A&M University.

Suzanne Sawochka Hooper was appointed our Executive Vice President and General Counsel as of March 2012. From 1999 through early 2012, she was a partner in the law firm Cooley LLP. Ms. Hooper served for several years as a member of Cooley’s Management Committee and as Vice Chair of the firm’s Business Department. While at Cooley, Ms. Hooper practiced corporate and securities law, primarily with companies and investors in the life sciences industry. Ms. Hooper received a J.D. from the University of California, Berkeley, Boalt Hall School of Law and a B.A. in Political Science from the University of California, Santa Barbara. Ms. Hooper is a member of the State Bar of California.

Matthew P. Young was appointed our Executive Vice President and Chief Financial Officer as of February 2015 and previously served as our Senior Vice President and Chief Financial Officer since March 2014 and as our Senior Vice President, Corporate Development since April 2013. Prior to joining us, Mr. Young worked in investment banking for approximately 20 years. From February 2009 to April 2013, Mr. Young served as a managing director in global healthcare of Barclays Capital Inc., an investment banking firm, where his role included acting as the co-head of life sciences at Barclays Capital. From 2007 to 2008, Mr. Young served as a managing director of Citigroup Global Markets Inc., an investment banking firm, and from 2003 to 2007, as a managing director of Lehman Brothers Inc., an investment banking firm. From 1992 to 2003, Mr. Young served in various capacities at other investment banking firms. In 2015, he joined the board of directors of PRA Health Sciences, Inc., a contract research company. He is also a member of the board of directors and chairman of the audit committee of CytomX Therapeutics, Inc., a biopharmaceutical company. Mr. Young received a B.S. in Economics and an M.B.A. from the Wharton School of the University of Pennsylvania.

Iain McGill was appointed our Senior Vice President, Jazz Pharmaceuticals Europe and Rest of World as of March 2015. He served as Head of EUSA International and Senior Vice President, Jazz Pharmaceuticals from March 2014 to March 2015 and our Chief Commercial Officer, EUSA Pharma, from June 2012, when he joined Jazz Pharmaceuticals in connection with the EUSA Acquisition. From October 2011 until he joined Jazz Pharmaceuticals, Mr. McGill served as Chief Commercial Officer at EUSA Pharma (Europe) Ltd., where he previously served from August 2010 to September 2011 as President Europe, International & Global Marketing and from January 2010 to

Executive Officers (continued)

July 2010 as President of Europe. From 2006 to 2009, Mr. McGill served as Vice President and Global Business Manager at Wyeth, a pharmaceutical company acquired by Pfizer Inc. Mr. McGill began his pharmaceutical career in sales and over 20 years held various positions in sales management, market research, marketing, business development and general management at Syntex Corporation (acquired by Roche Holding Ltd.), Roche Holding Ltd. and Novartis AG. Mr. McGill received a B.Sc. in Biochemistry from the University of London.

Michael P. Miller was appointed our Senior Vice President, U.S. Commercial as of April 2014. From April 2010 to January 2014, Mr. Miller was Senior Vice President and Chief Commercial Officer of Vivus, Inc., a biopharmaceutical company. From February 2006 to April 2010, Mr. Miller served as Vice President, Sales and Marketing, leading the HER Family Oncology Franchise, of Genentech, Inc., a biotechnology company and wholly owned subsidiary of Roche Holding Ltd. From January 2003 to December 2005, Mr. Miller served as the Senior Vice President, Chief Commercial Officer of Connetics Corporation, a specialty pharmaceutical company acquired by Stiefel Laboratories, Inc. Previously, from 1997 to 2001, he served as Vice President of the Urology Business Unit of ALZA Corporation, a pharmaceutical company acquired by Johnson & Johnson. Prior to 1997, Mr. Miller served 13 years in various sales and marketing positions at Syntex Corporation, a pharmaceutical company acquired by Roche Holding Ltd. Mr. Miller received a B.S. in Business Administration and Finance from the University of San Francisco and an M.B.A. in Information and Computer Systems from San Francisco State University.

Karen Smith, M.D., Ph.D., was appointed our Global Head of Research and Development and Chief Medical Officer as of April 2015. From January 2011 to March 2015, she was Senior Vice President, Global Medical Affairs and Global Therapeutic Area Head (Dermatology) for Allergan, Inc., a multi-specialty health care company. From October 2007 to December 2010, Dr. Smith served initially as Vice President, External Medical Relations and then Vice President, Global Development at AstraZeneca LP, a global innovation-driven biopharmaceutical company. From 2002 to 2007, Dr. Smith held a variety of management and medical roles with Bristol-Myers Squibb Company—a global biopharmaceutical company—in Australia, Canada, and the United States, most recently as the Head of U.S. Clinical Operations. In 2001, Dr. Smith was the Chief Executive Officer of Boron Molecular, a specialist fine chemicals manufacturing company. Dr. Smith is also a member of the board of directors of Forward Pharma A/S, a biotechnology company, and serves on the Women's Advisory Board for Ironman Corporation. Dr. Smith holds a B.A.Sc. and a B.Sc. from the Curtin University of Technology, a M.D. from the University of Warwick, a Ph.D. in oncology molecular genetics from the University of Western Australia, an M.B.A. from the University of New England (Australia) and a L.L.M. in medical law from the University of Salford.

Paul Treacy was appointed our Senior Vice President, Technical Operations in July 2014. From April 2010 to May 2013, he was Head of CMC, Supply Chain and Manufacturing at Janssen Alzheimer Immunotherapy Research & Development, LLC, a biotechnology company and a subsidiary of Johnson & Johnson. From August 2005 to April 2010, he served as General Manager of Janssen Biologics Ireland, a biopharmaceutical company and a subsidiary of Johnson & Johnson. From August 2002 to August 2005, Mr. Treacy was Vice President, Manufacturing Operations at Centocor Inc., a subsidiary of Johnson & Johnson, and from February 1999 to August 2002, he served as Executive Director, Operations, at Centocor BV. Mr. Treacy received a B.S. and a M.S. in Microbiology and a Higher Diploma in Computer Science from University College Cork and a Higher Diploma in Pharmaceutical Manufacturing Technology from Trinity College Dublin.

Karen J. Wilson was appointed our Senior Vice President, Finance and Principal Accounting Officer as of February 2013 and served as our Vice President, Finance and Principal Accounting Officer from the closing of the Azur Merger in January 2012 until February 2013. Prior to the Azur Merger, she served as Jazz Pharmaceuticals, Inc.'s Vice President, Finance since February 2011 and was appointed Principal Accounting Officer in March 2011. From 2009 to January 2011, Ms. Wilson served as Vice President of Finance and Principal Accounting Officer at PDL BioPharma, Inc., a biotechnology company. From 2005 to 2009, she served as a principal at the consulting firm Wilson Crisler LLC. Previously, from 2001 to 2004, she was Chief Financial Officer of ViroLogic, Inc., a biosciences company. Prior to joining ViroLogic, Ms. Wilson served as Chief Financial Officer and Vice President of Operations for Novare Surgical Systems, Inc. from 1999 to 2001. Prior to 1999, Ms. Wilson worked for Deloitte & Touche LLP for ten years, serving clients in both the medical and technology fields. Ms. Wilson is a Certified Public Accountant in the State of California and received a B.S. in Business from the University of California, Berkeley.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for the individuals who served as our principal executive officer, principal financial officer and three other most highly compensated executive officers as of December 31, 2015: Bruce C. Cozadd, Chairman and Chief Executive Officer; Matthew P. Young, Executive Vice President and Chief Financial Officer; Russell J. Cox, Executive Vice President and Chief Operating Officer; Suzanne Sawochka Hooper, Executive Vice President and General Counsel; and Karen Smith, M.D., Ph.D., Global Head of Research and Development and Chief Medical Officer. These five individuals are our named executive officers for 2015.

Executive Summary

The compensation committee of our board of directors believes that our executive compensation program is appropriately designed and reasonable in light of the executive compensation programs of our peer group companies and in line with our business strategy and priorities. The compensation committee also believes that our executive compensation program is responsible, in that it encourages executive officers to work for meaningful shareholder returns consistent with our pay-for-performance philosophy, without incentivizing our executive officers to make decisions that cause us to assume excessive risks.

In 2015, we delivered solid growth on the top- and bottom-line while increasing investment in new growth opportunities for our current products and our research and development pipeline. The highlights of our performance during the year included:

- We continued to achieve solid revenue growth, primarily from sales of Xyrem® (sodium oxybate) oral solution.
 - Total revenues were \$1,324.8 million in 2015, representing an increase of 13% over total revenues of \$1,172.9 million in 2014.
 - Net sales of Xyrem were \$955.2 million in 2015, representing an increase of 23% over net sales of \$778.6 million in 2014.
 - GAAP net income attributable to Jazz Pharmaceuticals plc was \$329.5 million in 2015, compared to \$58.4 million in 2014.¹
 - Adjusted net income attributable to Jazz Pharmaceuticals plc for 2015 was \$600.1 million, representing an increase of 15% over adjusted net income attributable to Jazz Pharmaceuticals plc of \$520.5 million in 2014.²
- In late August 2015, we implemented the final Xyrem risk evaluation and mitigation strategy, which was approved by the FDA in February 2015.
- In September 2015, the FDA accepted for filing with priority review our NDA for Defitelio® (defibrotide sodium), which was approved in March 2016 for the treatment of adult and pediatric patients with VOD, also known as SOS, with renal or pulmonary dysfunction following hematopoietic stem cell transplantation therapy.
- In 2015, we continued to invest in additional research and development activities, which include clinical development of new product candidates, activities related to line extensions and new indications for existing products and the generation of additional clinical data for existing products, all in our sleep and hematology/oncology therapeutic areas.
 - In the second quarter of 2015, we initiated patient enrollment in our Phase 3 clinical program for JZP-110, a late-stage investigational compound being developed for potential treatment of EDS in patients with narcolepsy and EDS in patients with obstructive sleep apnea.
 - We continued to conduct our Phase 3 clinical trial to assess the safety and efficacy of Xyrem in children and adolescents aged seven to 17 who have narcolepsy with cataplexy.
 - We enhanced our research and development capabilities by adding Dr. Karen Smith to our team in April 2015 as our Global Head of Research and Development and Chief Medical Officer. Dr. Smith brings more than 20 years of experience in the industry, and a track record of success in global development, medical affairs and lifecycle management.

¹ GAAP net income attributable to Jazz Pharmaceuticals plc for 2014 included payment by us of a total of \$202.6 million in upfront and milestone payments, primarily for the acquisition of rights to JZP-110 and to defibrotide in the Americas.

² Adjusted net income attributable to Jazz Pharmaceuticals plc, as used in this proxy statement, is a non-GAAP financial measure that excludes certain items from GAAP net income attributable to Jazz Pharmaceuticals plc. For more information on our presentation and calculation of non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc, and a reconciliation of non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc to GAAP net income attributable to Jazz Pharmaceuticals plc, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" in the 2015 10-K.

Executive Compensation (continued)

- In June 2015, we entered into a new credit agreement, which provides for a higher borrowing limit, more favorable interest rates and a longer maturity than our previous credit agreement, which was terminated.

We believe our executive compensation program design provides a balanced approach between rewarding our executive officers for current and long-term performance. Our executive compensation policies in 2015 included the following:

- The majority of our compensation was linked to performance: for our Chief Executive Officer, 92% of 2015 compensation was performance-based, consisting of at-risk performance bonus and equity awards, as reported in our summary compensation table, and, for our other named executive officers, an average of 83% of 2015 compensation was performance-based.
- We align our executive officers' interests with our shareholders' interests by rewarding our executive officers for both current performance and longer-term performance, with performance measured both by financial performance and milestones for the advancement of our long-term development programs and strategic initiatives.
- We maintain an executive change in control and severance benefit plan, or the change in control plan, that complies with corporate governance best practices.
 - The change in control plan is limited to "double-trigger" payments (requiring either termination other than for cause or resignation for good reason in connection with a change in control to trigger payments).
 - The change in control plan does not provide for any tax gross ups.
- Our Chief Executive Officer's performance bonus is based 100% on our company's overall performance and achievement of our annual corporate objectives, which aligns our Chief Executive Officer's interests with our shareholders' interests.
- We do not provide any executive fringe benefits to our named executive officers, such as car allowances, personal security, financial planning advice or club memberships.
- We have minimum share ownership guidelines for our board of directors, Chief Executive Officer and certain other employees who serve on our executive committee, including the named executive officers, as described below under the heading "*Compensation Discussion and Analysis—Executive Compensation Program—Ownership Guidelines for Directors and Executive Officers.*"

Our board of directors and/or compensation committee have also implemented a number of other corporate governance practices that were determined to be in the best interest of our shareholders:

- We have a Lead Independent Director to help to ensure the effective independent functioning of the board of directors in its oversight responsibilities.
- Our 2015 advisory say-on-pay vote was approved by over 98% of total votes cast on the advisory proposal. Based on this positive feedback, the board of directors and the compensation committee decided to maintain our current approach to executive compensation for our Chief Executive Officer and other named executive officers.
- Our compensation committee is composed solely of independent directors.
- Our compensation committee has engaged an independent compensation consultant that reports directly to the compensation committee, and the compensation committee has the sole authority to direct the work of the consultant.
- The compensation committee regularly meets in executive session without management present.
- Our insider trading policy prohibits executive officers from engaging in speculative trading activities, including hedging or pledging their company securities as collateral.
- The compensation committee conducts an annual assessment of executive compensation, which includes reviewing market and peer company data prepared by the compensation committee's independent compensation consultant to ensure that we provide competitive compensation packages to attract, retain, reward and incentivize our executive management team to achieve success for us and our shareholders over the longer term.

Overview

Our executive compensation program is designed to help attract talented individuals with relevant experience in the life sciences industry to manage and operate all aspects of our business, to reward those individuals fairly over time, and to retain those individuals who continue to

Executive Compensation (continued)

meet our high expectations. The goals of our executive compensation program are to align executive officers' compensation with our business objectives and the interests of our shareholders and to incentivize and reward executive officers for our success. Specifically, we have an executive compensation program that focuses on total rewards, combining short- and long-term components, cash and equity, and fixed and contingent payments, in the proportions that we believe are the most appropriate to incentivize and reward our executive officers for achieving our corporate goals while minimizing incentives for excessive risk taking. We place significant emphasis on pay-for-performance-based incentive compensation programs, so that targeted compensation can be achieved only if performance goals are met and, in the case of our stock option awards, only if our share price appreciates over time. We consider our annual performance bonus awards and equity incentive awards to be "at risk," or performance-based compensation. Our annual bonus awards are not earned unless pre-determined levels of performance are achieved against annual corporate objectives that are derived from the annual corporate goals approved by our board of directors in advance. Likewise, our stock option awards will not provide realizable value and our RSU awards will not provide increased value unless there is an increase in the value of our shares. We believe that we must provide competitive compensation packages to attract and retain executive officers and to incentivize our executive management team to achieve success for us and our shareholders over the longer term.

As discussed in further detail below, our executive compensation program consists of the following three principal components:

- **Base Salary.** Our compensation committee reviews and determines base salary rates for our executive officers each year, which are then generally effective by March 1. Base salary rates are determined, in consultation with the compensation committee's independent compensation consultant, based on each executive officer's responsibilities, individual performance and a review of competitive salary and total cash compensation data. In the case of our Chief Executive Officer's base salary, our board of directors makes the final determination based on the compensation committee's recommendation.
- **Performance Bonus Awards.** We have an annual performance-based incentive bonus plan, or the performance bonus plan, for our employees, including our executive officers, under which bonuses may be paid after the end of each year at the discretion of the compensation committee (and our board of directors in the case of the Chief Executive Officer), based on our performance in meeting designated corporate objectives for the prior year and each individual's contribution in meeting such corporate objectives.
- **Equity Grants.** Our executive officers are eligible to receive equity grants which serve as long-term incentives to ensure that a portion of their total compensation is linked to our long-term success, thereby aligning their incentive compensation with the interests of our shareholders. Our compensation committee reviews and determines equity grants for our executive officers, generally once a year, early in the year, unless an executive officer is hired or promoted. In the case of our Chief Executive Officer's RSU awards, our board of directors makes the final determination based on the compensation committee's recommendation.

The compensation committee does not have any formal policies for allocating compensation among salary, performance bonus awards and equity grants. Instead, the compensation committee uses its judgment to establish a total compensation program for each named executive officer that is a mix of current, short-term and long-term incentive compensation, and cash and non-cash compensation, that it believes appropriate to achieve the goals of our executive compensation program and our corporate goals. In making executive compensation decisions, the compensation committee generally considers each executive officer's total direct compensation, which consists of base salary, target bonus opportunity (which together with base salary we refer to as target cash compensation), and long-term equity awards, valued based on an approximation of grant date fair value. Because we believe it is important to our success to pursue long-term corporate goals, to avoid excessive risk taking, and to preserve our cash resources, a significant portion of the named executive officers' total direct compensation is comprised of performance-based bonus opportunities and long-term equity awards, which aligns the executive officers' incentives with the interests of our shareholders. This allocation between performance-based and fixed compensation is consistent with our pay-for-performance philosophy, the compensation market data provided by our compensation committee's independent compensation consultant for each executive officer's position, and our continued success in achieving corporate goals and increasing total shareholder return.

Role of the Compensation Committee and Executive Officers in Setting Executive Compensation

The compensation committee reviews and oversees our compensation policies, plans and programs and reviews and determines the compensation to be paid to the executive officers, including the named executive officers other than our Chief Executive Officer. The independent members of our board of directors approve the compensation of our Chief Executive Officer, upon recommendation from the compensation committee, and references in this Compensation Discussion and Analysis to our board of directors approving such compensation refer to the independent members of our board of directors. In making its executive compensation determinations, the compensation committee considers recommendations from the Chief Executive Officer. In making his recommendations, the Chief Executive

Executive Compensation (continued)

Officer receives input from our human resources department and has access to various third party compensation surveys and compensation data provided by the independent compensation consultant to the compensation committee, as described below. While the Chief Executive Officer discusses his recommendations for the other executive officers with the compensation committee, he does not participate in the deliberations and recommendations to our board of directors concerning, or the determination of, his own compensation. Members of our human resources and legal departments also attend compensation committee meetings. The compensation committee discusses and makes determinations with respect to executive compensation matters without any named executive officers or other executive officers, other than the Chief Executive Officer as described above, present. From time to time, various other members of management and other employees as well as outside advisors or consultants may be invited by the compensation committee to make presentations, provide financial or other background information or advice or otherwise participate in the compensation committee meetings. The compensation committee does not delegate any of its functions to others in determining executive compensation.

Independent Compensation Consultant

The compensation committee engages an independent compensation consultant each year to provide a competitive compensation assessment with respect to the executive officers to assist the compensation committee in making annual compensation decisions. Since 2010, Radford has been engaged by the compensation committee each year to provide peer company and industry compensation data and provide the compensation committee with advice regarding executive officers' compensation, including base salaries, performance-based bonuses and long-term equity compensation, and similar advice regarding directors' compensation. The compensation committee has also consulted with Radford to update the peer company and industry compensation data on an annual basis and as needed with respect to specific questions that arise and on an advisory basis with respect to addressing other responsibilities arising under the compensation committee charter, including trends and best practices regarding executive compensation and compensation committees, in order to help inform the compensation committee's decisions. Radford reports directly to the compensation committee, which maintains the authority to direct their work and engagement, and advises the compensation committee and our human resources department on ad hoc projects from time to time. Radford interacts with management to gain access to company information that is required to perform services and to understand the culture and policies of the organization. The compensation committee and Radford meet in executive session with no members of management present as needed to address various compensation matters, including deliberations regarding the Chief Executive Officer's compensation. In 2015, the cost of Radford's executive compensation and director compensation consulting services provided to the compensation committee was approximately \$136,000.

In addition, in 2015 management also engaged Radford to provide survey data relating to non-executive employee compensation and other affiliates of Aon to provide director and officer liability insurance-related services, pension-related services, other insurance brokerage services and risk services. The aggregate cost of such other consulting services provided in 2015 by Radford and other affiliates of Aon (not related to Radford's executive compensation and director compensation consulting services provided to the compensation committee) was approximately \$151,000, of which approximately \$140,000 related to various insurance-related and benefits consulting services and approximately \$11,000 related to general survey data. Although the compensation committee was aware of the nature of the services performed by affiliates of Aon and the non-executive employee compensation survey data provided by Radford, the compensation committee did not review and approve such services and surveys, as those were reviewed and approved by management in the ordinary course of business.

In assessing Radford's independence from management in providing executive compensation services to the compensation committee, the compensation committee considered that Radford is only engaged by, takes direction from, and reports to, the compensation committee for such services and, accordingly, only the compensation committee has the right to terminate or replace Radford as its compensation consultant at any time. The compensation committee also analyzed whether the work of Radford as a compensation consultant with respect to executive and director compensation raised any conflict of interest, taking into consideration the following factors: (i) the provision of other services to our company by Radford and its affiliates, as described above; (ii) the amount of fees we paid to Radford and its affiliates as a percentage of Radford's total revenue; (iii) Radford's policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Radford or the individual compensation advisors employed by it with an executive officer of our company; (v) any business or personal relationship of the individual compensation advisors with any member of the compensation committee; and (vi) any ordinary shares of our company owned by Radford or the individual compensation advisors employed by it. The compensation committee has determined, based on its analysis of the above factors, that the work of Radford and the individual compensation advisors employed by it as compensation consultants to our company has not created any conflict of interest.

Executive Compensation (continued)**Compensation Committee**

The compensation committee is (and was at all times during 2015) composed entirely of independent directors, as defined by Rule 5605(a)(2) of the NASDAQ listing standards. Our compensation committee meets as often as it determines necessary to carry out its duties and responsibilities through regularly scheduled meetings and, if necessary, special meetings. Our compensation committee also has the authority to take certain actions by written consent of all members. The agenda for each compensation committee meeting is usually developed by members of our human resources department and Chief Executive Officer, with input from members of our legal department, and is reviewed with the chair of the compensation committee.

In 2015, the compensation committee met six times and did not act by unanimous written consent. As of the date of this proxy statement, in 2016 the compensation committee met three times and has not acted by unanimous written consent.

Competitive Assessment of Cash and Long-Term Compensation

We aim to attract and retain the most highly qualified executive officers in an extremely competitive market. Accordingly, the compensation committee believes that it is important when making its compensation decisions to be informed as to the current practices of comparable public companies with which we compete for top talent. To this end, the compensation committee reviews market data for each executive officer's position, compiled by Radford as described below, including information relating to the mix and levels of compensation for executive officers in the life sciences industry.

In 2014, when developing a proposed list of our peer group companies to be used in connection with making compensation decisions for 2015, Radford reexamined our compensation philosophy and peer group and recommended changes to our 2014 peer group company list to reflect our growth, increase in our revenues and market capitalization and the consolidation in our industry. Radford selected companies that were in the life sciences industry (specifically biotechnology and specialty bio/pharma companies) with commercial products on the market, had revenue of approximately one half (0.5x) to two and a half times (2.5x) our then-projected revenue (resulting in a range of generally \$450 million to \$2.5 billion in revenue), had market values of approximately one third (0.3x) to three times (3x) our market capitalization at the time (resulting in a range of between \$2.5 billion to \$25 billion in market capitalization), and were located primarily in the United States or headquartered in Europe. Based on these criteria, Radford recommended, and our compensation committee approved, eliminating Acorda Therapeutics, Inc., Auxilium Pharmaceuticals, Inc., Impax Laboratories, Inc. and The Medicines Company (which no longer met the criteria described above), Myriad Genetics, Inc. (which had a different talent pool than our company for its diagnostics business), and Elan Corporation, plc, Onyx Pharmaceuticals, Inc., Questcor Pharmaceuticals, Inc. and ViroPharma Incorporated (which were acquired since the 2014 peer group company list was approved) and adding Actelion Ltd., Mallinckrodt plc, Pharmacyclics, Inc. and Vertex Pharmaceuticals Incorporated to our 2015 peer group company list.

Based on these parameters, in October 2014 our compensation committee approved the following companies as our peer group for 2015: Actelion Ltd., Alexion Pharmaceuticals, Inc., Alkermes, Inc., BioMarin Pharmaceutical Inc., Cubist Pharmaceuticals, Inc., Endo Health Solutions Inc. (formerly Endo Pharmaceuticals Holdings Inc.), Incyte Corporation, Mallinckrodt plc, Medivation, Inc., Pharmacyclics, Inc., Regeneron Pharmaceuticals, Inc., Salix Pharmaceuticals, Ltd., Seattle Genetics Inc., United Therapeutics Corporation, and Vertex Pharmaceuticals Incorporated. In determining executive compensation for 2015, the compensation committee reviewed data from this group of peer companies. At the time of approval of our 2015 peer group, our company was in the 56th percentile of the peer group for market capitalization and 47th percentile of the peer group for revenue.

In early 2015, Radford completed an assessment of executive compensation based on our peer group to inform the compensation committee's determinations of executive compensation for 2015. This assessment included updated market data regarding executive compensation at comparable public companies in the life sciences industry (specifically biotechnology and specialty bio/pharma companies) that reflected our increased revenue and market value. This market data was compiled from multiple sources, including: (i) data from the Radford Global Life Sciences Survey with respect to the 2015 selected peer group companies listed above, or the peer survey data; (ii) the 2015 selected peer group companies' publicly disclosed information, or public peer data; and (iii) data from public biotechnology and pharmaceutical companies in the Radford Global Life Sciences Survey that had average revenues of \$755 million and between 500 and 2,000 employees, or the general survey data, which includes survey data with respect to our selected 2015 peer group companies. The components of the market data were based on the availability of sufficient comparative data for an executive officer's position. Generally, peer survey data and public peer data are used in establishing market data reference points, and the general survey data is used when there is a lack of peer survey data and public peer data for an executive officer's position. The peer survey data, the

Executive Compensation (continued)

general survey data, and the public peer data, collectively referred to in this proxy statement as market data, were reviewed by the compensation committee, with the assistance of Radford, and used as one reference point, in addition to other factors, in setting our executive officers' compensation.

The compensation committee generally reviews total direct compensation, comprising both target cash compensation and equity compensation, against the market data described above primarily to ensure that our executive compensation program as a whole is positioned competitively to attract and retain the highest caliber executive officers and that the total direct compensation opportunity for the executive officer group is aligned with our corporate objectives and strategic needs. The compensation committee does not have a specific target compensation level for the named executive officers; rather, the compensation committee reviews a range of market data reference points (generally at the 25th, 50th, 60th and 75th percentiles of the market data) with respect to total direct compensation, total target cash compensation (including both base salary and the annual target performance bonus) and equity compensation (valued based on an approximation of grant date fair value). In making compensation determinations, the compensation committee considers a variety of factors, which may include market data and a particular executive officer's experience, overall qualifications and criticality of skills to the future performance of our company.

Our Chief Executive Officer assesses the performance of each named executive officer (other than himself) and presents his recommendations to the compensation committee. These recommendations reflect his consideration of the market data, the performance of each named executive officer, internal pay equity among individuals (including qualifications and contributions to meeting our corporate objectives), criticality and scope of job function and our Chief Executive Officer's extensive industry experience. The compensation committee reviews and considers the market data, our Chief Executive Officer's recommendations on specific pay levels for each named executive officer and Radford's recommendations on compensation policy determinations for the executive officer group, and also reviews internal pay equity among individuals and positions, criticality and scope of job function, retention risk, company performance and individual performance (including qualifications and contributions to meeting our corporate objectives), total targeted and historical compensation for each individual named executive officer and any other factors the compensation committee determines important. The compensation committee uses all of these factors to set the compensation of our named executive officers at levels that the compensation committee considers to be competitive and appropriate for each named executive officer, using the compensation committee's professional experience and judgment.

In late 2015, when developing a proposed list of our peer group companies to be used in connection with making compensation decisions for 2016, Radford selected companies that were in the life science (specifically biotechnology and specialty bio/pharma) industry with commercial products on the market, had revenue of approximately one quarter (0.25x) to three times (3x) our then-projected revenue (resulting in a range of generally \$300 million to \$4 billion in revenue), had market values of approximately one quarter (0.25x) to four times (4x) our market capitalization at the time (resulting in a range of between \$2.5 billion to \$40 billion in market capitalization), and were located primarily in the United States or headquartered in Europe. Based on these criteria and Radford's recommendation, our compensation committee removed Cubist Pharmaceuticals, Inc., Pharmacyclics, Inc. and Salix Pharmaceuticals, Ltd. (which were acquired since the 2015 peer group company list was approved) and added Anacor Pharmaceuticals, Inc., Horizon Pharma plc, Ionis (formerly Isis) Pharmaceuticals, Inc., Shire plc and The Medicines Company to the remaining 2015 peers to form the final 2016 list of peer companies.

Advisory Vote on Executive Compensation

At our 2015 annual general meeting of shareholders, the shareholders approved, on an advisory basis, the compensation of the named executive officers, as disclosed in the proxy statement for that meeting pursuant to the compensation disclosure rules of the SEC. The compensation committee reviewed the final vote results for the proposal, and, given the significant level of shareholder support (over 98% of total votes cast with respect to the advisory proposal), concluded that our compensation program continues to provide a competitive pay-for-performance package that effectively incentivizes the named executive officers and encourages long-term retention. Accordingly, the compensation committee and, with respect to our Chief Executive Officer's compensation, our board of directors, determined not to make any significant changes to our executive compensation policies or decisions as a result of the vote. Our compensation committee and, with respect to our Chief Executive Officer's compensation, our board of directors, expects to continue to consider the outcome of our say-on-pay votes and our shareholders' views when making future compensation decisions for the named executive officers.

Executive Compensation Program

Our executive total compensation program currently consists of three principal components: base salary, annual performance bonuses (if approved by the compensation committee or board of directors, as applicable) and long-term incentive compensation, currently in the form of stock options and RSU awards which are subject to time-based vesting. The compensation committee takes a holistic approach to

Executive Compensation (continued)

compensation to ensure the aggregate level of pay across all of the pay elements (base, total cash, long-term incentives) is meeting the company's desired objectives for each executive officer.

We also offer our executive officers severance benefits upon certain types of involuntary terminations in connection with a change in control under our change in control plan. Finally, the named executive officers have the opportunity to participate in the Employee Stock Purchase Plan, or ESPP, as described below, and other benefits generally available to all employees in their respective countries of employment, which include, for all U.S.-based employees, the opportunity to participate in the Jazz Pharmaceuticals, Inc. 401(k) Plan, or the 401(k) Plan. Each component of compensation is evaluated based on the factors discussed below.

Base Salary

None of the named executive officers has a guaranteed base salary; their base salaries are set each year by the compensation committee (other than in the case of our Chief Executive Officer, whose base salary is set by the board of directors upon recommendation of the compensation committee). Base salary is intended to provide a fixed level of compensation that is competitive within our industry and geographic areas. The compensation committee reviews and determines the appropriate level of base salary for the named executive officers, generally effective by March 1 of each year.

As described above under the heading "*Compensation Discussion and Analysis—Competitive Assessment of Cash and Long-Term Compensation*," the compensation committee considers several factors in setting base salary. One such factor is that competition for executive talent is intense in our industry and in our geographic areas. Our executive officers have many years of valuable experience in our industry, and their continued leadership is deemed critical to our short-term and long-term success. Because the compensation committee aims to ensure that our executive officers' base salaries are competitive, the base salaries of individual executive officers may vary based on a particular individual's experience, overall qualifications and criticality of skills to the future performance of our company, in addition to market data for each named executive officer's position. The compensation committee does not set base salaries in isolation. When determining actual base salaries, the committee also evaluates the level of total target cash compensation for each named executive officer given that target bonus opportunities are expressed as a percent of base salary.

Performance Bonus Plan

In accordance with the performance bonus plan, we maintain an annual bonus award program to reward the named executive officers (and other employees) for attaining our company's corporate objectives and for their individual contributions toward such achievements. Corporate objectives under the performance bonus plan are derived from our annual corporate goals and generally relate to some combination of our commercial efforts, financial measures (such as revenues and adjusted net income targets), corporate development efforts, progress of our clinical development programs, regulatory matters, regulatory and sales and marketing compliance, operational achievements and effective employee engagement, accountability and professional development.

In keeping with our pay-for-performance philosophy, the compensation committee takes a formulaic approach to determining our bonus pool under the performance bonus plan. The compensation committee assigns a specific weighting to each quantitative and qualitative corporate objective. An algorithm is defined for calculating the achievement of the quantitative corporate objectives. The achievement of the quantitative and qualitative corporate objectives is reviewed throughout the year. Shortly following the end of each year, the total bonus pool, if any, that will be allocated to the named executive officers and other employees is set by the compensation committee, based on the algorithm and the compensation committee's determination of the company's success in achieving the quantitative and qualitative corporate objectives.

The performance bonus plan sets specific executive bonus opportunities, expressed as a percentage of base salary paid. The annual target bonuses are determined by our compensation committee based on several factors, including market data, as described above under the heading "*Compensation Discussion and Analysis—Competitive Assessment of Cash and Long-Term Compensation*," and based on each executive officer's job level, in order to promote internal equity for positions of similar scope and impact and, given the cross-functional nature of our business, to reinforce teamwork across the executive group. Target bonuses are reviewed by the compensation committee on an annual basis. Annual target performance bonuses generally correspond to job level, representing a larger percentage of compensation for those executive officers who have a greater opportunity to impact corporate performance.

The actual performance bonus awarded to each executive officer in a year, if any, may be more or less than the applicable target percentage described above, depending primarily on the compensation committee's determination of our company's achievement of corporate objectives (and therefore the total bonus pool) and subjective assessment of each executive officer's contribution to the achievement of our corporate objectives. Whether or not a performance bonus is paid for any year is within the discretion of the

Executive Compensation (continued)

compensation committee (or the board of directors in the case of our Chief Executive Officer) based on such achievement. The Chief Executive Officer provides input and recommendations to the compensation committee with respect to bonuses for the executive officers other than himself.

We have not historically paid any guaranteed bonuses to the named executive officers. From time to time when the compensation committee determines appropriate, we pay special bonuses in connection with the commencement of employment of executive officers, generally contingent upon their continued service, such as the signing and relocation bonuses we paid to Dr. Smith as described below under the heading “*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Offer Letter with Dr. Smith*” and “*Description of Compensation Arrangements—Executive Employment Agreements*.”

As a public company, if we are required to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws as a result of misconduct, the Chief Executive Officer and Chief Financial Officer may be legally required to reimburse our company for any bonus or other incentive-based or equity-based compensation they receive in accordance with the provisions of section 304 of the Sarbanes-Oxley Act of 2002. Additionally, we intend to implement a clawback policy in compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, as soon as, and to the extent that, the requirements of such clawbacks are more clearly defined by the SEC.

Long-Term Equity Awards

The compensation committee believes that long-term performance is achieved through an ownership culture that rewards executive officers through the use of equity incentives. We grant stock options and RSUs to our executive officers in part because the compensation committee believes that long-term equity awards composed of a mix of both types of awards may better align our executive officers’ interests with those of our shareholders by minimizing the incentive for inappropriate short-term risk taking at the expense of realizing long-term value. Stock options provide a return to our executive officers only if the market price of our ordinary shares appreciates over the stock option term. For this reason, the compensation committee views stock options as a key aspect of our pay-for-performance culture and as fostering alignment between our executive officers and our shareholders. RSU awards generally cover fewer shares than the stock options that we would otherwise grant to deliver a similar value to an executive officer. As a result, RSU awards enable the company to minimize dilution to shareholders while reinforcing the importance of shareholder value creation. Both stock options and RSUs vest over time, thereby providing retention incentives for the company.

Equity award grants may be made at varying times and in varying amounts in the discretion of the compensation committee, but are generally approved for executive officers, including the named executive officers, once a year unless an executive officer is hired or promoted, in which case a grant may be made at that time, or, in rare circumstances, for recognition of outstanding performance. Our equity incentive grant policy, which was initially approved by our board of directors after the Azur Merger and amended and restated most recently in April 2015, provides that all equity grants that are approved for executive officers will be granted on the second trading day following the filing date of our next quarterly or annual report filed under the Exchange Act that occurs after the date on which such grants are approved by our board of directors or compensation committee, as applicable. Accordingly, our equity incentive grant policy requires that grants to our executive officers, if any, be made shortly after we have released information about our financial performance to the public for the applicable annual or quarterly period, so that the market will have an opportunity to absorb the financial and other information included in our annual and periodic reports before such grants are awarded. As a result, the timing of equity awards is not coordinated in a manner that intentionally benefits our executive officers; rather, the policy is designed with the objective that the market price of our ordinary shares at the time of grant can generally be expected to reflect our then-current results and prospects.

For all employees, the exercise price of stock options is equal to the fair market value (the closing price as reported on the NASDAQ Global Select Market) of our shares on the date of grant. Stock option grants generally vest 25% upon the one year anniversary of the vesting commencement date, which is generally the employment commencement date for new hire grants and the grant date for annual grants, and vest as to the remainder of the shares in 36 equal monthly installments thereafter, subject to the option holder’s continued service with us. RSUs typically vest annually over four years from the grant date, also subject to the holder’s continued service with us. Stock options and RSUs are subject to potential vesting acceleration as described below under the heading “*Potential Payments upon Termination or Change in Control*.” The compensation committee (or the board of directors, as applicable) may from time to time approve vesting schedules different from these standard schedules if they determine necessary to address special circumstances.

The compensation committee considers several factors in setting long-term equity awards, including market data, as described above under the heading “*Compensation Discussion and Analysis—Competitive Assessment of Cash and Long-Term Compensation*.” In determining the size of equity awards, the compensation committee considers the value of the awards at our peer companies, as well as

Executive Compensation (continued)

other factors, including the retention value of each executive officer's total equity holdings, giving effect to such award and each executive officer's total direct compensation relative to internal pay equities among our executive officer group. Standard vesting schedules are established to ensure a meaningful incentive to remain employed with our company and to work toward its success over time. Accordingly, an equity award will generally provide a return to the employee only if he or she remains in our company's service, and then, in the case of stock options, only if the market price of our stock appreciates over the equity award term.

We currently grant equity awards to the named executive officers, including stock options and RSUs, under the 2011 Plan. The 2011 Plan affords the compensation committee the flexibility to utilize a broad array of equity incentives and performance cash incentives in order to secure and retain the services of employees of our company and its subsidiaries, and to provide long-term incentives that align the interests of employees with the interests of our shareholders. Before the 2011 Plan was adopted, we granted stock options under our 2007 Plan.

Additional long-term equity incentives are provided through the ESPP. Pursuant to the ESPP, all eligible employees, including the named executive officers, may allocate up to 15% of their base salary to purchase our stock at a 15% discount to the market price, subject to specified limits.

Since February 2013, we maintain share ownership guidelines for the named executive officers, certain other executive officers and non-employee directors in order to better align their interests with those of our shareholders. The practice of implementing share ownership guidelines for executive officers is aligned with our ownership culture. A description of this policy is included below under the heading "*Compensation Discussion and Analysis—Executive Compensation Program—Ownership Guidelines for Directors and Executive Officers.*"

Severance Benefits upon Change in Control

All of the named executive officers employed as of the end of 2015 are eligible to participate in the change in control plan. A description of this plan is included below under the headings "*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Change in Control Plan*" and "*Potential Payments upon Termination or Change in Control—Amended and Restated Executive Change in Control and Severance Benefit Plan.*"

The change in control plan provides certain severance benefits to our executive officers, including the named executive officers, in connection with specified involuntary termination events, including termination without cause and constructive termination, following a change in control. The compensation committee believes these severance benefits are important from a retention perspective to provide some level of protection to our executive officers who might be terminated following a change in control and the amounts are reasonable and maintain the competitiveness of our executive compensation and retention program. Severance compensation is structured as a "double-trigger" benefit, meaning that an executive officer receives benefits only if the executive officer has an involuntary termination within a specified period of time following a change in control transaction. No benefit is provided solely as a result of a change in control. The compensation committee believes this structure serves to mitigate the distraction and loss of key executive officers that may occur in connection with rumored or actual fundamental corporate changes. Such payments protect the interests of our shareholders by enhancing executive focus during rumored or actual change in control activity, retaining executives despite the uncertainty that generally exists while a transaction is under consideration and encouraging the executives responsible for negotiating potential transactions to do so with independence and objectivity. Furthermore, this protection assists us in attracting and retaining highly valued executives. The compensation committee also believes that termination without cause and constructive termination are the appropriate involuntary termination events that should trigger benefits in a change in control transaction, because such terminations are generally considered to be beyond the control of a terminated employee and are terminations that, under different circumstances, would not have occurred. We do not provide any tax gross up payments on severance or change in control benefits.

Other Benefits

Executive officers based in the United States are eligible to participate in all of our benefit plans, such as the 401(k) Plan (see the section below "*Description of Compensation Arrangements—401(k) Plan*"), medical, dental, vision, short-term disability, long-term disability, group life insurance and the ESPP, in each case generally on the same basis as other employees. We also have a section 125 flexible benefits healthcare plan and a flexible benefits childcare plan under which employees can set aside pre-tax funds to pay for qualified healthcare expenses and qualified childcare expenses not reimbursed by insurance. We do not currently offer pension or other retirement benefits in the United States, but do offer pension or other retirement benefits in certain other countries.

Executive Compensation (continued)*Ownership Guidelines for Directors and Executive Officers*

In February 2013, we adopted share ownership guidelines for our non-employee directors, Chief Executive Officer and certain other employees who serve on our executive committee, including the currently-employed named executive officers. Under the guidelines, these individuals are expected to own a number of the company's ordinary shares with a value equal to: three times (3x) base salary, for the company's Chief Executive Officer; one times (1x) base salary, for each other member of the company's executive committee; and three times (3x) the director's annual cash retainer, for each non-employee director of the company.

The guidelines provide that the individuals subject to the guidelines are expected to establish the minimum ownership levels within five years of the company's adoption of the guidelines (or within five years of the date an officer or director first becomes subject to them).

The value of the company's ordinary shares for purposes of determining the number of shares subject to these guidelines in a given year is determined as the product of (i) the number of ordinary shares credited as held by the individual and (ii) the greater of (a) the closing price of the company's ordinary shares on the applicable date, or (b) the purchase or exercise price paid for such shares. Shares that count toward satisfaction of these guidelines include: shares owned outright by the individual (including RSUs that have vested but not yet settled, net of taxes); shares retained after an option exercise or issuance under another type of equity award granted under the company's equity incentive plans; shares retained after purchase under the ESPP; shares held in trust for the benefit of the individual; and, solely with respect to non-employee directors, shares held in a deferral account and issuable to such director pursuant to the Directors Deferred Plan.

The compensation committee has discretion to develop an alternative individual guideline or an alternative method of complying with the applicable individual guideline for an individual covered by the guidelines if compliance would place a significant hardship on such individual.

2015 Compensation Decisions for the Named Executive Officers

We believe that 2015 was a productive year for us due in part to our revenue and adjusted net income growth, our defibrotide NDA submission and its acceptance for filing with priority review by the FDA, the implementation of the final approved REMS for Xyrem and the progress we made advancing our clinical development pipeline projects, as described above under the heading "*Compensation Discussion and Analysis—Executive Summary*."

Base Salary

The 2015 base salary increases reflected the compensation committee's desire to set base salary rates for each position between the 25th and 50th percentiles of the market data for the particular position, except as described below.

Upon recommendation from the compensation committee, the board of directors increased the 2015 base salary rate for Mr. Cozadd by approximately 4.2% from his base salary rate in effect at the end of 2014. The board of directors determined this increase was warranted because Mr. Cozadd's 2014 base salary rate was at the 25th percentile of the market data for his position, which was not reflective of his significant individual contributions. After the increase, Mr. Cozadd's 2015 base salary was between the 25th and 50th percentiles of the market data for his position.

Mr. Young was promoted in early 2015 from Senior Vice President and Chief Financial Officer to Executive Vice President and Chief Financial Officer. Mr. Young's 2015 base salary rate, giving effect to his promotion, was increased by approximately 14.5% from his base salary rate in effect at the end of 2014 and, after the increase, was between the 25th and 50th percentiles of the market data for his promoted position. The compensation committee determined this level of base salary was appropriate given Mr. Young's assumption of a new role, internal equity with the other executive officers and market data for his promoted position.

Mr. Cox's 2015 base salary rate was increased by approximately 4.8% from his base salary rate in effect at the end of 2014 so that, after the increase, his base salary was at the 25th percentile of the market data for his promoted position. The compensation committee determined this level of base salary was appropriate given Mr. Cox's assumption of a new role and increased responsibilities, internal equity with the other executive officers and market data for his promoted position.

Ms. Hooper's 2015 base salary rate was increased from her 2014 base salary rate by approximately 3.1% in order to maintain Ms. Hooper's historical pay positioning. Following this increase, Ms. Hooper's 2015 base salary remained above the 75th percentile of the market data for her position, which the compensation committee determined remained appropriate given that her base salary rate in prior years was similarly at the high end of the range of the market data for her position based on her salary at the time of joining the company and given her experience and criticality to the business.

Executive Compensation (continued)

Dr. Smith joined us in April 2015 as Global Head of Research and Development and Chief Medical Officer. Her 2015 base salary rate was determined in connection with her commencement of employment, based on a number of factors, including her prior relevant experience, compensation in her prior position and internal equity with the other executive officers in order to provide a competitive pay range compared to our peer companies. Dr. Smith's 2015 base salary rate was at approximately the 75th percentile of the market data for her position.

The 2015 base salary rates and percentage increases from 2014 base salary rates for the named executive officers are set forth in the table below.

Name	2015 Base Salary (\$) ⁽¹⁾	Increase over 2014 Base Salary (%)
Bruce C. Cozadd	875,000	4.2
Matthew P. Young ⁽²⁾	475,000	14.5
Russell J. Cox	550,000	4.8
Suzanne Sawochka Hooper	500,000	3.1
Karen Smith, M.D., Ph.D.	475,000	N/A

(1) Base salary rates were generally effective by March 1, 2015, or, for Dr. Smith, upon her commencement of employment in April 2015.

(2) As described above, Mr. Young was promoted in early 2015 and the increase in his base salary reflects the assumption of a new role, internal equity with the other executive officers and market data for his promoted position.

In February 2016, the compensation committee and, with respect to Mr. Cozadd, the board of directors, approved the following 2016 base salaries for the named executive officers, effective February 20, 2016: Mr. Cozadd, \$925,000; Mr. Young, \$520,000; Mr. Cox, \$575,000; Ms. Hooper, \$525,000; and Dr. Smith, \$500,000. In most instances, the increases reflected the compensation committee's desire to set base salary rates for each position between the 25th and 50th percentiles of the market data for the particular position, with the exception of Mr. Young, whose base salary rate is at the 60th percentile of market data for his position, and Ms. Hooper, whose base salary rates remains at approximately the 75th percentile of market data for her position.

Performance Bonus Awards

In early 2015, the board of directors approved no changes to the target performance bonus for Mr. Cozadd, which remained at 100% of his base salary earned during 2015. In early 2015, the compensation committee approved a target performance bonus for Mr. Young, Mr. Cox and Ms. Hooper, as executive vice presidents, of 55% of each officer's base salary earned during 2015, increased from the executive vice president's 50% target performance bonuses for 2014. In April 2015, the compensation committee approved a target bonus for Dr. Smith, as a senior vice president and executive committee member, of 45% of her base salary earned during 2015. These targets provide financial incentives to the named executive officers to work to achieve our annual corporate goals and are consistent with the company's goal to remain competitive with the performance bonus practices of its peers. The board of directors sets the annual target performance bonus for the Chief Executive Officer at a higher percentage than the percentages for other executive officers to reflect that the Chief Executive Officer has ultimate responsibility for our company's performance. In most instances, in recommending annual target performance bonuses for the named executive officers, the compensation committee also generally targets total target cash compensation (including both base salary and annual target performance bonus) for each position between the 25th and 50th percentiles of the market data for the particular position, with the exceptions described below.

In recommending to our board of directors the Chief Executive Officer's annual target performance bonus, the compensation committee considered his total target cash compensation, which for 2015 was approximately between the 25th and 50th percentiles of the market data for his position. In setting the 2015 annual target performance bonuses for the named executive officers other than Mr. Cozadd, the compensation committee considered internal equity among the executive officer positions and therefore set the same bonus percentage for all executive vice presidents and the same bonus percentage for all senior vice presidents who are executive committee members. Similarly, in keeping with its holistic approach to compensation, the compensation committee considered the total target cash compensation for each individual (including both base salary and annual target performance bonus) which were: for Mr. Young, between the 25th and 50th percentiles of the market data for his position; for Mr. Cox, at approximately the 25th percentile of the market data for his position; for Ms. Hooper, above the 75th percentile of the market data for her position, which the compensation committee determined remained appropriate given that her base salary rate has historically been at the high end of the range of the market data for her position since she joined the company given her compensation in prior positions and her experience; and, for Dr. Smith, between the 60th and 75th

Executive Compensation (continued)

percentiles of the market data for her position based on a number of factors, including her prior relevant experience, compensation in her prior position and internal equity with the other executive officers in order to provide a competitive pay range compared to our peer companies.

Our board of directors approved quantitative and qualitative corporate objectives for purposes of establishing the level of funding for our performance bonus plan for 2015 and communicated these objectives to the named executive officers in early 2015 (or April 2015, with respect to Dr. Smith). For 2015, our board of directors determined that the bonus pool for the 2015 plan year should be based 70% on the level of achievement of three specific quantitative corporate objectives and 30% on the level of achievement of certain qualitative corporate objectives. Each corporate objective has a relative weighting. For 2015, the corporate objectives related to our achievement of research and development goals were given higher weight than in prior years, reflecting our increased focus on advancing our product candidate portfolio. We also shifted our characterization of our 2015 corporate development-related objective from quantitative to qualitative because the compensation committee considered the nature of this specific objective more qualitative than quantitative. These quantitative and qualitative objectives and the criteria used by the compensation committee to determine achievement are described below.

After adding together the bonus pool funding percentages for the quantitative and qualitative objectives based on their relative weightings of 70% and 30%, respectively, the compensation committee approved an overall bonus pool funding percentage of up to 86.3% for 2015, or the 2015 bonus percentage, which resulted in approval of an aggregate corporate bonus payout for the company's employees of 86.3% of the target bonus pool for the 2015 plan year.

Quantitative Objectives

The table and accompanying footnotes below summarize the three quantitative objectives for 2015, with a relative weighting of 70%, the two revenue add-on goals, and their corresponding weights, actual results and performance multipliers, as well as the resulting bonus pool funding percentage used for these objectives.

The compensation committee defined an algorithm with respect to each quantitative objective, including the two revenue add-on goals, for calculating the bonus pool funding attributable to the extent of achievement for each such objective. The compensation committee set specific minimum and maximum levels of achievement for the total revenue objective, the Xyrem revenue bottle growth add-on goal, the Defitelio European net sales add-on goal and the adjusted net income objective, which are described in the footnotes to the table below. For the quantitative objective relating to advancing our product candidate portfolio, the compensation committee did not set a minimum performance level; rather, achievement of between 0% and 200%, measured against certain criteria as described in more detail below, was determined by the compensation committee and used to calculate the applicable bonus pool funding percentage attributable to such objective.

Corporate Quantitative Objectives	Weighting	Actual Results	Multiplier	Bonus Pool Funding ⁽³⁾
1. Achieve total revenue of \$1,340 million (at budgeted foreign currency exchange rates) ⁽¹⁾	30%	Below target: Total revenue of \$1,324.8 million	96% ⁽²⁾	28.7%
• Add-on goal: Achieve certain Xyrem year-over-year revenue bottle growth ⁽⁴⁾	7.5%	Below add-on target	—%	—%
• Add-on goal: Achieve certain Defitelio European net sales ⁽⁵⁾	7.5%	Below add-on target	—%	—%
2. Advance our growing, diversified product candidate portfolio, which included making scheduled progress on: ⁽⁶⁾	20%	Below target ⁽⁶⁾	80%	16.0%
• JZP-110 clinical activities;				
• research and development activities related to line extensions/new indications for our existing products; and				
• submission of the defibrotide NDA				
3. Achieve adjusted net income attributable to Jazz Pharmaceuticals plc* of \$601 million ⁽¹⁾	20%	Below target: Adjusted net income of \$600 million ⁽⁷⁾	99%	19.8%
Total				64.5%

⁽¹⁾ If a specified minimum annual performance level was met (95% of target for the total revenue objective and the adjusted net income objective), then a scaled performance multiplier (ranging from 50% to 150% for the total revenue objective and 50% to 200% for the adjusted net income objective) was determined and used to calculate the applicable bonus pool funding percentage attributable to such quantitative objective. The performance multiplier

Executive Compensation (continued)

would be zero if performance was below the minimum level, 50% if performance was at the minimum level, and then scaled for performance between 51% and the applicable maximum level. The performance multiplier was capped for performance above the specified maximum performance level (105% of target for the total revenue objective and 110% of target for the adjusted net income objective).

- (2) To calculate the performance multiplier, the reported revenue of \$1,324.8 million was increased by \$10 million to adjust for the impact of foreign currency exchange rates that were less favorable than the budgeted rates.
- (3) The percentages in this column represent, for each quantitative objective, the weight of the quantitative objective multiplied by the performance multiplier that corresponds to the actual achievement of such quantitative objective.
- (4) With respect to the Xyrem bottle growth add-on goal, the minimum add-on performance level was set at 9% annual bottle volume growth, which would have resulted in a 50% performance multiplier. The performance multiplier increased to a maximum of 100% at 10.5% annual bottle volume growth or above. Actual achievement for 2015 was 6% bottle volume growth.
- (5) With respect to the Defitelio European net sales add-on goal, the performance levels were set at achievement above budgeted European net sales of \$78.3 million based on budgeted foreign currency exchange rates. The minimum annual performance level was set at \$86.1 million, which represented 10% above the budgeted net sales number and which would have resulted in a 50% performance multiplier. The performance multiplier would have increased to a maximum of 100% at achievement of Defitelio European net sales of \$94.0 million, which represented 20% above the budgeted net sales number. The minimum annual performance level was not reached.
- (6) With respect to the quantitative objective of advancing our product candidate portfolio, the compensation committee determined that the actual achievement by the company was 80%, resulting in a performance multiplier of 80%, and therefore a 16% bonus pool funding percentage, based on achievement with respect to the sub goals as described below:

Sub Goals	Objectives and Results
JZP-110 Clinical Activities	This sub goal related both to the initiation of a Phase 3 clinical program for JZP-110 and an enrollment target for year-end. All Phase 3 studies of JZP-110 were initiated on schedule; however, patient enrollment at the end of the year was below the identified target.
Research and Development Activities Related to Line Extensions/New Indications for Our Existing Products	This sub goal required us to advance certain research and development activities related to line extensions and/or new indications for our Xyrem, Erwinaze and defibrotide products, including an enrollment goal in our Phase 3 clinical trial of Xyrem to assess the safety and efficacy of Xyrem in children and adolescents aged seven to 17 who have narcolepsy with cataplexy. While we made advances in our sodium oxybate life cycle management strategy, exceeded our 50% enrollment goal in our Phase 3 clinical trial of Xyrem and identified new potential indications for defibrotide, we did not meet certain other goals with respect to Erwinaze line extensions.
Submission of the Defibrotide NDA	This sub goal targeted completion of the submission of our NDA to the FDA in the second quarter of 2015, with acceptance for filing by the FDA in the third quarter of 2015. The submission was actually completed in July 2015; the FDA accepted our NDA for filing in the third quarter of 2015.

- (7) The dollar figures for our Actual Results in this row represent adjusted net income attributable to Jazz Pharmaceuticals plc for the year ended December 31, 2015. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" in the 2015 10-K.
- * Adjusted net income attributable to Jazz Pharmaceuticals plc, as used in this proxy statement, is a non-GAAP financial measure that excludes certain items from GAAP net income attributable to Jazz Pharmaceuticals plc. For more information on our presentation and calculation of non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc, and a reconciliation of non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc to GAAP net income attributable to Jazz Pharmaceuticals plc, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" in the 2015 10-K.

Qualitative Objectives

The qualitative corporate objectives approved by the board of directors fell into two equally weighted categories: progress in corporate development activities and a demonstrated commitment to and progress on certain organizational enhancements. Achievement of the qualitative objectives is inherently less precisely measurable than with respect to the quantitative objectives.

The objective relating to progress in corporate development activities included an enhanced focus on corporate strategy, corporate development planning activities and readiness to execute on any pursued corporate transactions during 2015 that would meaningfully diversify our business and impact revenues over time. The multiplier applied to the corporate development objective ranged from 0% to 200%, based on the compensation committee's determination of the extent to which the corporate development objective was achieved during the year. In evaluating the corporate development objective, the compensation committee determined the following accomplishments were relevant: (i) our identification and evaluation of several potential corporate development transactions during 2015, including our readiness and related efforts to vigorously pursue certain opportunities; (ii) completion of an internal long-term strategy

Executive Compensation (continued)

project to focus our corporate development activities; (iii) completion of the sale of certain products and the related business that we acquired as part of the EUSA Acquisition; and (iv) the refinancing of our existing term loans and revolving credit facility to increase borrowing capacity, to reduce the interest rate on our term loan and revolving credit facility borrowings and to provide for a longer maturity. As a result, the compensation committee determined that overall achievement resulted in a multiplier of 60%, and therefore a 9% bonus pool funding percentage for the 2015 corporate development objective.

There were three sub goals associated with the organizational enhancements objective. Because they are not quantifiable, they were not assigned individual weightings. The multiplier applied to the organizational corporate objective ranged from 0% to 200%, based on the compensation committee's determination of the extent to which the aggregate organizational corporate objective, including sub goals, was achieved during the year. The organizational corporate objective sub goals were:

- continuing to make meaningful progress on our corporate culture with shared values, global infrastructure and processes;
- aligning employee accountability and strong performance with a company commitment to employee development; and
- continuing our strong commitment to compliance and quality.

In evaluating the organizational corporate objective, the compensation committee determined the following accomplishments were relevant: (i) the restructuring of our European and rest of world operations and the related completion of the integration of those operations within our global infrastructure; (ii) our successful execution of projects for improving operations of the drug safety and quality departments; (iii) favorable outcomes with respect to FDA and other regulatory agency audits of certain of our facilities; and (iv) an increased focus on employee development and performance management. After balancing the performance with respect to all of the organizational corporate objective sub goals, the compensation committee determined that overall achievement resulted in a multiplier of 85%, and therefore a 12.8% bonus pool funding percentage for the 2015 organizational corporate objective.

The compensation committee did not set specific objectives for individual executive officers. Each of the executive officers is responsible for meeting the corporate objectives, and each objective was deemed important in determining the level of the company's performance during the year.

The compensation committee (with approval from the board of directors with regard to Mr. Cozadd) determined that the company's overall 2015 bonus percentage of 86.3% was applicable to Mr. Cozadd, because, as Chief Executive Officer, Mr. Cozadd is responsible for the company meeting all of its objectives. Similarly, because all other named executive officers' functions contributed significantly to the achievement of our corporate objectives, each of their performance cash bonus award payments reflected 86.3% of their target bonus payouts, modestly adjusted for rounding.

In February 2016, the compensation committee and, with respect to Mr. Cozadd, the board of directors, approved the following performance cash bonus award payments for 2015 under the performance bonus plan: Mr. Cozadd, \$750,500; Mr. Young, \$225,000; Mr. Cox, \$255,000; Ms. Hooper, \$240,000; and Dr. Smith, \$130,000. Dr. Smith's bonus was based on a partial year of earnings due to her commencement of employment in April 2015. In addition, after reviewing the market data provided by Radford and considering our growth and position relative to our 2016 peer group, the compensation committee determined that there would be no change to the 2016 target performance bonuses for the named executive officers for 2016, and approved 2016 target performance bonuses for our executive officers who are executive vice presidents of 55%, and for those who are senior vice presidents and members of our executive committee of 45%, in each case, of each officer's base salary earned during 2016. The board of directors made no change to the 2016 target performance bonus for Mr. Cozadd and approved a target performance bonus of 100% of his base salary earned during 2016.

Stock Option and RSU Awards

In February 2015, the compensation committee and, with respect to Mr. Cozadd, the board of directors, approved annual equity grants under our 2011 Plan to the named executive officers. The compensation committee and the board of directors determined that the value of equity grants should continue to generally be structured so that 50% of the potential value was delivered in the form of stock options and 50% of the potential value was delivered in the form of RSUs, resulting in an approximately 2.6 to 1 ratio of stock option grants to RSUs, to control dilution and to reflect the increased value of receiving shares at full value without the payment of an exercise price. The 50/50 value split (based on an approximation of grant date fair value) is consistent with our historical practices and was determined taking into consideration peer practices and market data. Mr. Cozadd was awarded 72,500 options and 27,800 RSUs. Each of Mr. Young, Mr. Cox and Ms. Hooper was awarded 20,000 options and 7,675 RSUs.

Executive Compensation (continued)

These equity grants vest over four years, with 25% of the shares subject to the option awards vesting on the one-year anniversary of the grant date and the remainder vesting in equal monthly installments thereafter over the remaining 36 months, and 25% of the RSUs vesting annually on the first through fourth anniversaries of the grant date.

In connection with her commencement of employment in April 2015, the compensation committee approved an award of 17,780 options and 7,105 RSUs to Dr. Smith. Dr. Smith's options and RSUs vest under the same four-year schedule described above, except that, pursuant to Dr. Smith's offer letter, 275 shares subject to the RSU grant (approximately \$50,000 in value, based on the stock price on the date of grant) vest on the one-year anniversary of Dr. Smith's commencement of employment, which the compensation committee determined was necessary as an adjunct to her cash sign-on bonus in order to attract and incentivize Dr. Smith to commence employment with us.

The compensation committee and, with respect to Mr. Cozadd, the board of directors, determined the number of stock options and RSUs to be granted to each executive officer by reference to the value of the award (based on an approximation of grant date fair value) and internal equity among the executive officer group. The compensation committee also considered the size of each executive officer's awards in the context of total direct compensation for each executive's comparable role at our peer companies to ensure our practices were meeting the company's retention objectives. The 2015 equity awards for Mr. Cozadd were awarded at approximately between the 60th and 75th percentiles of the market data for his position. The 2015 equity awards for Mr. Cox were awarded at the 60th percentile of the market data for his position. The 2015 equity awards for Mr. Young and Ms. Hooper were awarded at approximately the 75th percentile of the market data for each of their respective positions. Dr. Smith's 2015 new hire equity grant was targeted at approximately the 50th percentile of market data for her position taking into consideration the premium typically offered to new hires to induce them to leave their prior positions. The compensation committee and the board of directors determined these awards were appropriate to encourage our named executive officers to contribute to the company's long-term performance and, with respect to Dr. Smith's new hire grants described above, to also incentivize her to join our company. Mr. Cozadd, Mr. Young and Ms. Hooper's grants were at the high end of the market data, which the compensation committee determined was appropriate based on our position relative to our peer group, market trends and the compensation committee's emphasis on long-term incentives that align our executive officers' compensation with the interests of our shareholders and allow for above-market rewards for exceptional corporate performance.

The compensation committee believes that equity award grants to the named executive officers in 2015 were consistent with providing each continuing named executive officer with an ongoing equity position in the company that is competitive with similarly situated executive officers at companies included in the market data, fosters an ownership culture focused on the company's long-term performance and appropriately encourages and rewards exceptional individual achievement. Our share ownership guidelines for the named executive officers, certain other executive officers and non-employee directors were adopted to further support this ownership culture and better align the interests of these executive officers and non-employee directors with those of our shareholders. A description of this policy is included above under the heading "*Compensation Discussion and Analysis—Executive Compensation Program—Ownership Guidelines for Directors and Executive Officers.*"

The compensation committee and the board of directors determined to maintain the same general structure for our equity program in 2016, applying the same reasoning as described above. As a result, the value of the annual equity grants in February 2016 was delivered 50% in stock options and 50% in RSUs, using a ratio of stock option grants to RSUs of 2.5 to 1. In February 2016, the compensation committee and, with respect to Mr. Cozadd's RSU awards, the board of directors, approved annual equity grants under our 2011 Plan to the continuing named executive officers in the following amounts. Mr. Cozadd was awarded 77,500 options and 31,000 RSUs. Each of Mr. Young, Mr. Cox and Ms. Hooper was awarded 22,500 options and 9,000 RSUs. Dr. Smith was awarded 15,000 options and 6,000 RSUs. These equity grants vest over four years, with 25% of the shares subject to the option awards vesting on the one-year anniversary of the grant date and the remainder vesting in equal monthly installments thereafter over the remaining 36 months, and 25% of the RSUs vesting on the first through fourth anniversaries of the grant date. The 2016 annual equity grants to the named executive officers reflect the compensation committee's review of market data for annual grants to executive officers in similar positions, based on industry and responsibility level.

Offer Letter with Dr. Smith

In connection with her commencement of employment with us in April 2015, in March 2015 we extended an offer letter to Dr. Smith, which was amended and restated in July 2015. The offer letter provides for Dr. Smith's initial base salary and performance bonus opportunity, a hiring bonus of \$100,000, and relocation assistance in the form of a bonus of \$190,000. Additionally, the offer letter provides for equity awards in the form of stock options and RSUs in an amount to deliver value of approximately \$2.5 million based on our stock price on the date of grant, vesting according to our standard four-year vesting schedules described above, as well as a smaller RSU in an amount to

Executive Compensation (continued)

deliver value of approximately \$50,000 based on our stock price on the date of grant, vesting one year from commencement of employment. The options and RSU grant described in Dr. Smith's offer letter were granted to her in May 2015 and are described above under the heading "*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Stock Option and RSU Awards.*"

Change in Control Plan

Our change in control plan provides that if an executive's employment terminates under certain circumstances in connection with a change in control, the executive will be eligible to receive certain severance benefits, including cash benefits based on the executive's base salary and annual bonus, COBRA premiums and equity award acceleration. The terms of the change in control plan are described below under the heading "*Potential Payments upon Termination or Change in Control—Amended and Restated Executive Change in Control and Severance Benefit Plan.*" Our compensation committee periodically reviews the terms of our change in control plan against market data to ensure that the benefits we offer remain appropriate. In early 2016, the compensation committee reviewed the benefits offered under the change in control plan and determined that the general "double-trigger" structure and benefits remained appropriate. While the levels and amounts of benefits remain the same, the compensation committee approved the following modifications and clarifications to the plan:

- an executive's termination due to death or disability will be considered an involuntary termination without cause entitling the executive to receive severance benefits if such termination occurs within the twelve months following a change in control transaction;
- cash severance payments are calculated based on an executive's salary and bonus at the time of termination or, immediately prior to the change in control, if higher;
- certain modifications to the definitions of cause, change in control and good reason (specifically, "cause" was revised to clarify and broaden the actions taken by the executive which could constitute "cause" for termination; "change in control" was revised to lower the threshold regarding an accumulation of ownership by a single shareholder or group that would constitute a change in control from 50% to 30%, to reflect Irish takeover methods and add a change in the majority of the incumbent board of directors as a change in control; "good reason" was modified to provide that the reduction in base salary by more than 10% would constitute good reason even if the reduction was part of a company-wide or executive-wide salary reduction, that such reduction could take place in a series of one or more smaller reductions that totaled 10%, and to include the baseline rate for comparison for measuring such reduction; and clarifications were made to ensure that, after a change in control, an executive who retains the same position but with substantially reduced authorities, duties or responsibility will have grounds to resign for good reason);
- certain other clarifications, including regarding eligibility for employees of our U.S. affiliates and timing for equity acceleration; and
- updates in accordance with U.S. and Irish law.

The modifications to the change in control plan were intended as refinements aimed to provide greater clarity, reflect market practice and improvements for both the executives and our company and updates in applicable law since the plan was originally adopted in 2007. Only our executive officers who are employees of our U.S. affiliates are eligible to participate in the change in control plan, which includes all of our named executive officers. Certain executive officers who are not employed by our U.S. affiliates receive comparable change in control benefits pursuant to their employment agreements. The compensation committee believes that the change in control benefits we provide are representative of market practice, both in terms of design and cost, and are sufficient to retain our current executive team and to recruit talented executive officers in the future.

Accounting and Tax Considerations

Under Financial Accounting Standard Board ASC Topic 718, or ASC 718, the company is required to estimate and record an expense for each award of equity compensation (including stock options and RSUs) over the vesting period of the award. We record share-based compensation expense on an ongoing basis according to ASC 718. The compensation committee has considered, and may in the future consider, the grant of performance-based or other types of stock awards to executive officers in lieu of or in addition to stock option and time-based RSU grants in light of the accounting impact of ASC 718 and other considerations.

Section 162(m) of the Code limits companies to a deduction for federal income tax purposes of not more than \$1 million of compensation paid to certain executive officers in a calendar year. Compensation above \$1 million may be deducted if it is "performance-based compensation," as defined in the Code and accompanying regulations. To maintain flexibility in compensating executive officers in a manner designed to promote the company's goals, the compensation committee has considered and determined not establish a policy at

Executive Compensation (continued)

this time for determining which forms of incentive compensation awarded to executive officers shall be designed to qualify as “performance-based compensation” for purposes of section 162(m) or requiring all compensation to be deductible. The compensation committee intends to continue to evaluate the effects of the compensation limits of section 162(m) on any compensation it proposes to grant, and the compensation committee intends to continue to provide future compensation in a manner consistent with the best interests of the company and its shareholders.

Risk Assessment Concerning Compensation Practices and Policies

The compensation committee annually reviews the company’s compensation policies and practices to assess whether they encourage employees to take inappropriate risks. After reviewing each of the company’s compensation plans, and the checks and balances built into, and oversight of, each plan, in February 2016 the compensation committee determined that any risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on our company as a whole. In addition, the compensation committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks and, as described in this “*Compensation Discussion and Analysis*,” significant compensation decisions, and decisions concerning the compensation of the company’s executive officers, include subjective considerations by the compensation committee or the board of directors, which restrain the influence of formulae or objective factors on excessive risk taking. Finally, the mix of short-term compensation (in the form of salary and annual bonus, if any), and long-term compensation (in the form of stock options and RSUs) also prevents undue focus on short-term results and helps align the interests of the company’s executive officers with the interests of our shareholders.

Conclusion

It is the opinion of the compensation committee that the compensation policies and elements described above provide the necessary incentives to properly align our executive officers’ performance with the interests of our shareholders while maintaining equitable and competitive executive compensation practices that enable us to attract and retain the highest caliber of executive officers.

Summary of Compensation

The following table sets forth certain summary information for the years indicated with respect to the compensation earned by the named executive officers during fiscal years 2015, 2014 and 2013, as applicable.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Incentive Plan Compensation \$(5)	All Other Compensation \$(6)	Total (\$)
Bruce C. Cozadd Chairman and Chief Executive Officer	2015	869,616	—	4,870,279	4,182,445	750,500	4,622	10,677,462
	2014	830,000	—	5,498,457	4,194,452	1,020,900	11,692	11,555,501
	2013	771,154	—	2,956,500	3,478,750	1,056,500	3,622	8,266,526
Matthew P. Young (7) Executive Vice President and Chief Financial Officer	2015	465,769	—	1,344,582	1,153,778	225,000	3,710	3,192,839
	2014	402,904	—	1,563,726	1,185,144	250,000	3,620	3,405,394
Russell J. Cox Executive Vice President and Chief Operating Officer	2015	546,154	—	1,344,582	1,153,778	255,000	4,622	3,304,136
	2014	493,462	—	2,681,998	1,991,469	320,000	11,759	5,498,688
	2013	419,616	—	813,038	765,325	380,000	3,622	2,381,601
Suzanne Sawochka Hooper Executive Vice President and General Counsel	2015	497,692	—	1,344,582	1,153,778	240,000	4,622	3,240,674
	2014	483,462	—	1,666,199	1,271,046	320,000	3,710	3,744,417
	2013	473,462	62,500	946,080	890,560	430,000	2,689	2,805,291
Karen Smith, M.D., Ph.D. (8) Global Head of Research and Development and Chief Medical Officer	2015	337,981	290,000	1,254,103	1,034,350	130,000	67,492	3,113,926

(1) The dollar amounts in this column represent base salary earned during the indicated fiscal year. For more information on salaries in 2015, see “*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Base Salary*” above.

(2) The dollar amounts in this column represent, in the case of Dr. Smith, a cash signing bonus of \$100,000 and a relocation bonus of \$190,000 paid in 2015, and in the case of Ms. Hooper, a retention bonus paid in 2013. See “*Description of Compensation Arrangements—Executive Employment Agreements*” below.

Executive Compensation (continued)

- (3) The dollar amounts in this column reflect the aggregate grant date fair value of all RSU awards granted during the indicated fiscal year computed in accordance with ASC 718. The grant date fair value of each RSU award is measured based on the closing price of our ordinary shares on the date of grant. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the named executive officers.
- (4) The dollar amounts in this column reflect the aggregate grant date fair value of all stock option awards granted during the indicated fiscal year. These amounts have been calculated in accordance with ASC 718, using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in the notes to our audited consolidated financial statements included in the 2015 10-K. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the named executive officers.
- (5) The dollar amounts in this column represent the cash bonus awarded under the performance bonus plan for the indicated fiscal year. For more information on the cash bonus awards for 2015, see “*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Performance Bonus Awards*” above.
- (6) The dollar amounts in this column for 2015 include group term life insurance premiums paid and matching contributions under the 401(k) Plan of up to \$2,000. Also included in this column for Dr. Smith for 2015 are relocation costs and expenses of \$64,343.
- (7) Mr. Young joined us in April 2013 and first became an executive officer in March 2014 when he was appointed as our Chief Financial Officer.
- (8) Dr. Smith joined us as our Global Head of Research and Development and Chief Medical Officer in April 2015.

Grants of Plan-Based Awards

The following table shows, for the fiscal year ended December 31, 2015, certain information regarding grants of plan-based awards to the named executive officers.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2015

Name	Award Type	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Target \$(1)	All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards (\$/Sh)(3)	Grant Date Fair Value of Stock and Option Awards \$(4)
Bruce C. Cozadd	Annual Cash	—	—	869,616				
	Annual Option	2/26/2015	2/12/2015			72,500	175.19	4,182,445
	Annual RSU	2/26/2015	2/12/2015		27,800			4,870,279
Matthew P. Young	Annual Cash	—	—	256,173				
	Annual Option	2/26/2015	2/11/2015			20,000	175.19	1,153,778
	Annual RSU	2/26/2015	2/11/2015		7,675			1,344,582
Russell J. Cox	Annual Cash	—	—	300,385				
	Annual Option	2/26/2015	2/11/2015			20,000	175.19	1,153,778
	Annual RSU	2/26/2015	2/11/2015		7,675			1,344,582
Suzanne Sawochka Hooper	Annual Cash	—	—	273,731				
	Annual Option	2/26/2015	2/11/2015			20,000	175.19	1,153,778
	Annual RSU	2/26/2015	2/11/2015		7,675			1,344,582
Karen Smith, M.D., Ph.D.	Annual Cash	—	—	152,091				
	Initial Option	5/11/2015	4/3/2015			17,780	176.51	1,034,350
	Initial RSU	5/11/2015	4/3/2015		275			48,540
	Initial RSU	5/11/2015	4/3/2015		6,830			1,205,563

- (1) This column sets forth the target bonus amount for each named executive officer for the year ended December 31, 2015 under the performance bonus plan. There are no thresholds or maximum bonus amounts for each individual officer established under the performance bonus plan. Target bonuses were set as a percentage of each named executive officer's base salary earned for the fiscal year ended December 31, 2015 and were 100% for Mr. Cozadd, 55% for each of Messrs. Young and Cox and Ms. Hooper and 45% for Dr. Smith. The dollar value of the actual bonus award earned for the year ended December 31, 2015 for each named executive officer is set forth in the Summary Compensation Table above. As such, the amounts set forth in this column do not represent either additional or actual compensation earned by the named executive officers for the year ended December 31, 2015. For a description of the performance bonus plan, see “*Compensation Discussion and Analysis—Executive Compensation Program—Performance Bonus Plan*” and “*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Performance Bonus Awards*” above.

Executive Compensation (continued)

- (2) Annual and initial stock options and RSU awards were granted under the 2011 Plan. Each of the annual stock option awards listed in the table above vested as to 25% of the ordinary shares underlying the stock options upon the one year anniversary of the grant date and vest as to the remainder of the shares in 36 equal monthly installments thereafter. Dr. Smith's initial stock option award listed in the table above vested as to 25% of the ordinary shares underlying the stock options upon the one year anniversary of her employment start date, or April 13, 2016, and the remainder vests monthly in 36 equal installments from May 13, 2016 to April 13, 2019. Each of the annual RSU awards vest in four equal annual installments on the anniversary of the grant date. Dr. Smith received two initial RSU grants of 275 and 6,830 shares, respectively, the first of which vested in full on April 13, 2016 and the second of which vests in four equal installments on the anniversary of the grant date. As a general matter, the vested portion of stock options granted to the named executive officers will expire three months after each named executive officer's last day of service, subject to extension upon certain termination situations, such as death or disability, and RSUs will cease vesting upon each named executive officer's last day of service. Stock option and RSU awards are subject to potential vesting acceleration as described below under the headings "*Description of Compensation Arrangements—Equity Compensation Arrangements—2011 Equity Incentive Plan*" and "*Potential Payments upon Termination or Change in Control—Amended and Restated Executive Change in Control and Severance Benefit Plan*" below. See also "*Description of Compensation Arrangements—Equity Compensation Arrangements—2011 Equity Incentive Plan*" below for a general description of the material terms of the 2011 Plan.
- (3) Stock options were granted with an exercise price equal to 100% of the fair market value on the date of grant which was \$175.19 per share for the February 26, 2015 annual grants and \$176.51 for Dr. Smith's May 11, 2015 initial new hire grant.
- (4) The dollar amounts in this column represent the grant date fair value of each stock option and RSU award, as applicable, granted to the named executive officers in 2015. These amounts have been calculated in accordance with ASC 718. The grant date fair value of each stock option is calculated using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in the notes to our audited consolidated financial statements included in the 2015 10-K. The grant date fair value of each RSU award is measured based on the closing price of our ordinary shares on the date of grant.

Description of Compensation Arrangements***Executive Employment Agreements***

We do not have employment agreements currently in effect with any of our named executive officers. Like other employees, executive officers are eligible for annual salary increases, participation in the performance bonus plan and discretionary equity grants. We have employment agreements in effect with certain employees based outside of the United States.

From time to time, we have provided an offer letter in connection with the commencement of employment of an executive officer based in the United States, which describes such executive officer's initial terms of employment. For example, in March 2015, we provided an offer letter to Dr. Smith, which was amended and restated in July 2015, that included her initial base salary, a hiring bonus of \$100,000 payable in connection with commencement of employment and a relocation bonus of \$190,000. In April 2013, we provided an offer letter to Mr. Young that included his initial base salary and a hiring bonus of \$50,000, payable in connection with commencement of employment. In January 2012, we provided an offer letter to Ms. Hooper that included an initial base salary, a hiring bonus of \$125,000 payable in connection with the commencement of employment and a retention bonus of \$125,000, with \$62,500 being paid on each of the six and twelve months following her commencement of employment. The employment of each of Ms. Hooper, Dr. Smith and Mr. Young, as is the case for all of our employees based in the United States, is at-will and not governed by the terms of their respective offer letters.

Amended and Restated Executive Change in Control and Severance Benefit Plan

Each of the named executive officers is a participant in the change in control plan, a description of which is included below under the heading "*Potential Payments upon Termination or Change in Control—Amended and Restated Executive Change in Control and Severance Benefit Plan*."

Equity Compensation Arrangements

Since the Azur Merger, we have granted stock options and RSU awards to employees, including the named executive officers, under the 2011 Plan. From the initial public offering of Jazz Pharmaceuticals, Inc. until the Azur Merger, we granted stock options to our employees, including some of the named executive officers, under the 2007 Plan. For more information on our current equity compensation program and decisions regarding the grants of equity awards in 2015 for our named executive officers, see "*Compensation Discussion and Analysis—Executive Compensation Program—Long-Term Equity Awards*" and "*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Stock Option and RSU Awards*." The following is a brief summary of the material terms of each of our equity compensation plans.

Executive Compensation (continued)*2011 Equity Incentive Plan*

The following is a brief summary of the material terms of the 2011 Plan.

Administration. The board of directors has delegated its authority to administer the 2011 Plan to the compensation committee. Subject to the terms of the 2011 Plan, the board of directors or a committee authorized by the board determines recipients, dates of grant, the numbers and types of stock awards to be granted, and the terms and conditions of the stock awards, including the period of their exercisability and vesting. The compensation committee has the authority to delegate its administrative powers under the 2011 Plan to a subcommittee consisting of members of the compensation committee and may, at any time, revert in itself some or all of the power previously delegated to the subcommittee. Our board of directors may also delegate to one or more of our officers the authority to designate employees who are not officers to be recipients of certain stock awards and the number of shares subject to such stock awards, provided that our board of directors must specify the total number of shares that may be subject to the stock awards granted by such officer(s) and such officer(s) may not grant a stock award to himself or herself.

Types of Awards. The 2011 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, RSU awards, other stock awards, and performance awards that may be settled in cash, shares, or other property, which may be granted to employees, including officers.

Corporate Transactions. In the event of certain significant corporate transactions (as defined in the 2011 Plan and described below), our board of directors will have the discretion to take one or more of the following actions with respect to outstanding stock awards (contingent upon the closing or completion of such corporate transaction), unless otherwise provided in the stock award agreement or other written agreement with the participant or unless otherwise provided by our board of directors at the time of grant:

- arrange for assumption, continuation, or substitution of a stock award by a surviving or acquiring corporation (or its parent company);
- arrange for the assignment of any reacquisition or repurchase rights applicable to any shares issued pursuant to a stock award to the surviving or acquiring corporation (or its parent company);
- accelerate the vesting, in whole or in part, and exercisability of a stock award and provide for its termination if it is not exercised at or prior to the corporate transaction;
- arrange for the lapse of any reacquisition or repurchase rights applicable to any shares issued pursuant to a stock award;
- cancel or arrange for the cancellation of a stock award, to the extent not vested or exercised prior to the effective time of the corporate transaction, in exchange for such cash consideration, if any, as the board of directors may consider appropriate; or
- make a payment equal to the excess, if any, of (a) the value of the property that the participant would have received upon the exercise of the stock award over (b) any exercise price payable in connection with such exercise.

Our board of directors need not take the same action for each stock award or with regard to all participants.

For purposes of the 2011 Plan, a “corporate transaction” generally means (i) a sale or disposition of all or substantially all of our assets or a sale or disposition of at least 90% of our outstanding securities; (ii) a merger, consolidation or similar transaction after which we are not the surviving corporation; or (iii) a merger, consolidation or similar transaction after which we are the surviving corporation but our ordinary shares are converted into other property.

Change in Control. The board of directors has the discretion to provide additional acceleration of vesting and exercisability upon or after a change in control (as defined in the 2011 Plan and described below) as may be provided in a stock award agreement or any other written agreement between us or any of our affiliates and a participant. The forms of stock option agreement and RSU award agreement adopted by the board of directors under the 2011 Plan provide that in the event a participant’s service relationship with us or a successor entity is terminated due to an involuntary termination without cause (as defined in the stock award agreement and as described below) within 12 months following, or one month prior to, the effective date of a change in control, the vesting (and in the case of stock options, exercisability) of the stock award will accelerate in full.

For purposes of the 2011 Plan and the forms of stock option agreement and RSU award agreement issued thereunder, a “change in control” generally means (i) a person or group acquires ownership of more than 50% of the combined voting power of our outstanding securities (other than in connection with a financing or a repurchase program); (ii) a merger, consolidation or similar transaction involving our company, after which our shareholders do not own more than 50% of the combined voting power of the surviving entity or its parent in substantially the same proportion as their ownership of our outstanding voting securities immediately before the transaction; (iii) our

Executive Compensation (continued)

shareholders or our board of directors approves a complete dissolution or liquidation of our company, or a complete dissolution or liquidation of our company otherwise occurs (except for a liquidation into a parent company); (iv) a sale, lease, license or other disposition of substantially all of our assets; or (v) individuals who are members of our board of directors on the date of adoption of the 2011 Plan (or members of our board of directors approved or recommended by a majority vote of such members still in office) cease to constitute a majority of our board of directors.

An “involuntary termination without cause” generally means that a participant’s service relationship with us is terminated for any reason other than for the following reasons (and not upon a participant’s death or disability): (i) participant’s commission of any felony or crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof (with respect to Irish participants, the participant’s conviction for any criminal offense (other than an offense under any road traffic legislation in Ireland, the United Kingdom, or U.K., or elsewhere for which a fine or non-custodial penalty is imposed) or any offense under any regulation or legislation relating to insider dealing, fraud or dishonesty); (ii) participant’s attempted commission of or participation in a fraud or act of dishonesty against us; (iii) participant’s intentional, material violation of any contract or agreement with us or of any statutory duty owed to us; (iv) participant’s unauthorized use or disclosure of our confidential information or trade secrets; or (v) participant’s gross misconduct.

2007 Equity Incentive Plan

The following is a brief summary of the material terms of the 2007 Plan.

Administration. The board of directors has delegated its authority to administer the 2007 Plan to the compensation committee. Subject to the terms of the 2007 Plan, the board of directors or a committee authorized by the board determines recipients, dates of grant, the numbers and types of stock awards to be granted, and the terms and conditions of the stock awards, including the period of their exercisability and vesting.

Types of Awards. The 2007 Plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, RSU awards, stock appreciation rights, performance stock awards and other forms of equity compensation, which may be granted to employees, including officers, non-employee directors, and consultants. Incentive stock options may be granted only to employees, including executive officers.

Corporate Transactions. Pursuant to the 2007 Plan, in the event of a corporate transaction (as defined in the 2007 Plan and described below), the board of directors will have the discretion to take one or more of the following actions with respect to outstanding stock awards (contingent upon the closing or completion of such corporate transaction), unless otherwise provided in the stock award agreement or other written agreement with the participant or unless otherwise provided by our board of directors at the time of grant:

- arrange for assumption, continuation, or substitution of a stock award by a surviving or acquiring corporation (or its parent company);
- arrange for the assignment of any reacquisition or repurchase rights applicable to any shares issued pursuant to a stock award to the surviving or acquiring corporation (or its parent company);
- accelerate the vesting and exercisability of a stock award and provide for its termination if it is not exercised at or prior to the corporate transaction;
- arrange for the lapse of any reacquisition or repurchase rights applicable to any shares issued pursuant to a stock award;
- cancel or arrange for the cancellation of a stock award, to the extent not vested or exercised prior to the effective time of the corporate transaction, in exchange for such cash consideration as the board of directors may consider appropriate; or
- make a payment equal to the excess, if any, of (a) the value of the property that the participant would have received upon the exercise of the stock award over (b) any exercise price payable in connection with such exercise.

The board of directors need not take the same action for each stock award. For purposes of the 2007 Plan, a “corporate transaction” generally means (i) a sale or disposition of all of our assets or a sale or disposition of at least 90% of our outstanding securities; (ii) a merger, consolidation or similar transaction after which we are not the surviving corporation; or (iii) a merger, consolidation or similar transaction after which we are the surviving corporation but our ordinary shares are converted into other property.

Change in Control. The board of directors has the discretion to provide additional acceleration of vesting and exercisability upon or after a change in control (as defined in the 2007 Plan and described below) as may be provided in a stock award agreement or any other written agreement between us or any of our affiliates and a participant. The forms of stock option agreement and RSU award agreement adopted

Executive Compensation (continued)

by the board of directors under the 2007 Plan provide that in the event a participant's service relationship with us or a successor entity is terminated due to an involuntary termination without cause (as defined in the stock award agreement and as described below) within 12 months following, or one month prior to, the effective date of a change in control, the vesting (and in the case of stock options, exercisability) of the stock award will accelerate in full. For purposes of the 2007 Plan and the forms of stock option agreement and RSU award agreement issued thereunder, a "change in control" has a similar meaning as under the 2011 Plan, as described above.

The term "involuntary termination without cause" has a similar meaning as under the 2011 Plan, as described above.

2007 Employee Stock Purchase Plan

Additional long-term equity incentives are provided through the ESPP. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of section 423 of the Code. Under the ESPP, all of our regular employees and employees of any of our parent or subsidiary companies designated by the board of directors as eligible to participate may participate and may contribute, normally through payroll deductions, up to 15% of their earnings up to a total of \$15,000 per purchase period for the purchase of our ordinary shares under the ESPP. The ESPP is currently offered to our regular employees in Ireland and in the United States, including the named executive officers. The ESPP is implemented through a series of offerings of purchase rights to eligible employees. Under the ESPP, we may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which our ordinary shares will be purchased for employees participating in the offering. Unless otherwise determined by the board of directors, ordinary shares are purchased for accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of an ordinary share on the first date of an offering or (b) 85% of the fair market value of an ordinary share on the date of purchase.

Performance Bonus Plan

We maintain a performance bonus plan to reward executive officers and other employees for successful achievement of company-wide and individual performance objectives on an annual basis. More information regarding the performance bonus plan is provided above under the headings "*Compensation Discussion and Analysis—Executive Compensation Program—Performance Bonus Plan*" and "*Compensation Discussion and Analysis—2015 Compensation Decisions for the Named Executive Officers—Performance Bonus Awards*."

401(k) Plan

Our employees based in the United States are eligible to participate in the 401(k) Plan. The 401(k) Plan is intended to qualify as a tax-qualified plan under section 401 of the Code. Employee contributions are held and invested by the plan's trustee. The 401(k) Plan provides that each participant may contribute a portion of his or her pretax compensation, up to a statutory annual limit, which was \$18,000 for employees under age 50, and \$24,000 for employees age 50 and over in 2015. The 401(k) Plan also permits us to make discretionary contributions and matching contributions, subject to established limits and a vesting schedule. In 2013, we began making discretionary matching contributions, which for 2015 was subject to an annual limit of \$2,000 per employee.

Additional Benefits

The named executive officers are eligible to participate in our benefit plans generally available to all employees, as described in "*Compensation Discussion and Analysis—Executive Compensation Program—Other Benefits*."

Pension Benefits

Other than with respect to tax-qualified defined contribution plans such as the 401(k) Plan, the named executive officers do not participate in any plan that provides for retirement payments and benefits, or payments and benefits that will be provided primarily following retirement.

Nonqualified Deferred Compensation

During the year ended December 31, 2015, the named executive officers did not contribute to, or earn any amounts with respect to, any defined contribution or other plan sponsored by us that provides for the deferral of compensation on a basis that is not tax-qualified.

Executive Compensation (continued)

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth, for the fiscal year ended December 31, 2015, certain information regarding outstanding equity awards at fiscal year-end for the named executive officers.

OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END TABLE

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options #(1) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested #(2)	Market Value of Shares or Units of Stock That Have Not Vested \$(3)
Bruce C. Cozadd ⁽⁴⁾	—	72,500 ⁽⁵⁾	175.19	2/25/2025	27,800 ⁽¹³⁾	3,907,568
	18,644	30,140 ⁽⁶⁾	166.62	2/26/2024	20,797 ⁽¹⁴⁾	2,923,226
	45,683	28,278 ⁽⁷⁾	59.13	3/4/2023	18,193 ⁽¹⁵⁾	2,557,208
	86,934	22,350 ⁽⁸⁾	46.83	8/8/2022	17,385 ⁽¹⁶⁾	2,443,636
	6,895	—	11.48	3/7/2020	—	—
Matthew P. Young	—	20,000 ⁽⁵⁾	175.19	2/25/2025	7,675 ⁽¹³⁾	1,078,798
	4,947	7,553 ⁽⁹⁾	130.23	5/11/2024	4,687 ⁽¹⁷⁾	658,805
	4,125	4,875 ⁽⁶⁾	166.62	2/26/2024	3,375 ⁽¹⁴⁾	474,390
	16,000	8,000 ⁽¹⁰⁾	58.72	5/2/2023	6,000 ⁽¹⁸⁾	843,360
Russell J. Cox	—	20,000 ⁽⁵⁾	175.19	2/25/2025	7,675 ⁽¹³⁾	1,078,798
	5,000	10,000 ⁽¹¹⁾	135.44	8/6/2024	5,625 ⁽¹⁹⁾	790,650
	9,166	10,834 ⁽⁶⁾	166.62	2/26/2024	7,500 ⁽¹⁴⁾	1,054,200
	18,906	8,594 ⁽⁷⁾	59.13	3/4/2023	6,874 ⁽¹⁵⁾	966,209
	58,333	11,667 ⁽⁸⁾	46.83	8/8/2022	8,750 ⁽¹⁶⁾	1,229,900
Suzanne Sawochka Hooper	44,200	—	8.23	8/24/2020	—	—
	—	20,000 ⁽⁵⁾	175.19	2/25/2025	7,675 ⁽¹³⁾	1,078,798
	9,166	10,834 ⁽⁶⁾	166.62	2/26/2024	7,500 ⁽¹⁴⁾	1,054,200
	22,000	10,000 ⁽⁷⁾	59.13	3/4/2023	8,000 ⁽¹⁵⁾	1,124,480
Karen Smith, M.D., Ph.D.	35,505	11,667 ⁽⁸⁾	46.83	8/8/2022	8,750 ⁽¹⁶⁾	1,229,900
	—	17,780 ⁽¹²⁾	176.51	5/10/2025	7,105 ⁽²⁰⁾	998,679

(1) In addition to the specific vesting schedule for each stock award, each unvested stock award is subject to the general terms of the 2011 Plan or 2007 Plan, as applicable, including the potential for future vesting acceleration described above under the heading “Description of Compensation Arrangements—Equity Compensation Arrangements” as well as the potential vesting acceleration under the terms of the change in control plan described below under the heading “Potential Payments upon Termination or Change in Control—Amended and Restated Executive Change in Control and Severance Benefit Plan.”

(2) Each RSU award vests in four equal annual installments on the anniversary of the grant date. Dr. Smith received two initial RSU grants of 275 and 6,830 shares, respectively, the first of which vested in full on April 13, 2016 and the second of which vests in four equal installments on the anniversary of the grant date.

(3) The market values of the RSU awards that have not vested are calculated by multiplying the number of shares underlying the RSU awards shown in the table by \$140.56, the closing price of our ordinary shares on December 31, 2015.

(4) The number of shares reported reflects the transfer in 2015 of beneficial ownership of a portion of the indicated stock option and RSU awards to Mr. Cozadd's former spouse pursuant to a domestic relations order.

(5) The unexercisable shares subject to this stock option award as of December 31, 2015 vested with respect to 25% of the shares underlying the stock option on February 26, 2016, and the remainder vest monthly from March 26, 2016 to February 26, 2019.

(6) The unexercisable shares subject to this stock option award as of December 31, 2015 vest monthly from January 27, 2016 to February 27, 2018, except with respect to 4,500 shares of Mr. Young's award which vest monthly from January 27, 2016 to December 27, 2017.

(7) The unexercisable shares subject to this stock option award as of December 31, 2015 vest monthly from January 5, 2016 to March 5, 2017.

(8) The unexercisable shares subject to this stock option award as of December 31, 2015 vest monthly from January 9, 2016 to August 9, 2016.

(9) The unexercisable shares subject to this stock option award as of December 31, 2015 vest monthly from January 12, 2016 to May 12, 2018.

(10) The unexercisable shares subject to this stock option award as of December 31, 2015 vest monthly from January 22, 2016 to April 22, 2017.

Executive Compensation (continued)

- (11) The unexercisable shares subject to this stock option award as of December 31, 2015 vest monthly from January 7, 2016 to August 7, 2018.
- (12) The unexercisable shares subject to this stock option award as of December 31, 2015 vested with respect to 25% of the shares underlying the stock option on April 13, 2016, and the remainder vest monthly from May 13, 2016 to April 13, 2019.
- (13) RSUs awarded on February 26, 2015.
- (14) RSUs awarded on February 27, 2014.
- (15) RSUs awarded on March 5, 2013.
- (16) RSUs awarded on August 9, 2012.
- (17) RSUs awarded on May 12, 2014.
- (18) RSUs awarded on May 3, 2013.
- (19) RSUs awarded on August 7, 2014.
- (20) RSUs awarded on May 11, 2015.

Option Exercises and Stock Vested

The following table provides information on RSUs vested and stock options exercised, including the number of shares acquired upon exercise and the value realized, determined as described below, for the named executive officers in the year ended December 31, 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Bruce C. Cozadd (3)	—	—	35,590	6,280,904
Matthew P. Young	—	—	5,688	1,017,066
Russell J. Cox	—	—	16,563	2,954,854
Suzanne Sawochka Hooper	15,626	1,992,560	15,250	2,712,213
Karen Smith, M.D., Ph.D.	—	—	—	—

- (1) The value realized on exercise is based on the difference between the closing price of our ordinary shares on the date of exercise and the applicable exercise price of those options, and does not represent actual amounts received by the named executive officers as a result of the option exercises.
- (2) The value realized on vesting is based on the number of shares underlying the RSUs that vested and the closing price of our ordinary shares on the vesting date.
- (3) In addition to the information provided in the table above with respect to RSUs vested and stock options exercised, beneficial ownership of RSUs covering 28,535 shares and stock options covering 165,867 shares was transferred to Mr. Cozadd's former spouse pursuant to a domestic relations order in 2015. Mr. Cozadd did not realize a specific dollar amount upon this transfer, as the transfer was made in connection with a mutually agreed allocation of and release of claims with respect to marital property.

Potential Payments upon Termination or Change in Control**Amended and Restated Executive Change in Control and Severance Benefit Plan**

The change in control plan provides that, in the event that an executive's employment terminates due to an involuntary termination without cause or a constructive termination, in each case upon or within 12 months following a change in control (as such terms are defined in the change in control plan and described generally below), and assuming all of the other conditions of the change in control plan are met, then each executive who is a participant in the change in control plan would be entitled to the following benefits under the change in control plan:

- A single lump sum cash severance payment equal to the sum of: (i) the executive's base salary in effect during the last regularly scheduled payroll period immediately preceding the termination (or before the change in control, if greater, effective as of February 2016), without, as a general matter, giving effect to any voluntary pay reduction taken by the executive during the 12 months preceding the date of termination, which is referred to as the "applicable base salary," multiplied by the applicable percentage set forth below; plus (ii) the product of (A) the applicable base salary, (B) the applicable bonus percentage described below and (C) the applicable percentage set forth below; plus (iii) the product of (A) the executive's applicable base salary, (B) the executive's applicable

Executive Compensation (continued)

bonus percentage and (C) the quotient obtained by dividing the number of full months that an executive is employed in the year of the termination by 12.

- The “applicable percentage” as of December 31, 2015 (and February 2016) was 200% for the Chief Executive Officer, Executive Chairman or President (currently only Mr. Cozadd), 150% for Senior Vice Presidents and above (which includes our named executive officers other than Mr. Cozadd) and 100% for Vice Presidents.
- The “applicable bonus percentage” is the greater of (i) any annual bonus, as a percentage of annual base salary paid in the year of determination, paid to the executive in respect of either of the last two calendar years prior to the date of termination (or before the change in control, if greater, effective as of February 2016) or (ii) the executive’s target bonus, expressed as a percentage of annual base salary, for the calendar year in which the termination occurs (or the calendar year in which the change in control occurs, if greater, effective as of February 2016).
- Full payment of all of the applicable COBRA premiums for any health, dental or vision plan sponsored by us for a period of up to (i) 24 months for the Chief Executive Officer, Executive Chairman or President, (ii) 18 months for Senior Vice Presidents and above (which includes our named executive officers other than Mr. Cozadd), and (iii) 12 months for Vice Presidents, provided that the executive timely elects continued coverage.
- Acceleration in full of the vesting and exercisability as applicable of outstanding stock options and other equity awards held by the executive officers.

The following key terms are defined in the change in control plan:

- A “change in control” generally means the consummation of any of the following events: (i) a person or group acquires ownership of more than 50% (reduced to 30%, effective as of February 2016) of our outstanding securities (other than directly from our company); (ii) a merger transaction involving us (updated as of February 2016 to also include certain compromises or arrangements sanctioned by the Irish courts, certain types of schemes, contracts or offers that have become binding on all shareholders or an offer or reverse takeover transaction under Irish laws and specified takeover bids under European regulations), after which our shareholders do not own more than 50% of the combined voting power of the surviving entity (or, as of February 2016, a person or group becomes the owner of more than 30% of the surviving entity or its parent in such transaction or a least a majority of the members of the board of directors of the ultimate parent or surviving entity following such transaction are not incumbent board members (as defined in (v) below) at the time our board of directors approves the transaction); (iii) our complete dissolution or liquidation; (iv) a sale, lease, license or other disposition of substantially all of our assets; or (v) beginning February 2016, individuals who were members of our board of directors as of February 10, 2016, or “incumbent board members,” cease to constitute at least a majority of the board of directors (provided that the appointment or election of any new member of the board of directors that is approved or recommended by a majority of the incumbent board members still in office will be considered an incumbent board member).
- An “involuntary termination without cause” generally means an executive’s employment relationship is terminated for any reason other than for the following reasons: (i) the executive’s unauthorized use or disclosure of confidential information or trade secrets which causes material harm to us; (ii) the executive’s material breach of any agreement with us (or, as of February 2016, the executive’s material violation of any statutory duty owed to us) after an opportunity to cure; (iii) the executive’s material failure to comply with our written policies or rules after an opportunity to cure; (iv) the executive’s conviction or plea of guilty or no contest to any crime involving fraud, dishonesty or moral turpitude; (v) the executive’s gross misconduct; (vi) the executive’s continued failure to perform his or her assigned duties after notification; or (vii) the executive’s failure to cooperate in good faith with any governmental or internal investigation of us or our directors, officers or employees. Effective February 2016, an “involuntary termination without cause” also includes an executive’s termination of employment due to death or disability.
- A “constructive termination” generally means an executive resigns employment after any of the following actions are taken or events occur without the executive’s written consent: (i) a reduction in executive’s base salary by more than ten percent (prior to February 2016, other than a company-wide or executive-level general reduction); (ii) a relocation of executive’s place of employment by more than 35 miles (as of February 2016, revised to be a relocation that increase the executive’s one-way commute by more than 35 miles); (iii) a substantial reduction in the executive’s duties or responsibilities that are in effect prior to a change in control (as of February 2016, revised to clarify that a reduction in duties may occur even if the executive holds the same position but the size of the employing entity or business unit has decreased significantly or ceases to be a publicly-traded corporation); (iv) a reduction in executive’s title; or (v) a substantial increase in executive’s required business travel.

Executive Compensation (continued)

We benefit by requiring our executive officers to execute an effective general waiver and release of claims in order to be eligible to receive benefits under the change in control plan. All other benefits (such as life insurance, disability coverage and 401(k) Plan eligibility) will terminate as of the executive's termination date.

The change in control plan does not provide for the gross up of any excise taxes imposed by section 4999 of the Code. If any of the severance benefits payable under the change in control plan would constitute a "parachute payment" within the meaning of section 280G of the Code, subject to the excise tax imposed by section 4999 of the Code, the change in control plan provides for a best after-tax analysis with respect to such payments, under which the executive will receive whichever of the following two alternative forms of payment would result in executive's receipt, on an after-tax basis, of the greater amount of the transaction payment notwithstanding that all or some portion of the transaction payment may be subject to the excise tax: (i) payment in full of the entire amount of the transaction payment, or (ii) payment of only a part of the transaction payment so that the executive receives the largest payment possible without the imposition of the excise tax.

No executive would receive benefits under the change in control plan if (i) the executive has entered into an individual agreement with us that provides for severance or change in control benefits; (ii) the executive voluntarily terminates employment with us to accept employment with another entity that is controlled, directly or indirectly, by us or is otherwise affiliated with us; (iii) the executive does not confirm in writing that he or she is subject to agreements with us relating to proprietary and confidential information and our code of conduct; or (iv) the executive does not return all company property. In addition, benefits would be terminated under the change in control plan if the executive willfully breaches his or her agreements with us relating to proprietary and confidential information, our code of conduct or engages in certain solicitation or business interference activities.

The structure and amount of benefits provided under the change in control plan are intended to balance our goals of attracting and retaining highly qualified individuals, providing the appropriate incentive for such individuals to perform in the best interests of our shareholders and maintaining responsible pay practices. Our compensation committee periodically reviews market data to gain a general understanding of the change in control benefits offered by our competitors and reviews the benefits offered under the change in control plan against such market data to ensure that the benefits under our change in control plan remain appropriate.

Equity Compensation Plans

The 2011 Plan and 2007 Plan and award agreements thereunder provide for potential vesting acceleration upon an executive's termination in connection with a change in control and, at the discretion of the board of directors, upon certain change in control events, as further described above under the heading "*Description of Compensation Arrangements—Equity Compensation Arrangements.*"

Potential Payments upon Termination or Change in Control Table

The following table estimates the potential severance payments and benefits under the change in control plan to which the named executive officers would be entitled in connection with specified termination events, calculated as if each named executive officer's employment had terminated as of December 31, 2015. In addition, the table sets forth the amounts to which the named executive officers would be entitled under the 2011 Plan and 2007 Plan if, upon a corporate transaction or change in control transaction, the board of directors exercised its discretion to accelerate the vesting and exercisability of stock options and the vesting of RSU awards, and such event occurred on December 31, 2015.

There are no other agreements, arrangements or plans that entitle any named executive officers to severance, perquisites or other benefits upon termination of employment or a change in control. For purposes of the table below, we have assumed that none of the potential severance benefits payable under the change in control plan would be subject to the excise tax imposed by section 4999 of the Code and therefore would not be reduced in accordance with the terms of the change in control plan.

Executive Compensation (continued)

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL
AS OF DECEMBER 31, 2015**

Name	Benefit	Involuntary Termination Without Cause or Constructive Termination in Connection with a Change of Control\$(1)	2011 Plan and 2007 Plan—Certain Corporate Transactions\$(2)
Bruce C. Cozadd	Lump Sum Cash Severance Payment	5,346,315	—
	COBRA Payments	69,330	—
	Vesting Acceleration (3)	16,229,181	16,229,181
	Benefit Total	<u>21,644,826</u>	<u>16,229,181</u>
Matthew P. Young	Lump Sum Cash Severance Payment	1,449,320	—
	COBRA Payments	53,714	—
	Vesting Acceleration (3)	3,788,093	3,788,093
	Benefit Total	<u>5,291,127</u>	<u>3,788,093</u>
Russell J. Cox	Lump Sum Cash Severance Payment	2,070,186	—
	COBRA Payments	53,714	—
	Vesting Acceleration (3)	6,964,315	6,964,315
	Benefit Total	<u>9,088,215</u>	<u>6,964,315</u>
Suzanne Sawochka Hooper	Lump Sum Cash Severance Payment	1,885,255	—
	COBRA Payments	36,447	—
	Vesting Acceleration (3)	6,395,226	6,395,226
	Benefit Total	<u>8,316,928</u>	<u>6,395,226</u>
Karen Smith, M.D., Ph.D.	Lump Sum Cash Severance Payment	1,175,625	—
	COBRA Payments	53,714	—
	Vesting Acceleration (3)	998,679	998,679
	Benefit Total	<u>2,228,018</u>	<u>998,679</u>

- (1) These benefits would be payable under the change in control plan if the involuntary termination without cause or constructive termination occurred upon or within 12 months following a change in control and assuming such termination took place on December 31, 2015. The forms of stock option and RSU agreements under the 2011 Plan and the 2007 Plan provide for the same vesting acceleration benefit as shown here under the change in control plan, therefore no separate vesting acceleration benefit is listed. Pursuant to the change in control plan, as of February 2016, an involuntary termination without cause also includes an individual's death or disability.
- (2) These benefits would be payable under the 2011 Plan and the 2007 Plan if, upon a corporate transaction event, the board of directors exercised its discretion to accelerate the vesting and exercisability of outstanding stock options and RSU awards, assuming the vesting acceleration took place on December 31, 2015. For a description of the potential vesting acceleration provisions in the 2011 Plan and the 2007 Plan, see "Description of Compensation Arrangements—Equity Compensation Arrangements" above.
- (3) The value of stock option and RSU award vesting acceleration is based on the closing price of \$140.56 per ordinary share on December 31, 2015, minus, in the case of stock options, the exercise price of the unvested stock option shares subject to acceleration.

DIRECTOR COMPENSATION

Non-Employee Director Compensation Policy

Pursuant to our non-employee director compensation policy, or director compensation policy, each non-employee director was entitled to receive the following cash compensation for board services, as applicable, for 2015:

- a \$55,000 annual retainer for service as a member of our board of directors (paid quarterly);
- a supplemental \$25,000 annual retainer for service as the Lead Independent Director (paid quarterly);
- a supplemental annual retainer for the chairs of the board committees in the following amounts: \$25,000 for the chairperson of the audit committee, \$22,500 for the chairperson of the compensation committee, \$20,000 for the chairperson of the nominating and corporate governance committee and \$22,500 for the chairperson of the transaction committee (each paid quarterly); and
- a supplemental annual retainer for each member of the following committees other than the chairs, in the following amounts: \$15,000 for service as a member of the audit committee, \$12,500 for service as a member of the compensation committee, \$10,000 for service as a member of the nominating and corporate governance committee and \$12,500 for service as a member of the transaction committee (each paid quarterly).

Our director compensation policy was originally approved by our board of directors in May 2013 and has been amended as follows: in August 2013 to, among other things, provide for cash retainers for the chairperson and members of the transaction committee; in May 2014 to provide for compensation to our Lead Independent Director and revise the number of initial and continuing equity grants; in October 2014 to provide for a gross up on any Irish tax that may be paid on company reimbursement of reasonable travel, lodging and meal expenses related to service on the board of directors; in April 2015 to revise the number of initial and continuing equity grants; and in May 2016 to increase the annual retainer for service as a member of our board of directors, increase the annual retainer for service as our Lead Independent Director and revise the number of initial and continuing RSU awards, as discussed below.

The director compensation policy currently provides for the automatic grant of equity awards to our non-employee directors over the period of their service on our board of directors. Any individual who first becomes a non-employee director is automatically granted the following: (a) an initial option to purchase 5,695 ordinary shares that vests with respect to one-third of the shares on the first anniversary of the date of such individual's election or appointment to the board of directors, and, with respect to the balance, in a series of 24 successive equal monthly installments thereafter and (b) an initial RSU award covering 2,280 ordinary shares that vests in equal annual installments over three years from the date of such individual's election or appointment to the board of directors, subject in each case to the non-employee director's continuous service through such dates. If a non-employee director does not stand for reelection at an annual general meeting of our shareholders in the year in which his or her term expires or otherwise resigns effective at an annual general meeting of our shareholders and, in either case, the non-employee director's continuous service terminates at such meeting, then effective as of the date of such meeting, any unvested portion of the initial option award will become vested and exercisable, and any unvested portion of the initial RSU award will become vested, in each case with respect to the portion of the award that would have vested through the anniversary of the award's vesting commencement date in the year of that meeting. From April 2015 until May 2016, the number of ordinary shares subject to the initial RSU award was 2,185 ordinary shares.

Under the current director compensation policy, each continuing non-employee director will automatically be granted the following continuing grants in connection with each annual general meeting: (a) a continuing option to purchase 3,415 ordinary shares that vests in a series of 12 successive equal monthly installments measured from the date of the annual general meeting of our shareholders with respect to which the option is granted and (b) a continuing RSU award covering 1,365 ordinary shares that vests in full on the first anniversary of the date of the annual general meeting of our shareholders with respect to which the RSU award is granted, subject in each case to the non-employee director's continuous service through such dates. If a director is elected or appointed as a director for the first time other than at an annual general meeting, in order to receive automatic continuing grants, the director must have first joined the board at least four calendar months before the date of the applicable annual general meeting. If a director is elected or appointed as a director for the first time at an annual general meeting, the director will not receive automatic continuing grants for such meeting. If a non-employee director does not stand for reelection at an annual general meeting of our shareholders in the year in which his or her term expires or otherwise resigns effective at an annual general meeting of our shareholders and, in either case, the non-employee director's continuous service terminates at such meeting, then effective as of the date of such meeting, any unvested portion of the continuing option award will become vested and exercisable in full and any unvested portion of a continuing RSU award will become vested in full. From April 2015 until May 2016, the number of ordinary shares subject to each continuing RSU award was 1,310 ordinary shares.

Director Compensation (continued)

The automatic initial and continuing option awards are granted under the Directors Plan, unless the board or compensation committee determines such options will be granted under the 2007 Plan, and the automatic initial and continuing RSU awards are granted under the 2007 Plan. If Proposal 10 is approved by our shareholders, the automatic initial and continuing RSU awards will be granted under the proposed Amended and Restated Directors Plan, unless the board or compensation committee determines such RSU awards will be granted under the 2007 Plan.

The grant date of these equity awards is the second trading day following the filing date of our next quarterly or annual report filed under the Exchange Act that occurs after the date the director first joined our board of directors (with respect to the automatic initial option and RSU awards) or the date of our annual general meeting (with respect to the automatic continuing option and RSU awards). The other terms and conditions applicable to equity awards made to our non-employee directors are included below under the heading “*Equity Compensation Plans*.”

In addition, our non-employee directors are reimbursed for travel and other reasonable expenses incurred in attending board or committee meetings, as are our employees who serve as directors. If any reimbursement payment is subject to tax imposed by the Irish Revenue Commissioners, each non-employee director is also entitled to a gross up payment in order to allow them to retain the full reimbursement payment.

Directors Continuing Education

In furtherance of our ongoing commitment to the continuing education of our directors, our nominating and corporate governance committee adopted a policy for the reimbursement of director continuing education in February 2013, as amended in February 2014. Under this policy, we will pay or reimburse each director for enrollment fees and reasonable expenses incurred in connection with attending and participating each year in one director continuing education program and in one healthcare industry continuing education program, each sponsored by an outside provider.

Directors Deferred Compensation Plan

In May 2007, the Jazz Pharmaceuticals, Inc. board of directors adopted the Directors Deferred Compensation Plan, which was amended and restated in August 2010. The Directors Deferred Compensation Plan, as amended and restated, is referred to in this proxy statement as the Directors Deferred Plan. We continued and assumed the Directors Deferred Plan in connection with the Azur Merger. The Directors Deferred Plan allows each non-employee director to elect to defer receipt of all or a portion of his or her annual retainer fees to a future date or dates. Amounts deferred under the Directors Deferred Plan are credited as our ordinary shares to a phantom stock account, and the number of shares credited is based on the amount of the retainer fees deferred divided by the market value of our ordinary shares on the first trading day of the first open window period following the date the retainer fees were deemed earned. On the tenth business day following the day of separation from the board of directors or the occurrence of a change in control, or as soon thereafter as practical once the non-employee director has provided the necessary information for electronic deposit of the deferred shares, each non-employee director will receive (or commence receiving, depending upon whether the director has elected to receive distributions from his phantom stock account in a lump sum or in installments over time) a distribution from his phantom stock account in our ordinary shares. The Directors Deferred Plan may be amended or terminated at any time by the board of directors. The Directors Deferred Plan in form and operation is intended to be compliant with section 409A of the Code.

Although we continue to maintain the Directors Deferred Plan, since the closing of the Azur Merger we have not permitted our non-employee directors to defer any annual retainer fees under the Directors Deferred Plan.

Ownership Guidelines for Directors and Executive Officers

In February 2013, our board of directors adopted share ownership guidelines for the company’s non-employee directors, Chief Executive Officer and certain other employees who serve on our executive committee, including the named executive officers. Under the guidelines, these individuals are expected to own a number of the company’s ordinary shares with a value equal to: three times (3x) base salary, for our Chief Executive Officer; one times (1x) base salary, for each other member of the company’s executive committee; and three times (3x) the director’s annual cash retainer, for each non-employee director. The guidelines provide that the individuals subject to the guidelines are expected to establish the minimum ownership levels within five years of the company’s adoption of the guidelines (or within five years of the date an officer or director first becomes subject to them). A description of this policy is included above under the heading “*Compensation Discussion and Analysis—Executive Compensation Program—Ownership Guidelines for Directors and Executive Officers*.”

Equity Compensation Plans

The automatic initial option awards and continuing option awards under our director compensation policy described above are granted under the Directors Plan unless otherwise determined by our board of directors.

With respect to options granted under the Directors Plan and 2007 Plan, if a non-employee director's service relationship with us or any of our affiliates, whether as a non-employee director or subsequently as our employee, director or consultant or that of any of our affiliates, ceases for any reason other than disability or death, or, with respect to options granted under the Directors Plan only, after any 12-month period following a change in control, the optionee may exercise any vested options for a period of three months following the cessation of service. If such optionee's service relationship with us, or any of our affiliates, ceases due to disability or death (or an optionee dies within a certain period following cessation of service), the optionee or a beneficiary may exercise the option for a period of 12 months in the event of disability, and 18 months in the event of death. With respect to options granted under the Directors Plan, if such optionee's service terminates within 12 months following a specified change in control transaction, the optionee may exercise any vested portion of the option for a period of 12 months following the effective date of such a transaction. The option term may be extended in the event that exercise of the option following termination of service is prohibited by applicable securities laws. In no event, however, may an option be exercised beyond the expiration of its term.

With respect to RSU awards granted under the 2007 Plan, if a non-employee director's service relationship with us or any of our affiliates, whether as a non-employee director or subsequently as our employee, director or consultant or that of any of our affiliates, ceases for any reason, any RSU awards that were unvested as of the date of such termination will be forfeited.

In the event of certain significant corporate transactions (which generally have a meaning similar to "corporate transaction" under the 2011 Plan), all outstanding options under the Directors Plan may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue or substitute for such options, then (a) with respect to any such options that are held by optionees then performing services for us or our affiliates, the vesting and exercisability of such options will be accelerated in full and such options will be terminated if not exercised prior to the effective date of the corporate transaction and (b) all other outstanding options will terminate if not exercised prior to the effective date of the corporate transaction. The board of directors may also provide that the holder of an outstanding option not assumed in the corporate transaction will surrender such option in exchange for a payment equal to the excess of (i) the value of the property that the optionee would have received upon exercise of the option, over (ii) the exercise price otherwise payable in connection with the option. In addition, the vesting and exercisability of options under the Directors Plan held by non-employee directors who are either required to resign their position in connection with a specified change in control transaction (which generally has a similar meaning as a "change in control" under the 2011 Plan) or are removed from their position in connection with such a change in control will be accelerated in full.

The treatment of outstanding options and RSU awards under the 2007 Plan in the event of certain significant corporate transactions or a specified change in control transaction is described above under the heading "*Executive Compensation—Description of Compensation Arrangements—Equity Compensation Arrangements—2007 Equity Incentive Plan.*"

2015 Equity Grants

In accordance with our director compensation policy described above, we made automatic continuing grants to each of our non-employee directors as a result of their continuing on the board of directors through our annual general meeting in July 2015, which continuing grants were comprised of an option to purchase 3,415 ordinary shares and an RSU award covering 1,310 ordinary shares. All options granted to non-employee directors during 2015 were granted under the Directors Plan and all RSU awards granted during 2015 were granted under the 2007 Plan.

Director Compensation (continued)

Director Compensation Table

The following table sets forth certain information with respect to the compensation of all of our non-employee directors for the fiscal year ended December 31, 2015.

Mr. Cozadd, our Chairman and Chief Executive Officer, is not listed in the following table because he is our employee. Mr. Cozadd's compensation is described under "Executive Compensation." Mr. Cozadd received no additional compensation for serving on our board of directors in 2015.

DIRECTOR COMPENSATION FOR FISCAL 2015

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(4)	Option Awards (\$)(3)(4)	All Other Compensation (\$)(5)	Total (\$)
Paul L. Berns	67,500	238,145	209,417	—	515,062
Patrick G. Enright	67,500	238,145	209,417	—	515,062
Peter Gray	92,500	238,145	209,417	—	540,062
Heather Ann McSharry	86,712	238,145	209,417	—	534,274
Seamus Mulligan	77,500	238,145	209,417	—	525,062
Kenneth W. O'Keefe	70,000	238,145	209,417	—	517,562
Norbert G. Riedel, Ph.D.	90,000	238,145	209,417	—	537,562
Elmar Schnee	65,000	238,145	209,417	—	512,562
Catherine A. Sohn, Pharm. D.	87,500	238,145	209,417	3,200	538,262
Rick E. Winningham	90,000	238,145	209,417	—	537,562

- (1) The dollar amounts in this column represent each non-employee director's actual annual cash retainer for board services in 2015, which is equal to the aggregate of his or her annual retainer of \$55,000 plus his or her annual retainers for service on one or more board committees, and for Mr. Winningham, for service as Lead Independent Director. Each non-employee director's total fees were earned and payable in four quarterly installments subject to the non-employee director's continuous service at the end of each quarter. Fees paid to each of Ms. McSharry and Messrs. Gray, Mulligan and Schnee were paid in Euro. The conversion to U.S. dollars was calculated based on the average exchange rate for each quarter as reported by the OANDA Corporation. Following the Azur Merger, the board of directors did not permit cash retainer fees to be deferred by our non-employee directors pursuant to the Directors Deferred Plan. The total number of shares previously credited to each individual non-employee director's phantom stock account under the Directors Deferred Plan as of December 31, 2015 were as follows: 4,691 shares for Mr. Berns; 9,929 shares for Mr. Enright; 22,249 shares for Mr. O'Keefe; and no shares for the other non-employee directors.
- (2) The dollar amounts in this column reflect the aggregate grant date fair value of RSU awards computed in accordance with ASC 718. The grant date fair value of each RSU award is measured based on the closing price of our ordinary shares on the date of grant. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the non-employee directors.
- (3) The dollar amounts in this column represent the aggregate grant date fair value of each stock option award granted to our non-employee directors in 2015. These amounts have been calculated in accordance with ASC 718, using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in the notes to our audited consolidated financial statements included in the 2015 10-K. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the non-employee directors.
- (4) The aggregate number of shares subject to outstanding stock options and RSU awards held by the non-employee directors listed in the table above as of December 31, 2015 was as follows: 15,715 shares subject to outstanding stock options and 1,310 shares subject to outstanding RSUs for each of Messrs. Berns, Enright, Mulligan and Winningham; 19,215 shares subject to outstanding stock options and 1,310 shares subject to outstanding RSUs for Dr. Sohn; 11,215 shares subject to outstanding stock options and 1,310 shares subject to outstanding RSUs for Mr. O'Keefe; 14,715 shares subject to outstanding stock options and 2,643 shares subject to outstanding RSUs for each of Ms. McSharry, Mr. Gray and Dr. Riedel; and 8,415 shares subject to outstanding stock options and 2,976 shares subject to outstanding RSUs for Mr. Schnee.
- (5) The dollar amount in this column for Dr. Sohn represents reimbursed continuing director education fees.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policy and Procedures for Review of Related Party Transactions

We have adopted a Related Party Transaction Policy that sets forth our procedures for the identification, review, consideration and approval or ratification of “related-person transactions.” For purposes of our policy, a “related-person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are, were or will be participants and in which the amount involved exceeds \$120,000. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A “related person” is any executive officer, director or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related-person transaction (including any transaction that was not a related-person transaction when originally consummated or any transaction that was not initially identified as a related-person transaction prior to consummation), our management must present information regarding the related-person transaction to our audit committee (or, if audit committee approval would be inappropriate, to another independent body of our board of directors) for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related person(s), the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will, on an annual basis, collect information that our General Counsel deems reasonably necessary from each director, executive officer and (to the extent feasible) significant shareholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy. In addition, under our code of conduct, our employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest to our General Counsel, or, if the employee is an executive officer, to our board of directors. In considering related-person transactions, our audit committee (or other independent body of our board of directors) will take into account the relevant available facts and circumstances including, but not limited to, the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products and, if applicable, the impact on a director’s independence in the event that the related person is a director, immediate family member of a director or an entity with which a director is affiliated.

The policy requires that, in determining whether to approve, ratify or reject a related-person transaction, our audit committee (or other independent body of our board of directors) must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our shareholders, as our audit committee (or other independent body of our board of directors) determines in the good faith exercise of its discretion.

Certain Transactions With or Involving Related Persons

We have entered into indemnification agreements with our directors, executive officers and certain other of our officers and employees. These indemnification agreements require us, under the circumstances and to the extent provided for therein, to indemnify such persons to the fullest extent permitted by applicable law against certain expenses and other amounts incurred by any such person as a result of such person being made a party to certain actions, suits, proceedings and other actions by reason of the fact that such person is or was a director, officer, employee, consultant, agent or fiduciary of our company or any of our subsidiaries or other affiliated enterprises. The rights of each person who is a party to an indemnification agreement are in addition to any other rights such person may have under our memorandum and articles of association, the 2014 Act, any other agreement, a vote of the shareholders of our company, a resolution of directors of our company or otherwise. We believe that these agreements are necessary to attract and retain qualified persons as our officers and directors. We also maintain directors’ and officers’ liability insurance.

PROPOSAL 1 ELECTION OF DIRECTORS

Our board of directors is divided into three classes, designated Class I, Class II and Class III. The term of the Class II directors will expire on the date of the annual meeting; the term of the Class III directors will expire on the date of our 2017 annual general meeting of shareholders; and the term of the Class I directors will expire on the date of our 2018 annual general meeting of shareholders. At each annual general meeting of shareholders, successors to the directors whose term expires at that annual general meeting are put forward for election for a three-year term.

The board of directors currently has eleven members and there are no vacancies. There are currently four directors in Class II, the class whose term of office expires at the annual meeting, all of whom are standing for election at the annual meeting. All four directors were nominated for election by the board of directors upon the recommendation of our nominating and corporate governance committee. All four directors were previously elected to our board of directors by our shareholders.

In order to be elected as a director at the annual meeting, each nominee must be appointed by an ordinary resolution, meaning each must individually receive the affirmative vote of a majority of the votes cast by the holders of ordinary shares represented in person or by proxy at the annual meeting (including any adjournment thereof). If any nominee becomes unavailable for election as a result of an unexpected occurrence, the proxy holders will vote your proxy for the election of any substitute nominee as may be proposed by the nominating and corporate governance committee. Each nominee has consented to being named as a nominee in this proxy statement and has agreed to serve if elected, and we have no reason to believe that any nominee will be unable to serve. If elected at the annual meeting, each nominee would serve as a director until the 2019 annual general meeting of shareholders and until his successor has been elected and qualified, or, if sooner, until his death, resignation, retirement, disqualification or removal. It is our policy to invite directors and nominees for director to attend annual general meetings of shareholders. All eleven of our then-serving directors attended our 2015 annual general meeting of shareholders.

Vacancies on the board of directors, including a vacancy that results from an increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the directors then in office, provided that a quorum is present at the relevant board meeting. A director elected by the board of directors to fill a vacancy in a class will serve for the remainder of the full term of that class and until the director's successor is elected and qualified, or, if sooner, until her or his death, resignation, retirement, disqualification or removal.

The following includes a brief biography of each nominee for director and each of our other current directors, including their respective ages, as of June 1, 2016. Each biography includes information regarding the specific experience, qualifications, attributes or skills that led the nominating and corporate governance committee and the board of directors to determine that the applicable nominee or other current director should serve as a member of the board of directors. We examine the experience and expertise of our board as a whole to ensure alignment between the abilities and contributions of our board and our strategic priorities and long-range plan, emphasizing, among other things, expertise in global and U.S. sales and marketing and product development, in financial management and in corporate development transactions.

Class II Director Nominees for Election for a Three-Year Term Expiring at the 2019 Annual General Meeting

PAUL L. BERNS

Chairman and Chief Executive Officer of Anacor Pharmaceuticals, Inc.

Age 49

Mr. Berns has served as a member of our board of directors since the closing of the Azur Merger in January 2012 and was a director of Jazz Pharmaceuticals, Inc. from 2010 until the closing of the Azur Merger. In March 2014, Mr. Berns was appointed as the Chief Executive Officer and President of Anacor Pharmaceuticals, Inc., a biopharmaceutical company. He has served as a member of the board of directors of Anacor Pharmaceuticals, Inc. since 2012 and served as Chairman of its board of directors since 2013. From September 2012 to March 2014, he was a self-employed consultant to the pharmaceutical industry. From March 2006 to September 2012, he served as President and Chief Executive Officer, and as a member of the board of directors, of Allos Therapeutics, Inc., a pharmaceutical company acquired by Spectrum Pharmaceuticals, Inc. From July 2005 to March 2006, Mr. Berns was a self-employed consultant to the pharmaceutical industry. From June 2002 to July 2005, Mr. Berns was President, Chief Executive Officer and a director of Bone Care International, Inc., a specialty pharmaceutical company that was acquired by Genzyme Corporation in 2005. From 2001 to 2002, Mr. Berns served as Vice President and General Manager of the Immunology, Oncology and Pain Therapeutics business unit of Abbott Laboratories, a pharmaceutical company. From 2000 to 2001, he served as Vice President, Marketing of BASF Pharmaceuticals/Knoll, a pharmaceutical company, and from 1990 to 2000, Mr. Berns held various positions, including senior management roles, at Bristol-Myers Squibb Company, a pharmaceutical company. Mr. Berns has been a member of the board of directors of Collectar Biosciences, Inc. (formerly Novelos

Proposal 1 (continued)

Therapeutics, Inc.) since November 2013, but will be stepping off the board in June 2016. He served as a director of XenoPort, Inc. from 2005 to May 2016. Mr. Berns received a B.S. in Economics from the University of Wisconsin. With his experience as Chief Executive Officer of Allos Therapeutics, Inc., Anacor Pharmaceuticals, Inc. and Bone Care International Inc., and his experience serving on the boards of directors of public companies, Mr. Berns provides significant management expertise and industry knowledge to our board of directors.

PATRICK G. ENRIGHT

Managing Director, Longitude Capital
Age 54

Mr. Enright has served as a member of our board of directors since the closing of the Azur Merger in January 2012 and was a director of Jazz Pharmaceuticals, Inc. from 2009 until the closing of the Azur Merger. Since 2006, Mr. Enright has served as a Managing Director of Longitude Capital, a venture capital firm, of which he is a founder. From 2002 through 2006, Mr. Enright was a Managing Director of Pequot Ventures, a venture capital investment firm, where he co-led the life sciences investment practice. He currently serves on the boards of directors of Aimmune Therapeutics, Inc., a biopharmaceutical company, Corcept Therapeutics Incorporated, a pharmaceutical company, Esperion Therapeutics, Inc., a pharmaceutical company, and several privately held companies. Mr. Enright received a B.S. from Stanford University and an M.B.A. from the Wharton School at the University of Pennsylvania. Based on his experience as a venture capital investor focused on life sciences companies and his past work in the pharmaceutical industry, Mr. Enright brings to our board of directors over 25 years of operating experience and financial expertise in the life sciences industry.

SEAMUS MULLIGAN

Chairman and Chief Executive Officer of Adapt Pharma Ltd.
Age 55

Mr. Mulligan has served as a member of our board of directors since the closing of the Azur Merger in January 2012 and was a founder and principal investor of Azur Pharma. Since 2014, Mr. Mulligan has served as Chairman and Chief Executive Officer of Adapt Pharma Ltd., a specialty pharmaceutical company, and since 2006, Mr. Mulligan has also served as Executive Chairman of Circ Pharma Limited and its subsidiaries, a pharmaceutical development stage group. Mr. Mulligan served as our Chief Business Officer, International Business Development from the closing of the Azur Merger until February 2013. Mr. Mulligan served as Azur Pharma's Chairman and Chief Executive Officer and as a member of its board of directors from 2005 until the closing of the Azur Merger. From 1984 until 2004, he held various positions with Elan Corporation, plc, a pharmaceutical company, most recently as Executive Vice President, Business and Corporate Development, and prior to that position, held the roles of President of Elan Pharmaceutical Technologies, the drug delivery division of Elan Corporation, plc, Executive Vice President, Pharmaceutical Operations, Vice President, U.S. Operations and Vice President, Product Development. He served as a member of the board of directors of the U.S. National Pharmaceutical Council until 2004. Mr. Mulligan received a B.Sc. (Pharm) and M.Sc. from Trinity College Dublin. As a founder of Azur Pharma and a pharmaceutical industry executive, Mr. Mulligan brings to our board of directors an expertise in business development and over 30 years of experience in the pharmaceutical industry.

NORBERT G. RIEDEL, Ph.D.

Chief Executive Officer and President of Aptinyx, Inc.
Age 58

Dr. Riedel has served as a member of our board of directors since May 2013. Since September 2015, Dr. Riedel has served as Chief Executive Officer and President of Aptinyx, Inc., a biopharmaceutical company spun out of its predecessor company, Naurex, Inc., where Dr. Riedel served as Chief Executive Officer and President from January 2014 to September 2015. From 2001 to January 2013, he served as Corporate Vice President and Chief Scientific Officer of Baxter International Inc., a diversified healthcare company, where from 1998 to 2001, he also served as President and General Manager of the recombinant therapeutic proteins business unit and Vice President of Research and Development of the bioscience business unit. From 1996 to 1998, Dr. Riedel served as head of worldwide biotechnology and worldwide core research functions at Hoechst-Marion Roussel, now Sanofi, a global pharmaceutical company. Dr. Riedel serves on the board of directors of Ariad Pharmaceuticals, Inc., an oncology company, and the board of directors of the Illinois Biotechnology Industry Organization. Dr. Riedel is also a member of the Austrian Academy of Sciences. Dr. Riedel is an Adjunct Professor at Boston University School of Medicine and an Adjunct Professor of Medicine at Northwestern University's Feinberg School of Medicine. Dr. Riedel holds a Diploma in biochemistry and a Ph.D. in biochemistry from the University of Frankfurt. Dr. Riedel brings significant scientific, drug discovery and development, and commercial expertise to our board of directors with over 20 years of experience in the biotechnology and pharmaceutical industries.

The board of directors recommends a vote "FOR" each nominee named above.

Proposal 1 (continued)

Class III Directors Continuing in Office Until the 2017 Annual General Meeting**BRUCE C. COZADD**

Chairman and Chief Executive Officer

Age 52

Mr. Cozadd has served as our Chairman and Chief Executive Officer since the closing of the Azur Merger in January 2012. He co-founded Jazz Pharmaceuticals, Inc. and has served (and continues to serve) as Chairman and Chief Executive Officer of Jazz Pharmaceuticals, Inc. since April 2009. From 2003 until 2009, he served as Jazz Pharmaceuticals, Inc.'s Executive Chairman and as a member of its board of directors. From 1991 until 2001, he held various positions with ALZA Corporation, a pharmaceutical company acquired by Johnson & Johnson, most recently as Executive Vice President and Chief Operating Officer, with responsibility for research and development, manufacturing and sales and marketing. Previously at ALZA Corporation he held the roles of Chief Financial Officer and Vice President, Corporate Planning and Analysis. He serves on the boards of Cerus Corporation, a biomedical products company, Threshold Pharmaceuticals, Inc., a clinical stage biopharmaceutical company, The Nueva School, a non-profit organization, and SFJAZZ, a non-profit organization. He received a B.S. from Yale University and an M.B.A. from the Stanford Graduate School of Business. As our Chief Executive Officer, he brings to our board of directors a detailed knowledge of our business.

HEATHER ANN MCSHARRY

Director, CRH plc and Greencore Group plc

Age 54

Ms. McSharry has served as a member of our board of directors since May 2013. Ms. McSharry currently serves as a non-executive director on the boards of directors of several public and private companies, including Greencore Group plc, an international manufacturer of convenience foods, and CRH plc, an international building materials group. From 2006 to 2009, Ms. McSharry was Managing Director Ireland of Reckitt Benckiser, a multinational health, home and hygiene consumer products company. From 1989 to 2006, she held various positions at Boots Healthcare, a leading global consumer healthcare company, most recently as Managing Director of Boots Healthcare Ireland Limited. From 2007 to 2011, Ms. McSharry served on the board of directors of the Bank of Ireland, where she was a member of its audit committee from 2009 to 2011. Ms. McSharry served on the board of the Industrial Development Agency in Ireland from 2010 to 2014, where she was Chair of the audit and finance committee. Ms. McSharry holds a Bachelor of Commerce and a Master of Business Studies degree from University College Dublin. Ms. McSharry brings to our board of directors almost 30 years of experience in multiple international industries including healthcare, consumer goods and financial services.

RICK E WINNINGHAM

Chief Executive Officer and Chairman of the Board of Directors of Theravance Biopharma, Inc.

Age 56

Mr. Winningham has served as a member of our board of directors since the closing of the Azur Merger in January 2012 and was a director of Jazz Pharmaceuticals, Inc. from 2010 until the closing of the Azur Merger. In May 2014, Mr. Winningham was appointed as Lead Independent Director of our board of directors. Mr. Winningham has served as Chief Executive Officer and Chairman of the Board of Directors of Theravance Biopharma, Inc., a biopharmaceutical company, since its spin-off from Theravance, Inc. (now called Innoviva, Inc.) in June 2014. From October 2001 to August 2014, Mr. Winningham served as Chief Executive Officer of Theravance, Inc., where he also served as Chairman of the Board of Directors from April 2010 to October 2014. From 1997 to 2001, he served as President of Bristol-Myers Squibb Oncology/Immunology/Oncology Therapeutics Network and, from 2000 to 2001, as President of Global Marketing. He served as a member of the board of directors of the California Healthcare Institute, or CHI, from November 2011 to March 2015 and served as its Chairman from January 2014 until CHI merged with Bay Area Bioscience Association to become the California Life Sciences Association, or CLSA, in March 2015. Mr. Winningham was Chairman of CLSA from March 2015 until November 2015. Mr. Winningham is also a member of the board of directors of OncoMed Pharmaceuticals, Inc., a clinical stage biotechnology company. Mr. Winningham is a past member of Biotechnology Industry Organization's board of directors and served on the Health Section Governing Board Standing Committee on Reimbursement. Mr. Winningham holds an M.B.A. from Texas Christian University and a B.S. from Southern Illinois University. Mr. Winningham's experience in senior management positions in the pharmaceutical industry provides significant industry knowledge and operational and management expertise to our board of directors.

Proposal 1 (continued)

Class I Directors Continuing in Office Until the 2018 Annual General Meeting**PETER GRAY**

Chairman, UDG Healthcare plc
Age 61

Mr. Gray has served as a member of our board of directors since May 2013 and was appointed as chairperson of our audit committee in April 2014. Mr. Gray currently serves as Chairman of the board of directors of UDG Healthcare plc, an international provider of healthcare services, and as a business consultant to the pharmaceutical industry. In September 2011, Mr. Gray retired from his position as Chief Executive Officer of ICON plc, a global provider of outsourced development services to the pharmaceutical, biotechnology and medical device industries, which he held since November 2002. At ICON plc, Mr. Gray previously served as Group Chief Operating Officer from June 2001 to November 2002 and Chief Financial Officer from June 1997 to June 2001. Mr. Gray holds a degree in law from Trinity College Dublin and qualified as a chartered accountant in 1981. Based on his experience as Chief Executive Officer and Chief Financial Officer of ICON plc, Mr. Gray brings to our board of directors and audit committee over 20 years of experience in financial and operational management within the pharmaceutical industry.

KENNETH W. O'KEEFE

Chief Executive Officer of Beecken Petty O'Keefe & Company
Age 49

Mr. O'Keefe has served as a member of our board of directors since the closing of the Azur Merger in January 2012 and was a director of Jazz Pharmaceuticals, Inc. from 2004 until the closing of the Azur Merger. Since November 2015, he has been Chief Executive Officer of Beecken Petty O'Keefe & Company, a private equity firm, which he co-founded. From January 2011 to November 2015, he was Managing Partner, and from 1997 to January 2011, he was Managing Director, of Beecken Petty O'Keefe & Company. He serves on the boards of several privately held healthcare companies. He received a B.A. from Northwestern University and a M.B.A. from the University of Chicago. As a member of Beecken Petty O'Keefe & Company, Mr. O'Keefe brings to our board of directors significant expertise in accounting and financial matters and in analyzing and evaluating financial statements, as well as substantial experience managing private equity investments. He serves or has served on the audit committee of several companies in the healthcare industry. As the former chairperson of our audit committee, Mr. O'Keefe brings to our board of directors detailed knowledge of our financial position and financial statements.

ELMAR SCHNEE

Chief Operating Officer of MindMaze SA
Age 57

Mr. Schnee has served as a member of our board of directors since August 2014 and previously served as a director of Gentium (now a subsidiary of Jazz Pharmaceuticals plc) from May 2012 until April 2014. Mr. Schnee has served as Chief Operating Officer of MindMaze SA, a neuro-technology company, since June 2016. From November 2013 to August 2015, Mr. Schnee served as a non-executive director of Cardiorentis Ltd., a biopharmaceutical company, where he served as Chairman and Chief Executive Officer from October 2011 until November 2013. From 2003 to 2011, Mr. Schnee held various positions at Merck KGaA, a global pharmaceutical and chemical group. He joined Merck KGaA in 2003 as Managing Director of Merck Santé S.A.S. In January 2004, Mr. Schnee assumed responsibility for global operations of the ethical pharmaceuticals division of Merck KGaA, and in November 2005, Mr. Schnee was appointed as Deputy Member of the Executive Board responsible for the pharmaceuticals business. In 2006, he was appointed as a member of the Executive Board and General Partner of Merck KGaA, with responsibility for global pharmaceutical activities, and served in this position until 2011. Prior to Merck KGaA, Mr. Schnee held senior positions in strategy, business development and marketing at UCB SA, Sanofi-Synthelabo SA, Migliara/Kaplan Associates, Inc. and Fisons Pharmaceutical PLC. In addition, Mr. Schnee serves on the board of directors of four privately held life sciences companies. Mr. Schnee holds both a bachelor's degree in marketing and a master's degree in marketing and general management from the Swiss Institute of Business Administration in Zurich. With his experience as Chairman and Chief Executive Officer of Cardiorentis Ltd., his operational experience at Merck KGaA and other companies and his experience serving on the boards of directors of life sciences companies, including Gentium, Mr. Schnee brings to our board of directors significant management expertise and industry knowledge.

Proposal 1 (continued)**CATHERINE A. SOHN, PHARM.D.**

Director, Neuralstem, Inc. and Landec Corporation

Age 63

Dr. Sohn has served as a member of our board of directors since July 2012. Dr. Sohn is the founder of Sohn Health Strategies, where since 2010 she has consulted for pharmaceutical, biotechnology, medical device and consumer healthcare companies in the areas of business strategy, business development and strategic product development. She joined the board of directors of Neuralstem, Inc., a biotechnology company, in January 2014 and has served as a director of Landec Corporation, a material sciences company, since November 2012. From 1982 to 2010, she was with GlaxoSmithKline plc, a pharmaceutical company (and with SmithKline Beecham plc before its merger with Glaxo Wellcome plc), where she served most recently as Senior Vice President, Worldwide Business Development and Strategic Alliances in the GSK Consumer Healthcare division, and previously was Vice President, Worldwide Strategic Product Development in the pharmaceutical division. Before that, she held a series of positions in Medical Affairs, Pharmaceutical Business Development and U.S. Product Marketing, also in the pharmaceutical division. Dr. Sohn currently holds the positions of Adjunct Professor at the University of California, San Francisco and Dean's Professor at the University of the Sciences in Philadelphia. She received a Pharm.D. from the University of California, San Francisco, School of Pharmacy. She also received a Certificate of Professional Development from the Wharton School at the University of Pennsylvania. Dr. Sohn was named Woman of the Year by the Healthcare Businesswomen's Association (2003) and is a Certified Licensing Professional and a National Association of Corporate Directors (NACD) Board Leadership Fellow. Dr. Sohn brings to our board of directors three decades of product development, marketing and business development experience in the pharmaceutical industry and a global perspective that is directly relevant to our company.

There are no family relationships among any of our executive officers and directors.

PROPOSAL 2

RATIFY, ON A NON-BINDING ADVISORY BASIS, THE APPOINTMENT OF INDEPENDENT AUDITORS AND AUTHORIZE, IN A BINDING VOTE, THE BOARD OF DIRECTORS, ACTING THROUGH THE AUDIT COMMITTEE, TO DETERMINE THE INDEPENDENT AUDITORS' REMUNERATION

Pursuant to authority delegated by the board of directors, the audit committee of the board of directors is responsible for the appointment, remuneration and retention of our independent auditors. The audit committee has selected and appointed KPMG, Dublin, a registered public accounting firm, as our independent auditors to audit our consolidated financial statements for the year ending December 31, 2016. Under Irish law, KPMG will be deemed to be reappointed as our independent auditors at the annual meeting without the necessity of a shareholder vote. However, our shareholders are being asked in this proposal to ratify such appointment on a non-binding advisory basis because we value our shareholders' views on the company's independent auditors. The board of directors and the audit committee intend to consider the results of this vote in making determinations in the future regarding the appointment of the company's independent auditors. In addition, our shareholders are being asked to authorize the board of directors, acting through the audit committee, to determine KPMG's remuneration. This authorization is required by Irish law.

KPMG has been engaged to audit our financial statements, beginning with our consolidated financial statements for the fiscal year ended December 31, 2012, since the consummation of the Azur Merger. Representatives of KPMG are expected to be present at the annual meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

Proposal 2 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

Independent Registered Public Accounting Firm Fees and Services

In connection with the audit of our 2015 financial statements, we entered into an engagement agreement with KPMG which sets forth the terms under which KPMG performed audit and tax services for the company.

The following table represents aggregate fees billed to us for the years ended December 31, 2015 and 2014 by KPMG (in thousands):

	Year Ended December 31,	
	2015	2014
Audit Fees	\$ 1,381	\$ 1,561
Audit-Related Fees	73	—
Tax Fees	901	831
<i>Tax compliance services</i>	491	525
<i>Tax advisory services</i>	410	306
All Other Fees	3	3
Total Fees	\$ 2,358	\$ 2,395

Audit Fees: Consists of fees and expenses for professional services in respect of the audit of the company's consolidated financial statements and of our internal control over financial reporting, the review of quarterly consolidated financial statements and statutory audits.

Audit-Related Fees: Consists of fees for assurance and related services related to audit and other attestation services performed by KPMG as required by statute, regulation or contract and which are not reported under "Audit Fees."

Tax Fees: Consists of fees and expenses for professional services for tax compliance, tax advice and tax planning. Tax compliance services consist of professional services related to domestic and international tax compliance, and assistance with domestic and international tax return preparation. Tax advisory service fees relate to tax advice and planning services provided to us in connection with significant transactions undertaken by the company in 2015 and 2014. During the year ended December 31, 2015, fees and expenses of approximately \$491,000 were billed in connection with tax compliance services and fees and expenses of approximately \$410,000 were billed in connection with tax advice and planning services. During the year ended December 31, 2014, fees and expenses of approximately \$525,000 were billed in connection with tax compliance services and fees and expenses of approximately \$306,000 were billed in connection with tax advice and planning services.

Proposal 2 (continued)

All Other Fees: Consists of fees for products and services other than the services described above. For the years ended December 31, 2015 and 2014, these fees were paid in connection with access to the online accounting and tax research tool of KPMG.

All of the services and fees described above were approved by our audit committee.

As shown in the table above, less than 39% of the total fees that KPMG billed us for services in 2015 were for services other than audit or audit-related services, and approximately 0.1% of the total fees that KPMG billed us for services in 2015 were for services other than audit, audit-related and tax compliance/advisory services.

Pre-Approval Policies and Procedures

Our audit committee has a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm. Our policy generally requires the pre-approval of specified services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of the audit committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the audit committee's members, but the decision must be reported to the full audit committee at its next scheduled meeting.

Independence

Our audit committee determined that the rendering of the services other than audit services by our independent registered public accounting firm is compatible with maintaining the principal accountant's independence.

The board of directors recommends a vote "FOR" Proposal 2.

PROPOSAL 3

NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

Overview

Under the Dodd-Frank Act and Section 14A of the Exchange Act, our shareholders are entitled to vote to approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. This nonbinding advisory vote is commonly referred to as a “say-on-pay” vote.

At our 2012 annual general meeting of shareholders, our shareholders indicated their preference that we hold a non-binding say-on-pay vote every year and our board of directors has adopted a policy that is consistent with that preference. At our 2015 annual general meeting of shareholders, the shareholders overwhelmingly approved our say-on-pay proposal, with over 98% of the total votes cast voting in favor of the proposal.

This year we are again asking our shareholders to vote “FOR” the advisory approval of the compensation of our named executive officers as disclosed in the “*Compensation Discussion and Analysis*,” the compensation tables and the related narrative disclosure contained in this proxy statement beginning on page 32. As discussed in those disclosures, our compensation committee believes that the compensation policies and elements described in this proxy statement provide the necessary incentives to properly align our executive officers’ performance with the interests of our shareholders while maintaining equitable and competitive executive compensation practices that enable us to attract and retain the highest caliber of executive officers.

Executive Compensation Highlights

Key Features of Our Compensation Program

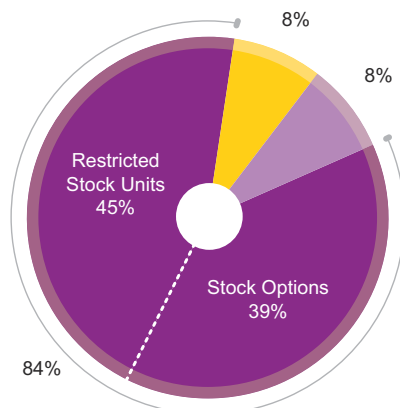
What We Do	What We Don’t Do
<input checked="" type="checkbox"/> Design executive compensation to align pay with performance	<input checked="" type="checkbox"/> No excessive change in control or severance payments
<input checked="" type="checkbox"/> Balance short-term and long-term incentive compensation to make sure majority of executive compensation is “at-risk”	<input checked="" type="checkbox"/> No “single-trigger” cash or equity change in control benefits
<input checked="" type="checkbox"/> 100% independent directors on the Compensation Committee	<input checked="" type="checkbox"/> No repricing of underwater stock options without prior shareholder approval
<input checked="" type="checkbox"/> Independent compensation consultant reporting directly to the Compensation Committee	<input checked="" type="checkbox"/> No excessive perquisites
<input checked="" type="checkbox"/> Maintain share ownership guidelines	<input checked="" type="checkbox"/> No tax gross-ups on severance or change in control benefits
<input checked="" type="checkbox"/> Provide “double-trigger” change in control benefits	<input checked="" type="checkbox"/> No post-termination retirement or pension benefits that are not available to our employees generally
<input checked="" type="checkbox"/> Prohibit hedging and pledging by executive officers and directors	<input checked="" type="checkbox"/> No guaranteed bonuses or base salary increases

Proposal 3 (continued)

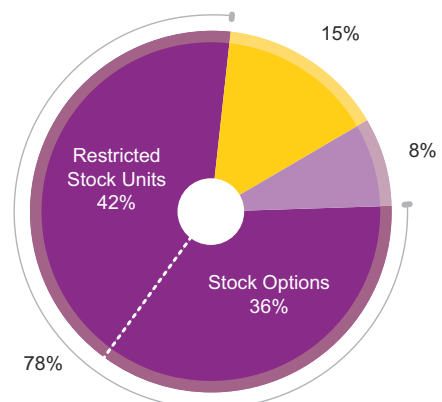
Components of Our Executive Compensation Program

Our executive compensation program consists of three principal components: base salary, performance bonus awards and equity grants.

CHAIRMAN AND CEO 2015 TARGET TOTAL DIRECT COMPENSATION MIX** 92% of Chairman and CEO 2015 target compensation is considered at-risk



OTHER NEOs 2015 AVERAGE TARGET TOTAL DIRECT COMPENSATION MIX**^ 85% of other NEOs 2015 target compensation is considered at-risk



■ Long-Term Equity Award/
At-Risk Compensation
■ Annual Bonus Award/
At-Risk Compensation
■ Base Salary/
Fixed Compensation

* Reflects 2015 target annualized bonus awards, as reported in the Grants of Plan-Based Awards Table, and annual base salaries and grant date fair values of equity awards, as reported in the Summary Compensation Table. The charts do not include "All Other Compensation," as reported in the Summary Compensation Table, because such amounts were less than 1% for the CEO and less than 1% for the other NEOs.

^ Due to rounding, component percentages do not add to 100%. Excludes a cash signing bonus of \$100,000 and a relocation bonus of \$190,000 paid to Dr. Smith in 2015.

For more information on the principal components of our executive compensation program, see "*Executive Compensation—Compensation Discussion and Analysis—Executive Compensation Program.*"

Say-on-Pay Vote

This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. The board of directors is asking our shareholders to indicate their support for the compensation of our named executive officers as described in this proxy statement by casting a nonbinding advisory vote "FOR" the following resolution:

"RESOLVED, that the compensation paid to Jazz Pharmaceuticals' named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED."

Because the vote is advisory, it is not binding on the board of directors or the company. Nevertheless, the views expressed by our shareholders, whether through this vote or otherwise, are important to management and the board of directors and, accordingly, the board of directors and the compensation committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements.

Proposal 3 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

Unless our board of directors modifies its policy on the frequency of future advisory votes on the compensation of our named executive officers, the next advisory vote on the compensation of our named executive officers will be held at the 2017 annual general meeting of shareholders.

The board of directors recommends a vote "FOR" Proposal 3.

BACKGROUND TO PROPOSALS 4A AND 4B

The purpose of the 2014 Act, which became effective on June 1, 2015, was to consolidate and modernize Irish company law. Proposals 4A and 4B are being proposed in response to the enactment of the 2014 Act. Proposals 4A and 4B both relate to administrative adjustments to ensure the continued application of the substantive content of our memorandum and articles of association without change due simply to the enactment of the 2014 Act (in addition to minor “housekeeping” amendments). Under Irish law, separate special resolutions are required to approve any amendment to a public company’s memorandum of association and any amendment to its articles of association notwithstanding that together they comprise the company’s constitutional documents. We are therefore asking shareholders to separately vote on Proposals 4A and 4B.

Each of Proposals 4A and 4B is subject to the other being approved by the shareholders, and as a result, both Proposals will fail and will not be implemented if either Proposal is not approved.

PROPOSAL 4A

APPROVE AMENDMENTS TO THE COMPANY'S MEMORANDUM OF ASSOCIATION

The following description of the proposed amendments is only a summary and is qualified entirely by reference to the complete text of the proposed amendments, which is attached to this proxy statement as Part I of *Annex B*. We urge you to read Part I of *Annex B* in its entirety before casting your vote.

Although the changes to Irish company law in the 2014 Act will not impact our day-to-day operations, we must make minor administrative adjustments to our memorandum of association to ensure the continued application of the substantive content of our memorandum of association without change due simply to the enactment of the 2014 Act.

This special resolution is being proposed in order to make minor amendments to clause 2, clause 3(p) and clause 7 of our memorandum of association so as to, in the case of clause 2 and clause 3(p), update the statutory references in those clauses to be consistent with the 2014 Act, and in the case of clause 7, to make a minor "housekeeping" amendment to align the reference with a defined term in our articles of association.

None of the proposed amendments to the memorandum of association will change the rights of shareholders.

The proposed amendments to our memorandum of association are each specifically described in the text of the resolution below, as required under Irish law.

The board of directors is asking our shareholders to vote "FOR" the following special resolution:

"RESOLVED, that as a special resolution, subject to and conditional upon Proposal 4B being passed, the following amendments, as shown in Part I of *Annex B* of this proxy statement, be made to the Memorandum of Association:

- (a) the deletion of the existing clause 2 and the substitution therefor of the following new clause 2: "2. The Company is a public limited company deemed to be a PLC to which Part 17 of the Companies Act 2014 applies";
- (b) the words "as defined by section 155 of the Companies Act 1963 or another subsidiary as defined by the said Section" in clause 3(p) be deleted and the words "(within the meaning of the Companies Act)" be substituted therefor; and
- (c) the words "memorandum of association" in clause 7 be deleted and the word "Memorandum" be substituted therefor."

As required under Irish law, Proposal 4A is a special resolution that requires the affirmative vote of the holders of at least 75% of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved. In addition, Proposal 4A is subject to Proposal 4B being approved. Therefore, unless shareholders approve Proposal 4B, Proposal 4A will fail and will not be implemented, notwithstanding that shareholders may have approved Proposal 4A.

The board of directors recommends a vote "FOR" Proposal 4A.

PROPOSAL 4B

APPROVE AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The following description of the proposed amendments is only a summary and is qualified entirely by reference to the complete text of the proposed amendments, which is attached to this proxy statement as Part II of *Annex B*. We urge you to read Part II of *Annex B* in its entirety before casting your vote.

In addition to the proposed amendments described in Proposal 4A to our memorandum of association, we must make corresponding amendments to our articles of association to ensure the continued application of the substantive content of our articles of association without change due simply to the enactment of the 2014 Act. We are also proposing to make other minor “housekeeping” amendments.

The 2014 Act adopts a new approach to dealing with the articles of association of all Irish companies, including the company, and introduces new terminology in this regard. Instead of providing, as previous Irish company law had, for a model set of regulations that apply unless otherwise excluded by a company's articles of association, the 2014 Act includes optional provisions interspersed throughout the 2014 Act which each apply to regulate a company unless its constitutional documents provide otherwise.

Our current constitutional documents dis-applied the model set of regulations set forth in the previous Irish company law. Instead, we adopted a tailored memorandum of association and articles of association. Now that the 2014 Act is effective, we are proposing to make administrative adjustments to our articles of association in order to continue our existing approach of setting out the regulations governing the company in our constitutional documents, rather than by defaulting to the statutory provisions. In order to ensure that these provisions continue to apply as intended, we are also proposing to include a provision, set out in article 1 of the amended articles of association, to dis-apply certain optional provisions introduced by the 2014 Act, in line with our current approach under our existing articles of association. This approach provides certainty for our board of directors and shareholders by ensuring that the entirety of our governance arrangements, other than those arrangements that are mandatory under applicable law, are contained in one coherent document that can be easily reviewed, instead of requiring our board of directors and shareholders to identify and review a list of optional provisions that are interspersed throughout the 2014 Act, which are not in all cases easily identifiable.

In addition, we are also proposing a small number of minor “housekeeping” amendments to the articles of association at this time in order to correct certain typographical and similar errors, to update certain defined terms and to update certain articles to more properly reflect our present circumstances.

Part I of *Annex A* contains a table setting out a summary of the optional provisions from which we propose to opt out. Part II of *Annex A* contains a table setting out a summary of the optional provisions which we propose would not be dis-applied. Finally, Part III of *Annex A* contains a table setting out a summary of the proposed changes to be made relating to the introduction of the 2014 Act or for housekeeping reasons.

None of the proposed amendments to the company's articles of association will materially change the rights of our shareholders.

The board of directors is asking our shareholders to vote “FOR” the following special resolution:

“RESOLVED, that as a special resolution, subject to and conditional upon Proposal 4A being passed, the Articles of Association be and are hereby amended in the manner provided in Part II of *Annex B* of this proxy statement.”

As required under Irish law, Proposal 4B is a special resolution that requires the affirmative vote of the holders of at least 75% of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved. In addition, Proposal 4B is subject to Proposal 4A being approved. Therefore, unless shareholders approve Proposal 4A, Proposal 4B will fail and will not be implemented, notwithstanding that shareholders may have approved Proposal 4B.

The board of directors recommends a vote “FOR” Proposal 4B.

PROPOSAL 5

AUTHORIZE THE COMPANY AND/OR ANY SUBSIDIARY OF THE COMPANY TO MAKE OPEN MARKET PURCHASES OF THE COMPANY'S ORDINARY SHARES

In 2014 and 2015, we received shareholder authorization to make open market purchases of our ordinary shares. Our management believes it is important to continue to preserve our flexibility to manage the number of our outstanding ordinary shares. We may currently effect purchases of our ordinary shares either pursuant to the market purchase authorization approved by our shareholders at our 2015 annual general meeting of shareholders or under the redemption authority in our articles of association.

In August 2015, we completed repurchases under a share repurchase program that was initiated in May 2013 under which we were authorized to repurchase a number of ordinary shares having an aggregate repurchase price of up to \$200 million, exclusive of any brokerage commissions. In November 2015, our board of directors authorized a new share repurchase program pursuant to which we are currently authorized to repurchase a number of ordinary shares having an aggregate purchase price of up to \$300 million, exclusive of any brokerage commissions. During 2015, we repurchased approximately 0.4 million of our ordinary shares in open market purchases pursuant to both share repurchase programs. During the first quarter of 2016, we repurchased approximately 1.1 million of our ordinary shares in open market purchases under the current share repurchase program and, as of March 31, 2016, the amount remaining under our current share repurchase program was \$125.4 million. All repurchases under our former and current share repurchase programs have been effected as redemptions pursuant to our articles of association. Whether or not this Proposal 5 is approved by our shareholders, we will retain our ability to effect repurchases as redemptions pursuant to our articles of association, although after January 30, 2017, our subsidiaries will not be able to make open market purchases of our ordinary shares if this Proposal 5 is not approved.

In this proposal, shareholders are being asked to authorize the company and/or any of its subsidiaries to make open market purchases of up to 9,195,740 ordinary shares, which is equal to 15% of our ordinary shares issued and outstanding as of December 31, 2015, in accordance with the 2014 Act, for 18 months from the date of such authorization. Accordingly, if this Proposal 5 is approved by our shareholders, the authority conferred thereby will expire on the close of business on February 3, 2018, unless re-approved by our shareholders prior to such date. Acquisitions of our ordinary shares under this authority would be made only at price levels that the board of directors considers to be in the best interests of our shareholders generally, after taking into account our overall financial position. In addition, this authority is being requested to make open market purchases at a price not less than 80% or more than 105% of the then closing market price of those shares on the NASDAQ Global Select Market on the day preceding the day on which the relevant share is purchased.

In order for us or any of our subsidiaries to make open market purchases of our ordinary shares pursuant to the authority conferred under this Proposal 5, such shares must be purchased on a "recognized stock exchange". The NASDAQ Global Select Market, on which our ordinary shares are listed, is specified as a recognized stock exchange for this purpose by Irish law. This general authority, if approved by our shareholders, will become effective from the date of the annual meeting.

The board of directors is asking our shareholders to vote "FOR" the following ordinary resolution:

"RESOLVED, that the company and any subsidiary of the company is hereby generally authorized to make overseas market purchases (as defined by section 1072(2) of the Irish Companies Act 2014) of ordinary shares in the company ("shares") on such terms and conditions and in such manner as the board of directors (or a duly constituted committee thereof) of the company may determine from time to time but subject to the provisions of the Irish Companies Act 2014 and to the following provisions:

- (a) the maximum number of shares authorized to be acquired by the company and/or any subsidiary of the company pursuant to this resolution shall not exceed, together with any other valid and existing authority approved by shareholders, in the aggregate, 15% of the company's issued ordinary shares outstanding as of December 31, 2015;
- (b) the maximum price to be paid for any share shall be an amount equal to 105% of the closing price on the NASDAQ Global Select Market for the shares on the trading day preceding the day on which the relevant share is purchased by the company or by the relevant subsidiary of the company, and the minimum price to be paid for any share shall be an amount equal to 80% of the closing price on the NASDAQ Global Select Market for the shares on the trading day preceding the day on which the relevant share is purchased by the company or by the relevant subsidiary of the company; and
- (c) this general authority will be effective from the date of passing of this resolution and will expire 18 months from the date of the passing of this resolution, unless previously varied, revoked or renewed in accordance with the provisions of section 1074 of the Irish Companies Act 2014. The company or any such subsidiary may, before such expiry, enter into a contract for the purchase

Proposal 5 (continued)

of shares which would or might be executed wholly or partly after such expiry and may complete any such contract as if the authority conferred hereby had not expired.”

Proposal 5 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

The board of directors recommends a vote “FOR” Proposal 5.

BACKGROUND TO PROPOSALS 6 AND 7

Introduction

As a matter of Irish law, directors of an Irish public limited company must have specific authority from shareholders to allot and issue any of the company's ordinary shares (other than pursuant to employee equity plans). In addition, when the directors of an Irish public limited company determine that it is in the best interests of the company to issue shares for cash, the company must first offer those shares on the same or more favorable terms to existing shareholders of the company on a pro-rata basis (commonly referred to as the statutory pre-emption right) unless this statutory pre-emption right is dis-applied, or opted-out of, by approval of the shareholders.

As a result of the Azur Merger, we effectively re-domiciled in Ireland and adopted articles of association that authorized our directors to allot and issue shares up to a maximum of our authorized but unissued share capital and dis-applied the statutory pre-emption right. Accordingly, subject to SEC and NASDAQ rules and regulations, our directors are currently authorized to issue shares, without shareholder approval, up to a maximum of our authorized but unissued share capital, and are further authorized to issue those shares for cash without first being required to offer those shares to all of our shareholders on a pro-rata basis. In this proxy statement, we refer to the share allotment and issuance authority and the pre-emption opt-out authority collectively as the share issuance authorities. These share issuance authorities have, since the Azur Merger, kept us on an equal footing with our peer companies who are incorporated and listed in the U.S. However, these share issuance authorities will expire on January 17, 2017 unless renewed by our shareholders.

Proposals 6 and 7, which we refer to as our Share Issuance Proposals, ask our shareholders to renew, for an additional five years, the same share issuance authorities that have been in place and that we have been operating under since the Azur Merger. Approval of these proposals extends—but does not expand—the current share issuance authorities of our board of directors. We are and will continue to be subject to all of the shareholder approval and other requirements that arise from our ordinary shares being listed exclusively on the NASDAQ Global Select Market and our being considered a U.S. domestic reporting company under SEC rules, and our board of directors will also continue to focus on and satisfy its fiduciary duties to our shareholders with respect to share issuances.

Many of the companies with which we compete strategically are listed and incorporated in the U.S., and are not subject to similar share issuance restrictions. We are asking you to approve our Share Issuance Proposals to allow us to continue to execute on our business and growth strategy in a timely and competitive manner.

Effect on Authorized Share Capital

Of the 300,000,000 ordinary shares we currently have authorized for issuance, as of the close of business on June 7, 2016, there were 60,486,047 ordinary shares outstanding and another 10,531,083 ordinary shares reserved for issuance under our various shareholder-approved equity plans and our Directors Deferred Compensation Plan. Renewal of the current share issuance authorities will not increase our authorized share capital or otherwise provide greater authority than is currently provided for under our articles of association, other than to renew the term of the share issuance authorities for an additional five years. In addition, we have no immediate plans, arrangements or understandings with respect to any share issuances for which renewal of the share issuance authorities is necessary, other than issuances of shares under our shareholder-approved equity plans and our Directors Deferred Compensation Plan.

Rationale for Seeking Renewal of Current Share Issuance Authorities

Ability to execute on our business and growth strategy without competitive disadvantage. The renewal of our share issuance authorities is fundamental to the way we intend to advance our business and increase shareholder value. Our growth strategy depends in part on our ability to identify, acquire, in-license, and/or develop additional products or product candidates. Our management and board of directors rely heavily on having the flexibility to quickly take advantage of strategic opportunities, including potential acquisitions and other capital-intensive opportunities. Many of these opportunities are highly competitive, with multiple parties often offering comparable or even the same economics. If Proposals 6 and 7 are not approved, we would be required to obtain shareholder approval prior to issuing any shares in connection with new strategic opportunities after January 17, 2017, even if we would not otherwise be required to obtain shareholder approval under NASDAQ rules. This could put us at a distinct disadvantage vis-à-vis many of our peers in competing for acquisitions and similar transactions and might make it difficult for us to complete such transactions in furtherance of our growth strategy, thus potentially limiting our ability to deploy capital to meet strategic goals that are in the best interests of our shareholders.

While we would still have the ability to seek shareholder approval in connection with a specific issuance of shares should our shareholders not approve Proposals 6 and 7, we do not believe that our ability to convene an extraordinary general meeting of shareholders to approve each specific share issuance that we would seek to undertake in furtherance of future strategic transactions is a workable alternative to obtaining approval of Proposals 6 and 7. The uncertainty of whether we could obtain shareholder approval for a specific issuance in the

context of any transaction, as well as the delays we would experience in seeking and obtaining such approval, could make any transaction bid that we submit less attractive, even if our bid was on economically better terms than competitive bids submitted by U.S.-listed companies not subject to similar share issuance restrictions. In addition, the case-by-case approval approach ignores market window and other deal timing and competitive realities. ***Likewise, the requirement to first offer shares that we propose to issue for cash to all of our existing shareholders in time-consuming pro-rata rights offerings would considerably reduce the speed at which we could complete capital-raising activities undertaken in furtherance of our growth strategy, would increase our costs and otherwise might make it difficult for us to complete such transactions, and could put us at a distinct disadvantage vis-à-vis many of our peers in competing for acquisitions and similar transactions.***

We believe that we have been successful in executing on our long-term business plan and growth strategy, while also creating value for our shareholders. We have been engaged in targeted business development, applying a disciplined approach to allocating our resources between investments in our current commercial and development portfolio and acquisitions or in-licensing of new assets. Since the Azur Merger, we have completed company and asset acquisitions or in-licenses in transactions valued at over \$2 billion in the aggregate, and recently announced that we have entered into a definitive agreement to acquire Celator Pharmaceuticals, Inc. for approximately \$1.5 billion, which, following the anticipated closing of the acquisition, would further diversify our product portfolio by adding VYXEOS™, an investigational product in development, as a potential treatment for acute myeloid leukemia. Our completed transactions since the Azur Merger include the EUSA Acquisition and the Gentium Acquisition and the subsequent acquisition of rights to defibrotide in the Americas, each of which strengthened our commercial portfolio, and our acquisition of JZP-110, a late-stage investigational compound being developed for potential treatment of EDS in patients with narcolepsy and EDS in patients with obstructive sleep apnea. Each of these transactions were, and our acquisition of Celator will be, funded with cash on hand and/or borrowings under credit facilities, and we have otherwise been disciplined in our use of equity to provide funding for, or to complete, acquisitions or in-licensing of new assets. We have issued equity or equity-linked securities for capital raising purposes following the Azur Merger only in our August 2014 offering of exchangeable senior notes. These transactions speak to both the vibrancy of our targeted business development efforts and our disciplined use of equity, as well as our commitment to deploy capital wisely to meet strategic goals that are in the best interests of our shareholders. While we have been deliberately disciplined in our use of equity in our completed transactions, if Proposals 6 and 7 are not approved, we would potentially lose the flexibility to quickly take advantage of business development opportunities that would require the issuance of equity or equity-linked securities. We also believe that we have appropriately balanced investment in our growth with managing dilution through our share repurchase programs, under which we have repurchased approximately \$375 million of our ordinary shares through March 31, 2016.

We do not believe that limitations derived from Irish market practice should apply to Jazz Pharmaceuticals. While not required by Irish law, we believe it has become market practice for companies whose share capital is listed on the Irish Stock Exchange, or ISE, to generally limit the share allotment and issuance authority to an amount equal to 33% of their issued share capital for a period of 12 to 18 months and to generally limit the dis-application of statutory pre-emption right to only 5% of their issued share capital for a period of 12 to 18 months. While these limitations in size and duration on the share issuance authorities are part of the corporate governance framework applicable to companies whose share capital is listed on the ISE (regardless of whether such companies are incorporated in Ireland or elsewhere), our ordinary shares are not, and never have been, listed on the ISE, and we are not subject to ISE share listing rules or governed by the corporate governance standards applicable to companies whose share capital is listed on the ISE.

As an Irish company, we are committed to complying with Irish law. We are legally required to seek shareholder approval to renew our share issuance authorities because we are incorporated in Ireland. However, the U.S. capital markets are the sole capital markets for our ordinary shares and our ordinary shares are listed solely on the NASDAQ Global Select Market. As such, we believe that our shareholders expect us to, and we are committed to, follow customary U.S. capital markets practices, U.S. corporate governance standards, the rules and regulations of the SEC and the NASDAQ rules and listing standards. We also believe that applying the standards and market practices of a market where our ordinary shares are not listed is inappropriate and is simply not in the best interests of our company or our shareholders, especially in circumstances where we are committed to complying with the governance rules and practices of the actual capital market for our ordinary shares—the NASDAQ Global Select Market—which provides its own separate restrictions on share issuances for the protection of shareholders.

Further, we believe that these Irish market limitations would leave us disadvantaged as compared with our U.S. incorporated and exchange-listed peers. Companies that are incorporated and listed in the U.S. are not generally required to—and do not—seek shareholder approval to renew their authority to allot and issue shares, and the dis-application of the statutory pre-emption right is not otherwise required for many companies with which we compete. In this regard, companies who are incorporated and publicly-traded in the U.S. generally do not grant all existing shareholders pre-emptive rights on new issuances of shares.

Background to Proposals 6 and 7 (continued)

To be clear, shareholder approval of our Share Issuance Proposals would not mean that we would have no limits on future share issuances. To the contrary, we are considered to be a U.S. domestic reporting company under SEC rules and are subject to the same governance and share issuance requirements as all other U.S.-incorporated companies listed on NASDAQ. For example, NASDAQ rules generally require shareholder approval prior to our issuing shares in connection with acquisitions, other than in public offerings for cash, when the number of shares to be issued is or will be equal to or in excess of 20% of the number of our ordinary shares outstanding before the issuance. With limited exceptions, we must also seek shareholder approval of our equity compensation plans, including material revisions of such plans.

We understand that certain proxy advisory firms have in recent proxy seasons applied their United Kingdom, or U.K., and Ireland voting guidelines in formulating their voting recommendations on share issuance authorities proposals for U.S.-listed Irish incorporated companies, meaning that they have applied or otherwise taken into account the market practice for companies whose share capital is listed on the ISE in formulating their voting recommendations on share issuance authorities proposals for Irish incorporated companies, even if their shares are not listed on the ISE (or any U.K. exchange). For all of the reasons stated above, we respectfully disagree with this approach.

We also understand that some Irish incorporated companies that are listed solely on U.S. stock exchanges have followed the market practice for companies whose share capital is listed on the ISE with respect to their own share issuance authorities proposals. However, those companies may have business and growth strategies that differ from ours or may have different approaches for creating shareholder value.

In summary, because the Share Issuance Proposals are fully compliant with Irish corporate law, consistent with U.S. capital markets practice and governance standards, and, if approved, will keep us on an equal footing with our peer companies who are incorporated and listed in the U.S., we believe it is necessary to seek as broad an authority to issue new shares on a non-pre-emptive basis as is permissible under Irish law.

Shareholder Outreach

A priority for our board of directors is listening to the views of our shareholders on a variety of topics, including our business and growth strategy and corporate governance practices. This year, we have solicited the views of institutional investors representing approximately 56% of our outstanding shares. These discussions have been productive and informative, and have helped ensure that our board's decisions are aligned with shareholder objectives. During these discussions, our shareholders have generally been supportive of our business and growth strategy. In discussions we have had with shareholders about the share issuance authorities that we must obtain as a matter of Irish law, shareholders have generally understood that renewing our existing share issuance authorities would allow us to continue to execute on our business and growth strategy in a timely and competitive manner.

Summary

The Share Issuance Proposals, if approved, will maintain the status quo, allowing our board of directors continued flexibility to issue shares that are already within our authorized share capital, subject to the shareholder approval and other requirements of NASDAQ and the SEC. The renewal of the share issuance authorities, as proposed:

- will not increase our authorized share capital;
- will not exempt us from any NASDAQ corporate governance or other requirements, including those limiting the issuance of shares;
- will keep us on an equal footing with our peer companies who are incorporated and listed in the U.S., while also fully complying with Irish law; and
- is fully consistent with U.S. capital markets practice and governance standards.

For the above reasons, our board of directors strongly recommends that you vote "FOR" both of the Share Issuance Proposals.

PROPOSAL 6

RENEW DIRECTORS' AUTHORITY TO ISSUE SHARES

The directors of an Irish public limited company must have specific authority from shareholders to issue shares (including rights to subscribe for or otherwise acquire any shares)—even shares which are part of the company's authorized but unissued share capital. Currently, our articles of association authorize our directors to issue new ordinary shares without shareholder approval up to a maximum of our authorized but unissued ordinary share capital. This authority has been in place since the Azur Merger in January 2012. Under Irish law, this authority can be granted for a maximum period of five years, at which point it lapses unless renewed by our shareholders. The current authority is due to expire on January 17, 2017.

We are asking for your approval to renew the directors' authority to allot and issue shares for an additional five-year period to expire on August 4, 2021. We are not asking you to approve an *increase* to our authorized share capital. Your approval of this Proposal 6 will simply provide our board of directors with continued flexibility to issue ordinary shares up to the maximum of our existing authorized but unissued ordinary share capital, subject to the shareholder approval and other requirements of NASDAQ and the SEC. The renewed authority would apply to the issuance of shares, employee and director equity awards and other securities convertible into or exercisable or exchangeable for our shares.

Renewal of this authority would not exempt Jazz Pharmaceuticals from applicable NASDAQ requirements to obtain shareholder approval prior to certain share issuances or to comply with applicable SEC disclosure and other regulations, and our board of directors will continue to focus on and satisfy its fiduciary duties to our shareholders with respect to share issuances.

If shareholders do not approve this Proposal 6, the existing authorization to allot and issue up to the amount of our authorized but unissued share capital will continue to apply until January 17, 2017. However, our board of directors will generally not be able to issue any shares after January 17, 2017 (other than to employees pursuant to our employee equity plans or pursuant to a pre-existing contractual obligation) without first seeking and obtaining shareholder approval for each such issuance.

Please refer to background discussion of Proposals 6 and 7 beginning on page 78 of this proxy statement for additional information regarding this proposal.

The board of directors is asking our shareholders to vote "FOR" the following ordinary resolution:

"RESOLVED, that the directors of Jazz Pharmaceuticals be and they are hereby generally and unconditionally authorized pursuant to section 1021(1) of the Irish Companies Act 2014 to exercise all powers of Jazz Pharmaceuticals to allot relevant securities (within the meaning of section 1021(12) of the Irish Companies Act 2014) up to the amount of Jazz Pharmaceuticals' authorized but unissued share capital as at the date of this resolution, provided that this authority shall expire five years from the date of passing of this resolution and provided that Jazz Pharmaceuticals may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired."

Proposal 6 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

The board of directors recommends a vote "FOR" Proposal 6.

PROPOSAL 7

RENEW DIRECTORS' AUTHORITY TO ISSUE SHARES FOR CASH WITHOUT FIRST OFFERING SHARES TO EXISTING SHAREHOLDERS

In general, unless otherwise authorized by shareholders, before an Irish public limited company can issue shares for cash (including rights to subscribe for or otherwise acquire any shares) to any new shareholders, it must first offer the shares or rights to existing shareholders of the company pro-rata to their existing shareholdings. Our articles of association currently authorize directors to issue new shares for cash, up to a maximum of our authorized but unissued ordinary share capital, without first offering them to existing shareholders, thereby opting out of the statutory pre-emption rights provision. This pre-emption opt-out authority has been in place since the Azur Merger in January 2012. Under Irish law, this authority can be granted for a maximum period of five years, at which point it will lapse unless renewed by our shareholders. The current pre-emption opt-out authority is due to expire on January 17, 2017.

We are asking for your approval to renew the pre-emption opt-out authority for an additional five-year period to expire on August 4, 2021. Your approval of this Proposal 7 will simply provide our board of directors with continued flexibility to issue ordinary shares for cash on a non-pre-emptive basis up to the maximum of our existing authorized but unissued ordinary share capital. Renewal of this authority would not exempt Jazz Pharmaceuticals from applicable NASDAQ requirements to obtain shareholder approval prior to certain share issuances or to comply with applicable SEC disclosure and other regulations, and our board of directors will continue to focus on and satisfy its fiduciary duties to our shareholders with respect to share issuances.

If our shareholders do not approve this Proposal 7, the existing pre-emption opt-out authority in respect of up to the amount of our authorized but unissued share capital will continue to apply until January 17, 2017. However, ordinary shares issued for cash after January 17, 2017 would have to first be offered to existing shareholders of Jazz Pharmaceuticals pro-rata to their existing shareholding before those shares could be issued to any new shareholders. ***This limitation on our ability to issue shares for cash could put us at a distinct disadvantage vis-à-vis many of our peers in competing for acquisitions and similar transactions, would considerably reduce the speed at which we could complete capital-raising activities undertaken in furtherance of our growth strategy, and would increase our costs and otherwise might make it difficult for us to complete such transactions in furtherance of our growth strategy, thus potentially limiting our ability to deploy capital to meet strategic goals that are in the best interests of our shareholders.*** Please note that the requirement to offer shares to pre-existing shareholders does not apply where such shares are issued for non-cash consideration or pursuant to employee equity plans.

Please refer to background discussion of Proposals 6 and 7 beginning on page 78 of this proxy statement for additional information regarding this proposal.

The approval of this Proposal 7 is conditional on the approval of Proposal 6 because Irish law requires that a general authority to issue shares be in place before a pre-emption opt-out authority can be granted. Proposal 7 will therefore not be passed unless Proposal 6 is also approved.

The board of directors is asking our shareholders to vote "FOR" the following special resolution:

"RESOLVED, that as a special resolution, subject to and conditional upon Proposal 6 being passed, the directors of Jazz Pharmaceuticals be and are hereby empowered pursuant to section 1023(3) of the Irish Companies Act 2014 to allot equity securities within the meaning of said section 1023 for cash pursuant to the authority conferred by Proposal 6 up to an aggregate nominal amount equal to the authorized but unissued share capital of Jazz Pharmaceuticals as at the date of this resolution as if section 1022 of the Irish Companies Act 2014 did not apply to any such allotment, provided that this authority shall expire five years from the date of passing of this resolution and provided that Jazz Pharmaceuticals may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of Jazz Pharmaceuticals may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired."

As required under Irish law, Proposal 7 is a special resolution that requires the affirmative vote of at least 75% of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved. In addition, Proposal 7 is subject to Proposal 6 being approved. Therefore, unless shareholders approve Proposal 6, Proposal 7 will fail and not be implemented, notwithstanding that shareholders may have approved Proposal 7.

The board of directors recommends a vote "FOR" Proposal 7.

PROPOSAL 8 ADJOURNMENT PROPOSAL

You are being asked to consider and vote upon an adjournment proposal.

This resolution proposes to approve any motion to adjourn the annual meeting, or any adjournments thereof, to another time and place to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any or all of Proposals 4A, 4B and/or 7.

Proposals 4A, 4B and 7 are subject to the Irish law super majority voting regime of voting by special resolution, which requires no less than 75% of the votes of shareholders cast (in person or by proxy) at a general meeting to be voted "FOR" the proposal in order to be passed. Given the high vote threshold associated with these proposals, we are seeking your authority to adjourn the meeting to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any of these proposals.

The board of directors is asking our shareholders to vote "FOR" the following ordinary resolution:

"RESOLVED, that any motion to adjourn the annual meeting, or any adjournments thereof, to another time and place to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve any or all of Proposals 4A, 4B and/or 7 set forth in this proxy statement, be approved."

Proposal 8 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

The board of directors recommends a vote "FOR" Proposal 8.

PROPOSAL 9

APPROVE AN AMENDMENT AND RESTATEMENT OF THE COMPANY'S 2011 EQUITY INCENTIVE PLAN

Overview

We are asking our shareholders in this Proposal 9 to approve an amendment and restatement of our 2011 Plan solely in order to renew our ability to grant awards under our 2011 Plan that may qualify as “performance-based compensation” under section 162(m) of the Code. Throughout this proxy statement, we refer to our 2011 Plan, as we propose that it be amended and restated, as the “Proposed 2011 Plan” and we refer to section 162(m) of the Code as “section 162(m).”

In 2011, our public company shareholders approved our 2011 Plan, including its terms and conditions regarding our ability to grant awards that may qualify as “performance-based compensation” under section 162(m). Under U.S. tax rules, our shareholders must reapprove certain terms and conditions of our 2011 Plan every five years in order for us to maintain flexibility to grant awards under our 2011 Plan that may qualify as “performance-based compensation” under section 162(m). Accordingly, we are seeking shareholder approval of the amendment and restatement of our 2011 Plan solely for that limited purpose.

We are not asking for any changes to the terms of the 2011 Plan, except that with respect to certain performance-based awards, the definition of “performance goals” has been updated in response to the elimination of the concept of “extraordinary items” from U.S. generally accepted accounting principles. Shareholders are not being asked to approve an increase in the number of shares available for grant under the 2011 Plan or to add any new features to the 2011 Plan. ***The Proposed 2011 Plan is identical to the 2011 Plan except that “items that are unusual in nature or occur infrequently” replaced “extraordinary items” in the definition of “performance goals” to track the change to U.S. generally accepted accounting principles.***

Proposal 9 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

If this Proposal 9 is approved by our shareholders, the Proposed 2011 Plan will become effective on the date of the annual meeting. In the event that our shareholders do not approve this Proposal 9, the Proposed 2011 Plan will not become effective and the 2011 Plan will continue in its current form.

Continued Ability to Grant Qualified Performance-Based Compensation under Section 162(m)

Section 162(m) disallows a U.S. tax deduction to any publicly held corporation and its affiliates for certain compensation paid to any “covered employee” (the chief executive officer and the next three most highly compensated officers other than the chief financial officer) to the extent that the compensation paid to the covered employee for the taxable year exceeds \$1,000,000. However, certain kinds of compensation, including qualified “performance-based compensation,” are not subject to this deduction limitation.

In order for compensation awarded under a plan to qualify as “performance-based compensation” under section 162(m), among other requirements, the following terms and conditions must be disclosed to and approved by the shareholders before the compensation is paid: (i) a description of the employees eligible to receive such awards; (ii) a description of the business criteria upon which the performance goals for performance-based awards may be based; and (iii) a per-person limit on the number of shares subject to performance-based stock awards and the amount of cash subject to performance-based cash awards that may be granted or paid to any employee under the plan during any specified period.

In 2011, our public company shareholders approved the 2011 Plan, including the terms and conditions necessary for us to grant awards under the 2011 Plan that may qualify as “performance-based compensation” under section 162(m). Under U.S. tax rules, in order for us to continue to grant performance-based stock and cash awards under the 2011 Plan that may qualify as “performance-based compensation” under section 162(m), our shareholders must reapprove such terms and conditions no later than the first shareholder meeting that occurs in the fifth year following the year in which our shareholders previously approved such terms and conditions.

Accordingly, we are requesting that our shareholders approve the Proposed 2011 Plan, which includes terms and conditions regarding eligibility for performance-based awards, the business criteria upon which the performance goals for performance-based awards may be based, and annual per-person limits on performance-based awards (as described in the summary below).

We believe that it is in the best interests of the company and our shareholders to preserve the ability to grant awards in the future that may qualify as “performance-based compensation” under section 162(m). However, in certain circumstances, we may determine to grant

Proposal 9 (continued)

awards to our covered employees that are not intended to qualify as “performance-based compensation” under section 162(m). Moreover, even if we grant awards that are intended to qualify as “performance-based compensation” under section 162(m), we cannot guarantee that such compensation ultimately will be deductible by us under U.S. tax rules.

Description of Proposed 2011 Plan

The Proposed 2011 Plan is identical to the 2011 Plan except that “items that are unusual in nature or occur infrequently” replaced “extraordinary items” in the definition of “performance goals” to track the change to U.S. generally accepted accounting principles. The material features of the Proposed 2011 Plan that were approved by our public company shareholders in 2011 are summarized below. This summary is qualified in its entirety by reference to the complete text of the Proposed 2011 Plan, which is appended to this proxy statement as *Annex C* and may be accessed from the SEC’s website at www.sec.gov.

Purpose

The purpose of the Proposed 2011 Plan is to secure and retain the services of our employees, to provide incentives for our employees to exert maximum efforts for our success, and to provide a means by which our employees may be given an opportunity to benefit from increases in the value of our ordinary shares through the grant of awards.

Types of Awards

The terms of the Proposed 2011 Plan provide for the grant of stock options, stock appreciation rights, restricted stock awards, RSU awards, other stock awards, and performance awards that may be settled in cash, shares, or other property.

Shares Available for Issuance

Subject to adjustment for certain changes in our capitalization, the total number of ordinary shares that may be issued under the Proposed 2011 Plan will not exceed 8,335,255 shares (which is referred to in this Proposal 9 as the “share reserve”), which is the sum of (i) 5,000,000 shares, plus (ii) any returning shares (as defined below), in an amount not to exceed 3,335,255 shares, as such shares become available from time to time. In addition, the share reserve automatically increases on January 1 of each year for a period of ten years, starting on January 1, 2013 and continuing through January 1, 2022, by the least of (a) 4.5% of the total number of ordinary shares outstanding on December 31 of the applicable preceding calendar year, (b) 5,000,000 shares, or (c) such lesser number of ordinary shares as determined by the plan administrator (as defined below). The share reserve, and the automatic annual increases to the share reserve, was approved under the 2011 Plan as of its effective date in 2012.

The “returning shares” are any shares subject to outstanding stock awards granted under the 2007 Plan or the 2003 Equity Incentive Plan, or the 2003 Plan, that, on or after the effective date of the 2011 Plan, (i) expire or terminate for any reason prior to exercise or settlement, (ii) are forfeited because of the failure to meet a contingency or condition required to vest such shares or, subject to applicable law, are repurchased at the original issuance price, or (iii) are reacquired or withheld (or not issued) to satisfy a tax withholding obligation in connection with an award.

If a stock award granted under the Proposed 2011 Plan expires or otherwise terminates without all of the shares covered by the stock award having been issued, or is settled in cash, such expiration, termination or settlement will not reduce the number of shares that may be available for issuance under the Proposed 2011 Plan. If any shares issued pursuant to a stock award granted under the Proposed 2011 Plan are forfeited back to or, subject to applicable law, repurchased by the company or any of its affiliates because of the failure to meet a contingency or condition required to vest such shares, or if any shares are cancelled in accordance with the cancellation and re-grant provisions of the Proposed 2011 Plan, then the shares that are forfeited, repurchased or canceled will again become available for issuance under the Proposed 2011 Plan. If any shares subject to a stock award granted under the Proposed 2011 Plan are not delivered to a participant because such shares are withheld for the payment of taxes or a stock award granted under the Proposed 2011 Plan is exercised through a reduction of shares subject to the stock award (i.e., “net exercised”) or an appreciation distribution in respect of a stock appreciation right granted under the Proposed 2011 Plan is paid in shares, the number of shares that are not delivered will remain available for subsequent issuance under the Proposed 2011 Plan. If the exercise price of any stock award granted under the Proposed 2011 Plan is satisfied by tendering ordinary shares held by a participant (either by actual delivery or attestation), then the number of tendered shares will remain available for issuance under the Proposed 2011 Plan.

The shares issuable under the Proposed 2011 Plan are authorized but unissued or reacquired ordinary shares of the company, including shares repurchased by the company or any of its affiliates on the open market or otherwise.

Proposal 9 (continued)**Eligibility**

Awards under the Proposed 2011 Plan may only be granted to employees of the company and its affiliates. As of May 18, 2016, all of the approximately 917 employees (including officers) of the company and its affiliates would be eligible to participate in the Proposed 2011 Plan and may receive all types of awards under the Proposed 2011 Plan.

Section 162(m) Limits

Under the Proposed 2011 Plan, subject to adjustment for certain changes in our capitalization:

- a maximum of 2,000,000 ordinary shares may be granted to any participant during any calendar year subject to stock options, stock appreciation rights and other stock awards whose value is determined by reference to an increase over an exercise or strike price of at least 100% of the fair market value of our ordinary shares on the date of grant;
- a maximum of 2,000,000 ordinary shares may be granted to any participant during any calendar year subject to performance stock awards; and
- a maximum of \$15,000,000 may be paid to any participant during any calendar year pursuant to performance cash awards.

These limits are designed to allow us to grant awards that may qualify as “performance-based compensation” under section 162(m), as described under “*Continued Ability to Grant Qualified Performance-Based Compensation under Section 162(m)*” above.

Administration

The board of directors has delegated administration of the Proposed 2011 Plan to the compensation committee, but retains authority to concurrently administer the Proposed 2011 Plan with the compensation committee and may, at any time, revert in itself some or all of the power previously delegated to the compensation committee. The compensation committee has the authority to delegate its administrative powers under the Proposed 2011 Plan to a subcommittee consisting of members of the compensation committee and may, at any time, revert in itself some or all of the power previously delegated to the subcommittee. As used in this Proposal 9, the “plan administrator” refers to the board of directors, the compensation committee, or any other authorized committee or subcommittee that the board of directors or compensation committee appoints to administer the Proposed 2011 Plan pursuant to its terms.

Subject to the terms of the Proposed 2011 Plan, the plan administrator may determine the recipients, numbers and types of awards to be granted, and terms and conditions of the awards, including the period of their exercisability and vesting. The plan administrator also has the authority to provide for accelerated vesting and exercisability of awards. Subject to the limitations set forth below, the plan administrator also determines the fair market value applicable to a stock award and the exercise price of stock options and stock appreciation rights granted under the Proposed 2011 Plan.

The plan administrator may also delegate to one or more of the company's officers the authority to designate employees who are not officers to be recipients of certain stock awards and the number of shares subject to such stock awards, provided that the plan administrator must specify the total number of ordinary shares that may be subject to the stock awards granted by such officer and such officer may not grant a stock award to himself or herself.

Repricing; Cancellation and Re-Grant of Stock Awards

Under the Proposed 2011 Plan, the plan administrator will have the authority, with the consent of any adversely affected participant, to (i) reprice any outstanding stock option or stock appreciation right by reducing the exercise price of the stock option or stock appreciation right, but not below the nominal value of the shares subject to the stock option or stock appreciation right, (ii) cancel any outstanding stock option or stock appreciation right in exchange for cash, other stock awards or other valuable consideration, and (iii) take any other action that may be treated as a repricing under U.S. generally accepted accounting principles. This feature was in the 2011 Plan that was approved by our public company shareholders in 2011.

Stock Options

Stock options may be granted under the Proposed 2011 Plan pursuant to stock option agreements. The Proposed 2011 Plan permits the grant of stock options that qualify as incentive stock options as defined in section 422 of the Code, which are referred to in this proxy statement as “ISOs,” and nonstatutory stock options, which are stock options that do not qualify as ISOs and are referred to in this proxy statement as “NSOs.” Individual stock option agreements may be more restrictive as to any or all of the permissible terms described in this section.

Proposal 9 (continued)

The exercise price of NSOs may not be less than 100% of the fair market value of the shares subject to the stock option on the date of grant. The exercise price of ISOs may not be less than 100% of the fair market value of the shares subject to the stock option on the date of grant and, in some cases (see "*Description of the Proposed 2011 Plan—Limitations on Incentive Stock Options*" below), may not be less than 110% of such fair market value.

The term of stock options granted under the Proposed 2011 Plan may not exceed ten years. Except as otherwise provided in a participant's stock option agreement or other agreement with the company or any of its affiliates, (i) if a participant's service relationship with the company or any of its affiliates (referred to in this Proposal 9 as "continuous service") terminates (other than upon the participant's disability or death or for cause, as defined in the Proposed 2011 Plan), the participant may exercise any vested stock options for up to three months following the participant's termination of continuous service, (ii) if a participant's continuous service terminates due to the participant's disability or death (or the participant dies within a specified period, if any, following termination of continuous service), the participant, or his or her beneficiary, as applicable, may exercise any vested stock options for up to 12 months following the participant's termination due to the participant's disability or for up to 18 months following the participant's death, and (iii) if a participant's continuous service is terminated for cause, the participant may exercise any vested stock options for up to five days following the participant's termination of continuous service. Under the Proposed 2011 Plan, the stock option term may be extended in the event that exercise of the stock option following a participant's termination of continuous service is prohibited by applicable securities laws (in the event of any termination other than upon the participant's disability or death) or if the sale of shares received upon exercise of a stock option (in the event of any termination other than for cause) would violate the company's insider trading policy. In no event may a stock option be exercised after its original expiration date.

Acceptable forms of consideration for the purchase of ordinary shares pursuant to the exercise of a stock option under the Proposed 2011 Plan will be determined by the plan administrator and may include the following, provided that the nominal value of any newly issued shares is fully paid: (i) cash, check, bank draft or money order made payable to the company; (ii) payment pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board; (iii) ordinary shares previously owned by the participant; (iv) a net exercise feature (for NSOs only); or (v) other legal consideration approved by the plan administrator.

Stock options granted under the Proposed 2011 Plan may become exercisable in cumulative increments, or "vest," as determined by the plan administrator at the rate specified in the stock option agreement. Shares covered by different stock options granted under the Proposed 2011 Plan may be subject to different vesting schedules as the plan administrator may determine.

Generally, a participant may not transfer a stock option other than by will or the laws of descent and distribution or, subject to approval by the plan administrator or a duly authorized officer, a domestic relations order or other divorce or separation instrument. However, a participant may designate a beneficiary who may exercise the stock option following the participant's death.

Limitations on Incentive Stock Options

The aggregate fair market value, determined at the time of grant, of ordinary shares with respect to ISOs that are exercisable for the first time by a participant during any calendar year under all of the company's share plans may not exceed \$100,000. The stock options or portions of stock options that exceed this limit will be treated as NSOs. No ISO may be granted to any person who, at the time of grant, owns or is deemed to own shares possessing more than 10% of the total combined voting power of the company or any of its affiliates unless the following conditions are satisfied:

- the exercise price of the ISO must be at least 110% of the fair market value of the shares subject to the ISO on the date of grant; and
- the term of the ISO must not exceed five years from the date of grant.

The aggregate maximum number of ordinary shares that may be issued under the Proposed 2011 Plan pursuant to the exercise of ISOs is 100,000,000 shares.

Restricted Stock Awards

Restricted stock awards may be granted under the Proposed 2011 Plan pursuant to restricted stock award agreements. A restricted stock award may be granted in consideration for cash, check, bank draft or money order payable to the company, the recipient's services performed for the company or any of its affiliates, or any other form of legal consideration acceptable to the plan administrator and permissible under applicable law, provided that the nominal value of any newly issued shares is fully paid. Ordinary shares acquired under a restricted stock award may be subject to forfeiture to the company in accordance with a vesting schedule to be determined by the plan

Proposal 9 (continued)

administrator. Rights to acquire ordinary shares under a restricted stock award may be transferred only upon such terms and conditions as are set forth in the restricted stock award agreement. A restricted stock award agreement may provide that any dividends paid on restricted stock will be subject to the same vesting conditions as apply to the shares subject to the restricted stock award. Upon a participant's termination of continuous service for any reason, any shares subject to restricted stock awards held by the participant that have not vested as of such termination date may be forfeited to or repurchased by us.

Restricted Stock Unit Awards

RSU awards may be granted under the Proposed 2011 Plan pursuant to RSU award agreements. Payment of any purchase price may be made in any legal form acceptable to the plan administrator and permissible under applicable law, provided that the nominal value of any newly issued shares is fully paid. The company will settle a payment due to a recipient of an RSU award by delivery of ordinary shares, by cash, by a combination of cash and shares, or in any other form of consideration determined by the plan administrator and set forth in the RSU award agreement. RSU awards may be subject to vesting in accordance with a vesting schedule to be determined by the plan administrator. Dividend equivalents may be credited in respect of ordinary shares covered by an RSU award. Except as otherwise provided in the applicable RSU award agreement, RSU awards that have not vested will be forfeited upon the participant's termination of continuous service for any reason.

Stock Appreciation Rights

Stock appreciation rights may be granted under the Proposed 2011 Plan pursuant to stock appreciation right agreements. Each stock appreciation right will be denominated in ordinary share equivalents. The strike price of each stock appreciation right will be determined by the plan administrator but will in no event be less than 100% of the fair market value of the shares subject to the stock appreciation right on the date of grant. The plan administrator may also impose restrictions or conditions upon the vesting of stock appreciation rights that it deems appropriate. Stock appreciation rights may be paid in ordinary shares, in cash, in a combination of cash and shares, or in any other form of consideration approved by the plan administrator and set forth in the stock appreciation right agreement, provided that the nominal value of the shares is fully paid. Stock appreciation rights will be subject to the same conditions upon termination of continuous service and restrictions on transfer as stock options under the Proposed 2011 Plan.

Performance Awards

The Proposed 2011 Plan provides for the grant of two types of performance awards: performance stock awards and performance cash awards. Performance awards may be granted, vest or be exercised, or may be paid (as applicable), based upon the attainment during a specified period of time of specified performance goals. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained with respect to a performance award will be determined by the compensation committee, except that the plan administrator also may make any such determinations to the extent that the award is not intended to comply with section 162(m).

In granting a performance award intended to qualify as "performance-based compensation" under section 162(m), the compensation committee will set a period of time (which is referred to in this Proposal 9 as a "performance period") over which the attainment of one or more goals (which are referred to in this Proposal 9 as "performance goals") will be measured. Within the time period prescribed by section 162(m) (no later than the earlier of the 90th day of a performance period and the date on which 25% of the performance period has elapsed, and in any event at a time when the achievement of the performance goals remains substantially uncertain), the compensation committee will establish the performance goals, based upon one or more criteria (which are referred to in this Proposal 9 as "performance criteria") enumerated in the Proposed 2011 Plan and described below. As soon as administratively practicable following the end of the performance period, the compensation committee will certify in writing whether the performance goals have been satisfied.

Performance goals under the Proposed 2011 Plan will be based on one or more of the following performance criteria: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total shareholder return; (v) return on equity or average shareholder's equity; (vi) return on assets, investment, or capital employed; (vii) share price; (viii) margin (including gross margin); (ix) income (before or after taxes); (x) operating income; (xi) operating income after taxes; (xii) pre-tax profit; (xiii) operating cash flow; (xiv) sales or revenue targets (including volume-based measures); (xv) increases in revenue or product revenue; (xvi) expenses and cost reduction goals; (xvii) improvement in or attainment of working capital levels; (xviii) economic value added (or an equivalent metric); (xix) market share; (xx) cash flow; (xxi) cash flow per share; (xxii) share price performance; (xxiii) debt reduction; (xxiv) implementation or completion of projects or processes; (xxv) customer

Proposal 9 (continued)

satisfaction; (xxvi) shareholders' equity; (xxvii) capital expenditures; (xxiii) debt levels; (xxix) operating profit or net operating profit; (xxx) workforce diversity; (xxxi) growth of net income or operating income; (xxxii) billings; and (xxxiii) to the extent that an award is not intended to comply with section 162(m), other measures of performance selected by the compensation committee or the board of directors.

Unless specified otherwise in an award agreement at the time the award is granted or in another document setting forth the performance goals at the time they are established, adjustments will be appropriately made when calculating the attainment of performance goals for a performance period, to exclude the following: (i) restructuring and/or other nonrecurring charges; (ii) exchange rate effects, as applicable, for non-U.S. dollar denominated performance goals; (iii) the effects of changes to U.S. generally accepted accounting principles; (iv) the effects of any statutory adjustments to corporate tax rates; and (v) the effects of items that are "unusual" in nature or occur "infrequently" as determined under U.S. generally accepted accounting principles. In addition, the compensation committee (and the board of directors, to the extent that the award is not intended to comply with section 162(m)) retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of performance goals and to define the manner of calculating the performance criteria it selects to use for a performance period.

Other Stock Awards

Other forms of stock awards valued in whole or in part by reference to, or otherwise based on, our ordinary shares may be granted either alone or in addition to other stock awards under the Proposed 2011 Plan. Subject to the terms of the Proposed 2011 Plan, the plan administrator will have sole and complete authority to determine the persons to whom and the time or times at which such other stock awards will be granted, the number of ordinary shares to be granted and all other terms and conditions of such other stock awards, provided that the nominal value of any newly issued shares is fully paid.

Clawback Policy

Any amounts paid under the Proposed 2011 Plan will be subject to recoupment in accordance with any clawback policy that we are required to adopt pursuant to the listing standards of any national securities exchange or association on which our securities are listed or as is otherwise required by the Dodd-Frank Act or other applicable law.

Changes to Capital Structure

In the event of certain capitalization adjustments, the plan administrator will appropriately adjust: (i) the class(es) and maximum number of securities subject to the Proposed 2011 Plan; (ii) the class(es) and maximum number of securities by which the share reserve may increase automatically each year; (iii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of ISOs; (iv) the class(es) and maximum number of securities that may be awarded to any person pursuant to section 162(m) limits; and (v) the class(es) and number of securities and price per share of shares subject to outstanding stock awards.

Corporate Transactions

In the event of a corporate transaction (as defined in the Proposed 2011 Plan and described below), the plan administrator will have the discretion to take one or more of the following actions with respect to outstanding stock awards under the Proposed 2011 Plan (contingent upon the closing or completion of such transaction), unless otherwise provided in the stock award agreement or other written agreement with the participant or unless otherwise provided by the plan administrator at the time of grant:

- arrange for assumption, continuation, or substitution of a stock award by a surviving or acquiring corporation (or its parent company);
- arrange for the assignment of any reacquisition or repurchase rights held by the company or any of its affiliates with respect to the stock award to the surviving or acquiring corporation (or its parent company);
- accelerate the vesting (and, if applicable, the exercisability) of the stock award to a date prior to the effective time of the corporate transaction, with the stock award terminating if not exercised (if applicable) at or prior to the effective time of the corporate transaction;
- arrange for the lapse of any reacquisition or repurchase rights held by the company or any of its affiliates with respect to the stock award;
- cancel or arrange for the cancellation of the stock award, to the extent not vested or exercised prior to the effective time of the corporate transaction, in exchange for such cash consideration, if any, as the plan administrator may consider appropriate; or

Proposal 9 (continued)

- make a payment equal to the excess, if any, of (a) the value of the property that the participant would have received upon the exercise of the stock award over (b) any exercise price payable in connection with such exercise.

The plan administrator need not take the same action for each stock award or with regard to all participants.

For purposes of the Proposed 2011 Plan, a “corporate transaction” generally means the consummation of: (i) a sale or other disposition of all or substantially all of our assets; (ii) a sale or other disposition of at least 90% of our outstanding securities; (iii) a merger, consolidation or similar transaction after which we are not the surviving corporation; or (iv) a merger, consolidation or similar transaction after which we are the surviving corporation but our ordinary shares are converted or exchanged into other property by virtue of the transaction.

Change in Control

The plan administrator will have the discretion to provide for additional acceleration of vesting and exercisability of a stock award upon or after a change in control (as defined in the Proposed 2011 Plan and described below) in a stock award agreement or other written agreement with the participant. However, in the absence of any such provision, no such acceleration will occur with respect to stock awards held by participants under the Proposed 2011 Plan.

For purposes of the Proposed 2011 Plan, a “change in control” generally means: (i) a person, entity or group acquires ownership of more than 50% of the combined voting power of our outstanding securities other than by virtue of a merger, consolidation or similar transaction (and other than in connection with certain financing or repurchase transactions); (ii) there is consummated a merger, consolidation or similar transaction involving the company, after which our shareholders do not own more than 50% of the combined voting power of the surviving entity or its parent in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such transaction; (iii) our shareholders or our board of directors approves a complete dissolution or liquidation of the company, or a complete dissolution or liquidation of the company otherwise occurs (except for a liquidation into a parent corporation); (iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of our assets other than to an entity, more than 50% of the combined voting power of which is owned by our shareholders in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such sale, lease, license or other disposition; or (v) individuals who are members of our board of directors on the date the 2011 Plan was adopted by our board of directors (or members of our board of directors approved or recommended by a majority vote of such members still in office) cease to constitute a majority of our board of directors.

The acceleration of vesting of a stock award in the event of a corporate transaction or change in control under the Proposed 2011 Plan may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain control of the company.

Plan Amendments and Termination

The plan administrator will have the authority to amend or terminate the Proposed 2011 Plan at any time. However, no amendment or termination of the Proposed 2011 Plan will impair any rights under awards granted prior to such amendment or termination unless agreed to by the affected participant. The company will obtain shareholder approval of any amendment to the Proposed 2011 Plan as required by applicable law and listing requirements. No ISOs will be granted after October 24, 2021.

U.S. Federal Income Tax Consequences

The information set forth below is a summary only and does not purport to be complete. The information is based upon current U.S. federal income tax rules and therefore is subject to change when those rules change. Because the tax consequences to any recipient of an award may depend on his or her particular situation, each recipient should consult the recipient’s tax adviser regarding the federal, state, local, and other tax consequences of the grant or exercise of an award or the disposition of shares acquired as a result of an award. The Proposed 2011 Plan will not be qualified under the provisions of section 401(a) of the Code and will not be subject to any of the provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended. The company’s ability to realize the benefit of any tax deductions described below will depend on its generation of taxable income, as well as the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of its tax reporting obligations.

Nonstatutory Stock Options

Generally, there is no taxation upon the grant of an NSO if the stock option is granted with an exercise price equal to the fair market value of the underlying shares on the grant date. On exercise, a recipient will recognize ordinary income equal to the excess, if any, of the fair

Proposal 9 (continued)

market value on the date of exercise of the shares over the exercise price. If the recipient is employed by the company or one of its affiliates, that income will be subject to withholding taxes. The recipient's tax basis in those shares will be equal to their fair market value on the date of exercise of the stock option, and the recipient's capital gain holding period for those shares will begin on that date.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock option.

Incentive Stock Options

Under the Code, a recipient generally is not subject to ordinary income tax upon the grant or exercise of an ISO. If the recipient holds a share received on exercise of an ISO for more than two years from the date the stock option was granted and more than one year from the date the stock option was exercised, which is referred to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, however, a recipient disposes of a share acquired on exercise of an ISO before the end of the required holding period, which is referred to as a disqualifying disposition, the recipient generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date the ISO was exercised over the exercise price. However, if the sales proceeds are less than the fair market value of the share on the date of exercise of the stock option, the amount of ordinary income recognized by the recipient will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the stock option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share acquired on exercise of an ISO exceeds the exercise price of that stock option generally will be an adjustment included in the recipient's alternative minimum taxable income for the year in which the stock option is exercised. If, however, there is a disqualifying disposition of the share in the year in which the stock option is exercised, there will be no adjustment for alternative minimum tax purposes with respect to that share. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an ISO is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the stock option is exercised.

The company will not be allowed an income tax deduction with respect to the grant or exercise of an ISO or the disposition of a share acquired on exercise of an ISO after the required holding period. If there is a disqualifying disposition of a share, however, the company will be allowed a deduction in an amount equal to the ordinary income includible in income by the recipient, subject to section 162(m) and provided that amount constitutes an ordinary and necessary business expense for the company and is reasonable in amount, and either the employee includes that amount in income or the company timely satisfies its reporting requirements with respect to that amount.

Restricted Stock Awards

Generally, the recipient of a restricted stock award will recognize ordinary income at the time the shares are received equal to the excess, if any, of the fair market value of the shares received over any amount paid by the recipient in exchange for the shares. If, however, the shares are not vested when they are received (for example, if the recipient is required to work for a period of time in order to have the right to sell the shares), the recipient generally will not recognize income until the shares become vested, at which time the recipient will recognize ordinary income equal to the excess, if any, of the fair market value of the shares on the date they become vested over any amount paid by the recipient in exchange for the shares. A recipient may, however, file an election with the U.S. Internal Revenue Service, within 30 days following his or her receipt of the stock award, to recognize ordinary income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the shares on the date the award is granted over any amount paid by the recipient for the shares.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from stock awards will be the amount paid for such shares plus any ordinary income recognized either when the shares are received or when the shares become vested.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the restricted stock award.

Proposal 9 (continued)***Restricted Stock Unit Awards***

Generally, the recipient of an RSU award structured to conform to the requirements of section 409A of the Code or an exception to section 409A of the Code will recognize ordinary income at the time the shares are delivered equal to the excess, if any, of the fair market value of the ordinary shares received over any amount paid by the recipient in exchange for the ordinary shares. To conform to the requirements of section 409A of the Code, the ordinary shares subject to an RSU award may generally only be delivered upon one of the following events: a fixed calendar date (or dates), separation from service, death, disability or a change in control. If delivery occurs on another date, unless the RSU award otherwise complies with or qualifies for an exception to the requirements of section 409A of the Code, in addition to the tax treatment described above, the recipient will owe an additional 20% federal tax and interest on any taxes owed.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from an RSU award will be the amount paid for such shares plus any ordinary income recognized when the shares are delivered.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the RSU award.

Stock Appreciation Rights

Stock appreciation rights may be granted separately from any other award or in tandem with other awards under the Proposed 2011 Plan.

Where the stock appreciation rights are granted with a strike price equal to the fair market value of the underlying shares on the grant date, the recipient will recognize ordinary income equal to the fair market value of the shares or cash received upon such exercise.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock appreciation right.

New Plan Benefits

The proxy disclosure rules require us to disclose certain "new plan benefits" if such benefits or amounts are determinable. We do not have any "new plan benefits" to disclose because awards granted under the Proposed 2011 Plan to our executive officers and other employees are discretionary. There are no prescribed benefits or amounts of awards (or shares) set for grant under the terms of the Proposed 2011 Plan. We have not granted any awards under the Proposed 2011 Plan subject to shareholder approval of this Proposal 9. Accordingly, the benefits or amounts that will be received by or allocated to our executive officers and other employees under the Proposed 2011 Plan are not determinable. Our non-employee directors are not eligible to receive awards under the Proposed 2011 Plan.

Proposal 9 (continued)

Plan Benefits

The proxy disclosure rules also require us to disclose the information in the following table. The following table sets forth, for each of the individuals and groups indicated, the total number of ordinary shares subject to awards that have been granted (even if not currently outstanding) under the 2011 Plan as of May 18, 2016. Our non-employee directors are not eligible to receive awards under the 2011 Plan, but are included in the table below in accordance with SEC rules.

2011 Plan	
Name and position	Number of shares
Bruce C. Cozadd <i>Chairman and Chief Executive Officer</i>	782,800
Matthew P. Young <i>Executive Vice President and Chief Financial Officer</i>	127,425
Russell J. Cox <i>Executive Vice President and Chief Operating Officer</i>	257,925
Suzanne Sawochka Hooper <i>Executive Vice President and General Counsel</i>	242,175
Karen Smith, M.D., Ph.D. <i>Global Head of Research and Development and Chief Medical Officer</i>	45,885
All current executive officers as a group	1,845,800
All current directors who are not executive officers as a group	52,500 ⁽¹⁾
Each nominee for election as a director:	
Paul L. Berns	—
Patrick G. Enright	—
Seamus Mulligan	52,500 ⁽¹⁾
Norbert G. Riedel, Ph.D.	—
Each associate of any executive officers, current directors or director nominees	—
Each other person who received or is to receive 5% of awards	—
All employees, including all current officers who are not executive officers, as a group	7,538,976

(1) Represents awards granted to Mr. Mulligan in his prior capacity as an officer of the company.

On June 7, 2016, the closing sales price of our ordinary shares on the NASDAQ Global Select Market was \$154.91 per share.

The board of directors recommends a vote “FOR” Proposal 9.

PROPOSAL 10

APPROVE AN AMENDMENT AND RESTATEMENT OF THE COMPANY'S AMENDED AND RESTATED 2007 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

Overview

We are asking our shareholders in this Proposal 10 to approve an amendment and restatement of the Directors Plan in order to (i) expand the types of stock awards that may be granted to our non-employee directors under the Directors Plan and (ii) eliminate the final automatic annual increase to the share reserve that otherwise is scheduled to occur in 2017 pursuant to the “evergreen” provision of the Directors Plan. Throughout this proxy statement, we refer to our Directors Plan, as we propose that it be amended and restated (and renamed as the Amended and Restated 2007 Non-Employee Directors Stock Award Plan), as the “Proposed Directors Plan.”

Under the current Directors Plan, stock options are the only type of stock award that can be granted to our non-employee directors. We are seeking this shareholder approval to allow us to grant additional types of stock awards (including RSU awards) to our non-employee directors under the Proposed Directors Plan.

Our director compensation policy currently provides for the automatic grant of initial and continuing stock awards to our non-employee directors in the form of stock options and RSU awards, as described under the section of this proxy statement entitled “*Director Compensation—Non-Employee Director Compensation Policy*”. We currently grant such stock options under our Directors Plan and such RSU awards under the 2007 Plan. The 2007 Plan is set to expire in 2017 before our 2017 annual general meeting of shareholders. Our 2011 Plan and, if approved, the Proposed 2011 Plan, only permits grants of stock awards to employees. Accordingly, if this Proposal 10 is not approved by our shareholders, we will not be able to continue to grant RSU awards to our non-employee directors without first obtaining shareholder approval.

In addition, as part of the amendment and restatement of our Directors Plan proposed to shareholders, we would eliminate the automatic annual increase to the share reserve that otherwise occurs pursuant to the “evergreen” provision of the Directors Plan. Accordingly, if this Proposal 10 is approved by our shareholders, there will be no further automatic annual increases to the share reserve of the Directors Plan.

The changes described above are the only changes to the terms of the Directors Plan that would be made by the Proposed Directors Plan. Shareholders are not being asked to approve an increase in the number of shares available for grant.

Proposal 10 is an ordinary resolution and must receive the affirmative vote of a majority of the votes cast in person or by proxy at the annual meeting (including any adjournment thereof) in order to be approved.

If this Proposal 10 is approved by our shareholders, the Proposed Directors Plan will become effective on the date of the annual meeting. In the event that our shareholders do not approve this Proposal 10, the Proposed Directors Plan will not become effective, the Directors Plan will continue in its current form and the final automatic annual increase to the share reserve will occur in 2017 pursuant to the “evergreen” provision of the Directors Plan.

Description of Proposed Directors Plan

The material features of the Proposed Directors Plan are outlined below. This summary is qualified in its entirety by reference to the complete text of the Proposed Directors Plan. Shareholders are encouraged to read the actual text of the Proposed Directors Plan, which is appended to this proxy statement as *Annex D* and may be accessed from the SEC’s website at www.sec.gov.

Purpose

The purpose of the Proposed Directors Plan is to secure and retain the services of our non-employee directors and to provide incentives for our non-employee directors to exert maximum efforts for our success by giving them an opportunity to benefit from increases in the value of our ordinary shares through the grant of stock awards. The Proposed Directors Plan is also intended to provide a source of ordinary shares to be used to pay distributions under our Directors Deferred Plan, which is described under the section of this proxy statement entitled “*Director Compensation—Directors Deferred Compensation Plan*”, but only to the extent such ordinary shares were credited prior to August 15, 2010 to a non-employee director’s stock account pursuant to our Directors Deferred Plan.

Types of Stock Awards

The terms of the Proposed Directors Plan provide for the grant of stock options, stock appreciation rights, restricted stock awards, RSU awards, and other stock awards.

Proposal 10 (continued)**Shares Available for Issuance**

Subject to adjustment for certain changes in our capitalization, the total number of ordinary shares that may be issued under the Proposed Directors Plan will not exceed 200,000 shares (which is referred to in this Proposal 10 as the “share reserve”), plus an automatic annual increase that began on January 1, 2008 and continued through January 1, 2016, in an amount equal to the sum of (i) the excess of (a) the number of ordinary shares subject to stock options granted during the applicable preceding calendar year, over (b) the number of ordinary shares added back to the share reserve during the applicable preceding calendar year pursuant to the provisions of the Proposed Directors Plan, plus (ii) for the automatic annual increases occurring on or prior to January 1, 2010 only, the total number of ordinary shares credited to our non-employee directors’ stock accounts pursuant to our Directors Deferred Plan during the applicable preceding calendar year; provided, however, that any such automatic annual increase may not exceed 200,000 ordinary shares. We refer to this automatic annual increase as the “evergreen” provision. Notwithstanding the foregoing, our board of directors may act, prior to the first day of any calendar year, to provide that there will be no increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of ordinary shares than would otherwise occur pursuant to the evergreen provision described in the preceding sentence. The share reserve, and the automatic annual increases to the share reserve pursuant to the evergreen provision, was approved under the Directors Plan as of its effective date in 2007. The last automatic annual increase to the share reserve occurred on January 1, 2016 and no further automatic annual increases to the share reserve may occur under the Proposed Directors Plan.

If a stock award granted under the Proposed Directors Plan expires or otherwise terminates without all of the shares covered by the stock award having been issued, the shares not acquired under the stock award will again become available for issuance under the Proposed Directors Plan. If any shares subject to a stock award granted under the Proposed Directors Plan are not delivered to a participant because such shares are withheld for the payment of taxes, the number of shares that are not delivered will remain available for issuance under the Proposed Directors Plan. If the exercise price of a stock award granted under the Proposed Directors Plan is satisfied by tendering ordinary shares held by a participant (either by actual delivery or attestation), then the number of tendered shares will remain available for issuance under the Proposed Directors Plan.

The shares issuable under the Proposed Directors Plan are authorized but unissued or reacquired ordinary shares of the company, including shares repurchased by the company or any of its affiliates on the open market or otherwise.

Eligibility

Stock awards under the Proposed Directors Plan may only be granted to the non-employee directors of the company. As of May 18, 2016, all of the ten non-employee directors of the company would be eligible to participate in the Proposed Directors Plan and may receive all types of stock awards under the Proposed Directors Plan.

Administration

The board of directors will administer the Proposed Directors Plan. Subject to the terms of the Proposed Directors Plan, the board of directors may determine the recipients, numbers and types of stock awards to be granted, and terms and conditions of the stock awards, including the period of their exercisability and vesting. Subject to the limitations set forth below, the board of directors also determines the fair market value applicable to a stock award and the exercise price of stock options and stock appreciation rights granted under the Proposed Directors Plan.

Stock Options

Stock options may be granted under the Proposed Directors Plan pursuant to stock option agreements. The Proposed Directors Plan permits the grant of nonstatutory stock options, or NSOs, that are not qualified under section 422 of the Code. Individual stock option agreements may be more restrictive as to any or all of the permissible terms described in this section.

The exercise price of stock options granted under the Proposed Directors Plan will be 100% of the fair market value of the shares subject to the stock option on the date of grant.

The term of stock options granted under the Proposed Directors Plan may not exceed ten years. If a participant’s service relationship with the company or any of its affiliates (referred to in this Proposal 10 as “continuous service”) terminates (other than upon the participant’s disability or death or upon a change in control, as defined in the Proposed Directors Plan and described in “*Description of the Proposed Directors Plan—Change in Control*” below), the participant may exercise any vested stock options for up to three months following the participant’s termination of continuous service. If a participant’s continuous service terminates due to the participant’s disability or death (or

Proposal 10 (continued)

the participant dies within the three-month period following termination of continuous service), the participant, or his or her beneficiary, as applicable, may exercise any vested stock options for up to 12 months following the participant's termination due to the participant's disability or for up to 18 months following the participant's death. If a participant's continuous service terminates upon or within 12 months following a change in control, the participant may exercise any vested stock options for up to 12 months following the change in control. Under the Proposed Directors Plan, the stock option term may be extended in the event that exercise of the stock option following a participant's termination of continuous service (other than upon the participant's disability or death or upon a change in control) is prohibited by applicable securities laws. In no event may a stock option be exercised after its original expiration date.

Acceptable forms of consideration for the purchase of ordinary shares pursuant to the exercise of a stock option under the Proposed Directors Plan are the following, provided that the nominal value of any newly issued shares is fully paid: (i) cash or check; (ii) delivery to the company (either by actual delivery or attestation) of ordinary shares; or (iii) payment pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board.

Stock options granted under the Proposed Directors Plan may become exercisable in cumulative increments, or "vest," as determined by the board of directors at the rate specified in the stock option agreement. Shares covered by different stock options granted under the Proposed Directors Plan may be subject to different vesting schedules as the board of directors may determine.

Generally, a participant may not transfer a stock option other than by will or the laws of descent and distribution. However, a stock option may be transferred upon written consent of the board of directors if (i) at the time of transfer, a Form S-8 registration statement under the U.S. Securities Act of 1933, as amended, is available for the issuance of ordinary shares upon the exercise of the transferred stock option, or (ii) the transfer is to the participant's employer or its affiliate at the time of transfer. In addition, until a participant transfers a stock option, the participant may designate a beneficiary who may exercise the stock option following the participant's death.

Restricted Stock Awards

Restricted stock awards may be granted under the Proposed Directors Plan pursuant to restricted stock award agreements. A restricted stock award may be granted in consideration for cash, check, bank draft or money order payable to the company, the recipient's services performed for the company or any of its affiliates, or any other form of legal consideration acceptable to the board of directors and permissible under applicable law, provided that the nominal value of any newly issued shares is fully paid. Ordinary shares acquired under a restricted stock award may be subject to forfeiture to the company in accordance with a vesting schedule to be determined by the board of directors. Rights to acquire ordinary shares under a restricted stock award may be transferred only upon such terms and conditions as are set forth in the restricted stock award agreement. A restricted stock award agreement may provide that any dividends paid on restricted stock will be subject to the same vesting conditions as apply to the shares subject to the restricted stock award. Upon a participant's termination of continuous service for any reason, any shares subject to restricted stock awards held by the participant that have not vested as of such termination date may be forfeited to or repurchased by us.

Restricted Stock Unit Awards

RSU awards may be granted under the Proposed Directors Plan pursuant to RSU award agreements. Payment of any purchase price may be made in any legal form acceptable to the board of directors and permissible under applicable law, provided that the nominal value of any newly issued shares is fully paid. The company will settle a payment due to a recipient of an RSU award by delivery of ordinary shares, by cash, by a combination of cash and shares, or in any other form of consideration determined by the board of directors and set forth in the RSU award agreement. RSU awards may be subject to vesting in accordance with a vesting schedule to be determined by the board of directors. Dividend equivalents may be credited in respect of ordinary shares covered by an RSU award. Except as otherwise provided in the applicable RSU award agreement, RSU awards that have not vested will be forfeited upon the participant's termination of continuous service for any reason.

Stock Appreciation Rights

Stock appreciation rights may be granted under the Proposed Directors Plan pursuant to stock appreciation right agreements. Each stock appreciation right will be denominated in ordinary share equivalents. The strike price of each stock appreciation right will be 100% of the fair market value of the shares subject to the stock appreciation right on the date of grant. The board of directors may also impose restrictions or conditions upon the vesting of stock appreciation rights that it deems appropriate. Stock appreciation rights may be paid in ordinary shares, in cash, in a combination of cash and shares, or in any other form of consideration approved by the board of directors and

Proposal 10 (continued)

set forth in the stock appreciation right agreement, provided that the nominal value of the shares is fully paid. Stock appreciation rights will be subject to the same conditions upon termination of continuous service and restrictions on transfer as stock options under the Proposed Directors Plan.

Other Stock Awards

Other forms of stock awards valued in whole or in part by reference to, or otherwise based on, our ordinary shares may be granted either alone or in addition to other stock awards under the Proposed Directors Plan. Subject to the terms of the Proposed Directors Plan, the board of directors will have sole and complete authority to determine the persons to whom and the time or times at which such other stock awards will be granted, the number of ordinary shares to be granted and all other terms and conditions of such other stock awards, provided that the nominal value of any newly issued shares is fully paid.

Changes to Capital Structure

In the event of certain capitalization adjustments, the board of directors will appropriately adjust: (i) the class(es) and maximum number of securities subject to the Proposed Directors Plan; (ii) the class(es) and maximum number of securities by which the share reserve may increase automatically each year; and (iii) the class(es) and number of securities and price per share of shares subject to outstanding stock awards.

Corporate Transactions

In the event of a corporate transaction (as defined in the Proposed Directors Plan and described below), any surviving or acquiring corporation (or its parent company) may assume or continue any outstanding stock awards under the Proposed Directors Plan or may substitute similar stock awards for such outstanding stock awards, and any reacquisition or repurchase rights held by the company or any of its affiliates with respect to such outstanding stock awards may be assigned to the company's successor (or its parent company) in connection with the corporate transaction.

In the event of a corporate transaction in which the surviving or acquiring corporation (or its parent company) does not assume or continue such outstanding stock awards or substitute similar stock awards for such outstanding stock awards, then with respect to stock awards that have not been assumed, continued or substituted and that are held by participants whose continuous service has not terminated prior to the corporate transaction (referred to in this Proposal 10 as the "Active Participants"), the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by the company or any of its affiliates with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction).

In the event of a corporate transaction in which the surviving or acquiring corporation (or its parent company) does not assume or continue such outstanding stock awards or substitute similar stock awards for such outstanding stock awards, then with respect to any other stock awards that have not been assumed, continued or substituted and that are held by persons other than Active Participants, the vesting (and exercisability, if applicable) of such stock awards will not be accelerated unless otherwise provided in the terms of the Proposed Directors Plan applicable to a change in control or in a written agreement between the company or any of its affiliates and the participant, and such stock awards will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction; provided, however, that any reacquisition or repurchase rights held by the company or any of its affiliates with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event an outstanding stock award under the Proposed Directors Plan will terminate if not exercised prior to the effective time of a corporate transaction, the board of directors may provide that the participant may not exercise such stock award but will receive a payment, in such form as may be determined by the board of directors, equal in value to the excess, if any, of (i) the value of the property the participant would have received upon the exercise of such stock award, over (ii) the exercise price payable by the participant in connection with such exercise.

For purposes of the Proposed Directors Plan, a "corporate transaction" generally means the consummation of: (i) a sale or other disposition of all or substantially all of our assets; (ii) a sale or other disposition of at least 90% of our outstanding securities; (iii) a merger, consolidation or similar transaction after which we are not the surviving corporation; or (iv) a merger, consolidation or similar transaction after which we are the surviving corporation but our ordinary shares are converted or exchanged into other property by virtue of the transaction.

Proposal 10 (continued)***Change in Control***

In the event that a participant (i) is required to resign his or her position as a non-employee director as a condition of a change in control (as defined in the Proposed Directors Plan and described below), or (ii) is removed from his or her position as a non-employee director in connection with a change in control, any outstanding stock awards held by such participant under the Proposed Directors Plan will become fully vested and exercisable immediately prior to the effectiveness of such resignation or removal (and contingent upon the effectiveness of such change in control).

For purposes of the Proposed Directors Plan, a “change in control” generally means: (i) a person, entity or group acquires ownership of more than 50% of the combined voting power of our outstanding securities other than by virtue of a merger, consolidation or similar transaction (and other than in connection with certain financing or repurchase transactions); (ii) there is consummated a merger, consolidation or similar transaction involving the company, after which our shareholders do not own more than 50% of the combined voting power of the surviving entity or its parent in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such transaction; (iii) our shareholders or our board of directors approves a complete dissolution or liquidation of the company, or a complete dissolution or liquidation of the company otherwise occurs (except for a liquidation into a parent corporation); (iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of our assets other than to an entity, more than 50% of the combined voting power of which is owned by our shareholders in substantially the same proportions as their ownership of our outstanding voting securities immediately prior to such sale, lease, license or other disposition; or (v) individuals who are members of our board of directors on the date the Directors Plan was adopted by our board of directors (or members of our board of directors approved or recommended by a majority vote of such members still in office) cease to constitute a majority of our board of directors.

The Proposed Directors Plan provides that if the acceleration of vesting and exercisability of a participant’s stock awards provided for in connection with a corporate transaction or change in control, together with payments and other benefits of the participant (collectively, a “change in control payment”), constitute a “parachute payment” within the meaning of section 280G of the Code and would be subject to the excise tax imposed by section 4999 of the Code, then the change in control payment will be either (i) provided to the participant in full, or (ii) provided to the participant as to such lesser extent that would result in no portion of the change in control payment being subject to the excise tax, whichever amount, when taking into account all applicable taxes (including the excise tax), results in the participant’s receipt, on an after-tax basis, of the greatest amount of the change in control payment, notwithstanding that all or some portion of the change in control payment may be subject to the excise tax. If a reduction in the change in control payment is to be made, the reduction will occur in the manner that results in the greatest economic benefit for the participant.

The acceleration of vesting of a stock award in the event of a corporate transaction or change in control under the Proposed Directors Plan may be viewed as an anti-takeover provision, which may have the effect of discouraging a proposal to acquire or otherwise obtain control of the company.

Plan Amendments and Termination

The board of directors will have the authority to amend or terminate the Proposed Directors Plan at any time. However, no amendment or termination of the Proposed Directors Plan will impair any rights under stock awards granted prior to such amendment or termination unless agreed to by the affected participant. The company will obtain shareholder approval of any amendment to the Proposed Directors Plan as required by applicable law and listing requirements.

U.S. Federal Income Tax Consequences

The information set forth below is a summary only and does not purport to be complete. The information is based upon current U.S. federal income tax rules and therefore is subject to change when those rules change. Because the tax consequences to any recipient of a stock award may depend on his or her particular situation, each recipient should consult the recipient’s tax adviser regarding the federal, state, local, and other tax consequences of the grant or exercise of a stock award or the disposition of shares acquired as a result of a stock award. The Proposed Directors Plan will not be qualified under the provisions of section 401(a) of the Code, and will not be subject to any of the provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended. The company’s ability to realize the benefit of any tax deductions described below will depend on its generation of taxable income, as well as the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of its tax reporting obligations.

Proposal 10 (continued)***Nonstatutory Stock Options***

Generally, there is no taxation upon the grant of a NSO if the stock option is granted with an exercise price equal to the fair market value of the underlying shares on the grant date. On exercise, a recipient will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the shares over the exercise price. If the recipient is employed by the company or one of its affiliates, that income will be subject to withholding taxes. The recipient's tax basis in those shares will be equal to their fair market value on the date of exercise of the stock option, and the recipient's capital gain holding period for those shares will begin on that date.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock option.

Restricted Stock Awards

Generally, the recipient of a restricted stock award will recognize ordinary income at the time the shares are received equal to the excess, if any, of the fair market value of the shares received over any amount paid by the recipient in exchange for the shares. If, however, the shares are not vested when they are received (for example, if the recipient is required to work for a period of time in order to have the right to sell the shares), the recipient generally will not recognize income until the shares become vested, at which time the recipient will recognize ordinary income equal to the excess, if any, of the fair market value of the shares on the date they become vested over any amount paid by the recipient in exchange for the shares. A recipient may, however, file an election with the U.S. Internal Revenue Service, within 30 days following his or her receipt of the stock award, to recognize ordinary income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the shares on the date the award is granted over any amount paid by the recipient for the shares.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from stock awards will be the amount paid for such shares plus any ordinary income recognized either when the shares are received or when the shares become vested.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the restricted stock award.

Restricted Stock Unit Awards

Generally, the recipient of an RSU award structured to conform to the requirements of section 409A of the Code or an exception to section 409A of the Code will recognize ordinary income at the time the shares are delivered equal to the excess, if any, of the fair market value of the ordinary shares received over any amount paid by the recipient in exchange for the ordinary shares. To conform to the requirements of section 409A of the Code, the ordinary shares subject to an RSU award may generally only be delivered upon one of the following events: a fixed calendar date (or dates), separation from service, death, disability or a change in control. If delivery occurs on another date, unless the RSU award otherwise complies with or qualifies for an exception to the requirements of section 409A of the Code, in addition to the tax treatment described above, the recipient will owe an additional 20% federal tax and interest on any taxes owed.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired from an RSU award will be the amount paid for such shares plus any ordinary income recognized when the shares are delivered.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the RSU award.

Stock Appreciation Rights

Stock appreciation rights may be granted separately from any other award or in tandem with other awards under the Proposed Directors Plan.

Where the stock appreciation rights are granted with a strike price equal to the fair market value of the underlying shares on the grant date, the recipient will recognize ordinary income equal to the fair market value of the shares or cash received upon such exercise.

Subject to the requirement of reasonableness, the provisions of section 162(m) and the satisfaction of a tax reporting obligation, the company will generally be entitled to a tax deduction equal to the taxable ordinary income realized by the recipient of the stock appreciation right.

Proposal 10 (continued)

New Plan Benefits

The proxy disclosure rules require us to disclose the “new plan benefits” in the following table. Our executive officers and other employees are not eligible to receive awards under the Proposed Directors Plan, but are included in the table below in accordance with SEC rules.

Proposed Directors Plan

Name and position	Number of shares
Bruce C. Cozadd <i>Chairman and Chief Executive Officer</i>	—
Matthew P. Young <i>Executive Vice President and Chief Financial Officer</i>	—
Russell J. Cox <i>Executive Vice President and Chief Operating Officer</i>	—
Suzanne Sawochka Hooper <i>Executive Vice President and General Counsel</i>	—
Karen Smith, M.D., Ph.D. <i>Global Head of Research and Development and Chief Medical Officer</i>	—
All current executive officers as a group	—
All current directors who are not executive officers as a group ⁽¹⁾	47,800 shares per annual general meeting period
All employees, including all current officers who are not executive officers, as a group	—

- (1) Awards granted under the Proposed Directors Plan to our non-employee directors are discretionary and are not subject to set benefits or amounts under the terms of the Proposed Directors Plan. However, pursuant to our director compensation policy, each of our current non-employee directors is eligible to receive the following stock awards in connection with each annual general meeting of our shareholders, provided that such individual will be continuing as a non-employee director following the date of such annual general meeting: (i) a stock option to purchase 3,415 ordinary shares; and (ii) an RSU award covering 1,365 ordinary shares. On and after the date of the annual meeting, any such stock awards will be granted under the Proposed Directors Plan if this Proposal 10 is approved by our shareholders, unless otherwise determined by our board of directors or compensation committee. For additional information regarding our director compensation policy, see the section of this proxy statement entitled “*Director Compensation—Non-Employee Director Compensation Policy*”.

Proposal 10 (continued)

Plan Benefits

The proxy disclosure rules also require us to disclose the information in the following table. The following table sets forth, for each of the individuals and groups indicated, the total number of ordinary shares subject to stock awards that have been granted (even if not currently outstanding) under the Directors Plan as of May 18, 2016. Our executive officers and other employees have never been eligible to receive awards under the Directors Plan, but are included in the table below in accordance with SEC rules.

Directors Plan

Name and position	Number of shares
Bruce C. Cozadd <i>Chairman and Chief Executive Officer</i>	—
Matthew P. Young <i>Executive Vice President and Chief Financial Officer</i>	—
Russell J. Cox <i>Executive Vice President and Chief Operating Officer</i>	—
Suzanne Sawochka Hooper <i>Executive Vice President and General Counsel</i>	—
Karen Smith, M.D., Ph.D. <i>Global Head of Research and Development and Chief Medical Officer</i>	—
All current executive officers as a group	—
All current directors who are not executive officers as a group	354,350
Each nominee for election as a director:	
Paul L. Berns	66,215
Patrick G. Enright	76,215
Seamus Mulligan	15,715
Norbert G. Riedel, Ph.D.	14,715
Each associate of any executive officers, current directors or director nominees	—
Each other person who received or is to receive 5% of awards	—
All employees, including all current officers who are not executive officers, as a group	—

On June 7, 2016, the closing sales price of our ordinary shares on the NASDAQ Global Select Market was \$154.91 per share.

The board of directors recommends a vote “FOR” Proposal 10.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information as of December 31, 2015 with respect to all of our equity compensation plans in effect on that date.

Plan Category (1)	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
2011 Equity Incentive Plan	4,264,180	\$88.79 ⁽²⁾	7,072,478 ⁽³⁾
2007 Equity Incentive Plan	602,920	\$19.02 ⁽⁴⁾	896,050 ⁽⁵⁾
2007 Employee Stock Purchase Plan	N/A	N/A	512,166 ⁽⁶⁾
Amended and Restated 2007 Non-Employee Directors Stock Option Plan	124,350	\$118.28	304,497 ⁽⁷⁾
Equity compensation plans not approved by security holders:			
Amended and Restated Directors Deferred Compensation Plan	36,869 ⁽⁸⁾	N/A	163,816 ⁽⁹⁾
Total	5,028,319		8,949,007

(1) Each of the equity compensation plans set forth in this table was originally adopted by Jazz Pharmaceuticals, Inc. and assumed and adopted by us in connection with the Azur Merger, with the 2011 Plan and the ESPP being approved by our public company stockholders in 2011 in connection with the Azur Merger. In addition, each option that was outstanding under Jazz Pharmaceuticals, Inc.'s equity compensation plans was converted into an option to acquire, on substantially the same terms and conditions as were applicable under such option before the Azur Merger, the number of our ordinary shares equal to the number of shares of Jazz Pharmaceuticals, Inc.'s common stock subject to such option immediately prior to the Azur Merger, at an exercise price per ordinary share equal to the exercise price per share of Jazz Pharmaceuticals, Inc.'s common stock otherwise purchasable pursuant to such option, and each other equity award that was outstanding under Jazz Pharmaceuticals, Inc.'s equity compensation plans was converted into a right to receive, on substantially the same terms and conditions as were applicable under such equity award before the Azur Merger, the number of our ordinary shares equal to the number of shares of Jazz Pharmaceuticals, Inc.'s common stock subject to such equity award immediately prior to the Azur Merger. The Directors Deferred Plan has not been approved by security holders.

(2) The weighted-average exercise price takes into account 1,035,389 ordinary shares under the 2011 Plan issuable upon vesting of outstanding RSUs, which have no exercise price. The weighted-average exercise price, excluding such outstanding RSUs, is \$117.27.

(3) As of December 31, 2015, an aggregate of up to 16,278,263 of our ordinary shares were authorized for issuance under the 2011 Plan, of which 7,072,478 shares remained available for future issuance. The number of ordinary shares reserved for issuance under the 2011 Plan includes up to 3,335,255 ordinary shares subject to stock awards that were originally granted under the 2007 Plan and the 2003 Plan that may become available for issuance under the 2011 Plan pursuant to the terms of the 2011 Plan and the 2007 Plan. In addition, the number of shares reserved for issuance under the 2011 Plan automatically increases on January 1 of each year for a period of ten years, starting on January 1, 2013 and continuing through January 1, 2022, by the least of (a) 4.5% of the total number of ordinary shares outstanding on December 31 of the preceding calendar year, (b) 5,000,000 ordinary shares, or (c) such lesser number of ordinary shares as determined by our board of directors. On January 1, 2016, the number of shares authorized for issuance under the 2011 Plan increased by 2,758,722 shares pursuant to this automatic share increase provision.

(4) The weighted-average exercise price takes into account 18,765 ordinary shares under the 2007 Plan issuable upon vesting of outstanding RSUs, which have no exercise price. The weighted-average exercise price, excluding such outstanding RSUs, is \$19.63.

(5) As of December 31, 2015, an aggregate of 7,495,137 ordinary shares were authorized for issuance under the 2007 Plan, of which 896,050 shares remained available for future issuance.

(6) As of December 31, 2015, an aggregate of 2,660,000 ordinary shares were authorized for issuance under the ESPP, of which 512,166 shares remained available for future issuance, and up to a maximum of 175,000 ordinary shares may be purchased in the current purchase period. The number of shares reserved for issuance under the ESPP automatically increases on January 1 of each year for a period of ten years, starting on January 1, 2013 and continuing through January 1, 2022, by the least of (a) 1.5% of the total number of our ordinary shares outstanding on December 31 of the preceding calendar year, (b) 1,000,000 ordinary shares, or (c) such lesser amount as may be approved by our board of directors. On January 1, 2016, no additional shares were reserved for issuance under the ESPP pursuant to this automatic share increase provision.

Equity Compensation Plan Information (continued)

- (7) As of December 31, 2015, an aggregate of 869,788 ordinary shares were authorized for issuance under the Directors Plan, of which 304,497 shares remained available for future issuance. The number of shares remaining available for issuance under the Directors Plan as shown in the table above has been reduced by the number of shares credited to our non-employee directors' stock accounts under the Directors Deferred Plan prior to August 15, 2010. The number of shares reserved for issuance under the Directors Plan automatically increases on January 1 of each year for a period of ten years, starting on January 1, 2008 and continuing through January 1, 2017, by the sum of (a) the excess of (i) the number of shares subject to options granted during the preceding calendar year under the Directors Plan, over (ii) the number of shares added back to the share reserve under the Directors Plan during the preceding calendar year and (b) for the automatic annual increases that occurred on or prior to January 1, 2010 only, the aggregate number of shares credited to our non-employee directors' stock accounts under the Directors Deferred Plan during the preceding calendar year. In no event may the amount of any such annual increase exceed 200,000 shares. The board of directors may also approve a lesser amount for any such annual increase. On January 1, 2016, 34,150 additional shares were reserved for issuance under the Directors Plan pursuant to this automatic share increase provision. If Proposal 10 is approved by our shareholders, the Proposed Directors Plan will become effective on the date of the annual meeting and no further automatic annual increases to the share reserve may occur under the Proposed Directors Plan.
- (8) Represents shares credited to individual non-employee director stock accounts in lieu of director fees as of December 31, 2015 under the Directors Deferred Plan. There is no exercise price for these shares. Distributions under the Directors Deferred Plan are funded (i) with shares reserved under the Directors Plan for amounts credited to our non-employee directors' stock accounts prior to August 15, 2010 and (ii) with shares reserved under the Directors Deferred Plan for amounts credited to our non-employee directors' stock accounts on or after August 15, 2010.
- (9) Amounts credited to our non-employee directors' stock accounts prior to August 15, 2010 pursuant to the Directors Deferred Plan are funded with shares reserved under the Directors Plan. In August 2010, a separate reserve of 200,000 shares was created under the Directors Deferred Plan which funds all distributions of amounts credited to our non-employee directors' stock accounts on or after August 15, 2010 pursuant to the Directors Deferred Plan. Since the Azur Merger, non-employee directors have not been permitted to defer director fees pursuant to the Directors Deferred Plan. A description of the Directors Deferred Plan is provided under "*Director Compensation—Directors Deferred Compensation Plan.*"

OTHER MATTERS

Presentation of Irish Statutory Financial Statements

Our Irish statutory financial statements for the fiscal year ended December 31, 2015, together with the reports of the directors and auditors thereon, will be presented and considered at the annual meeting in accordance with the requirements of the 2014 Act. Our Irish statutory financial statements have been approved by the board of directors. There is no requirement under Irish law that such statements be approved by shareholders, and no such approval will be sought at the annual meeting.

Registered and Principal Executive Offices

The registered and principal executive offices of Jazz Pharmaceuticals plc are located at Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland. Our telephone number there is +353.1.634.7800.

Shareholder Proposals and Director Nominations for the 2017 Annual General Meeting

Our shareholders may submit proposals on matters appropriate for shareholder action at shareholder meetings in accordance with Rule 14a-8 promulgated under the Exchange Act. For such proposals to be included in our proxy materials relating to our 2017 annual general meeting of shareholders, all applicable requirements of Rule 14a-8 must be satisfied and, pursuant to Rule 14a-8, such proposals must be received by us no later than February 21, 2017. However, if our 2017 annual general meeting of shareholders is not held between July 5, 2017 and September 3, 2017, then the deadline will be a reasonable time prior to the time that we begin to print and mail our proxy materials. Such proposals should be delivered to Jazz Pharmaceuticals plc, Attention: Company Secretary, Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland.

Our articles of association provide that shareholder nominations of persons to be elected to the board of directors at an annual general meeting must be made following written notice to our Company Secretary which is executed by a shareholder and accompanied by certain background and other information specified in our articles of association. Such written notice and information must be received by our Company Secretary not later than the close of business on March 23, 2017 nor earlier than January 22, 2017; provided, however, that in the event our 2017 annual general meeting of shareholders is not held between July 5, 2017 and September 3, 2017, notice must be delivered no earlier than 150 days prior to nor later than 90 days prior to the date of the 2017 annual general meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Our articles of association provide that other proposals may only be proposed at an annual general meeting if either (i) it is proposed by or at the direction of our board of directors; (ii) it is proposed at the direction of the Irish High Court; or (iii) the chairman of the meeting decides, in his or her absolute discretion, that the proposal may properly be regarded as within the scope of the relevant meeting. In addition, the proxy solicited by our board of directors for the 2017 annual general meeting of shareholders will confer discretionary voting authority with respect to (i) any proposal presented by a shareholder at that meeting for which we have not been provided with notice by May 7, 2017 and (ii), if we have received notice of such proposal by May 7, 2017, any matter, provided that (i) the 2017 proxy statement briefly describes such matter and how management's proxy holders intend to vote on it and (ii) the shareholder does not comply with the requirements of Rule 14a-4(c)(2) promulgated under the Exchange Act. On any other business which may properly come before the annual meeting, or any adjournment thereof, and whether procedural or substantive in nature (including without limitation any motion to amend a resolution or adjourn the meeting) not specified in this proxy statement, the proxy holder will act at his/her discretion.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to satisfy the delivery requirements for Notices and proxy materials with respect to two or more shareholders sharing the same address by delivering a single Notice or a single set of proxy materials, as applicable, addressed to those shareholders. This process, which is commonly referred to as "householding," potentially means extra convenience for shareholders and cost savings for companies.

A number of brokers with account holders who are Jazz Pharmaceuticals shareholders will be "householding" Notices and our proxy materials. A single Notice or a single set of proxy materials, as applicable, may be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice or set of proxy materials, as applicable, in the future you may: (1) notify your broker, (2) direct your written request to Jazz Pharmaceuticals plc, Attention:

Other Matters (continued)

Investor Relations, Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland or (3) contact our Investor Relations department at +353.1.634.7892 (Ireland) or +1.650.496.2800 (U.S.) or by email at investorinfo@jazzpharma.com. Shareholders who currently receive multiple copies of Notices or proxy materials at their address and would like to request “householding” of their communications should contact their broker. In addition, we will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of a Notice or set of proxy materials to a shareholder at a shared address to which a single Notice or set of proxy materials, as applicable, was delivered.

Annual Report on Form 10-K

We will mail without charge, upon written request, a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including the consolidated financial statements, schedules and list of exhibits, and any particular exhibit specifically requested. Requests should be sent to: Jazz Pharmaceuticals plc, Attention: Company Secretary, Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland.

Special Note Regarding Forward-Looking Statements

This proxy statement contains forward-looking statements, including, but not limited to, statements related to the company’s growth strategy and its ability to execute on that growth strategy through the completion of potential future strategic transactions or otherwise, as well as the anticipated closing of its acquisition of Celator Pharmaceuticals and the benefits thereof. These forward-looking statements are based on the company’s current plans, objectives, estimates, expectations and intentions, and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks and uncertainties associated with maintaining or increasing sales of and revenue from Xyrem, such as the potential introduction of generic competition or other competitive sodium oxybate products; regulatory restrictions and requirements applicable to Xyrem and ongoing patent litigation and related proceedings; effectively commercializing the company’s other products and product candidates; protecting and enhancing the company’s intellectual property rights; delays or problems in the supply or manufacture of the company’s products and product candidates; complying with applicable U.S. and non-U.S. regulatory requirements; the difficulty and uncertainty of pharmaceutical product development and the uncertainty of clinical success; the inherent uncertainty associated with the regulatory approval process, including the risk that regulatory approval for VYXEOS in the U.S. may not be obtained in a timely manner or at all; identifying and acquiring, in-licensing or developing additional products or product candidates and financing and integrating these transactions, including risks and uncertainties related to the company’s ability to complete the acquisition of Celator Pharmaceuticals on the proposed terms and schedule and those related to the integration efforts for, and future opportunities and plans for, the combined company; and other risks and uncertainties affecting the company, including those described from time to time under the caption “Risk Factors” and elsewhere in Jazz Pharmaceuticals plc’s SEC filings and reports (Commission File No. 001-33500), including the company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and future filings and reports by the company. Other risks and uncertainties of which the company is not currently aware may also affect the company’s forward-looking statements and may cause actual results and timing of events to differ materially from those anticipated. The forward-looking statements herein are made only as of the date hereof or as of the dates indicated in the forward-looking statements, even if they are subsequently made available by the company on its website or otherwise. The company undertakes no obligation to update or supplement any forward-looking statements to reflect actual results, new information, future events, changes in its expectations or other circumstances that exist after the date as of which the forward-looking statements were made.

General

Your proxy is solicited on behalf of our board of directors. Unless otherwise directed, at the annual meeting (or any adjournment thereof), proxies will be voted “FOR” all of the nominees listed in Proposal 1 and “FOR” Proposals 2, 3, 4A, 4B, 5, 6, 7, 8, 9 and 10. If any matter other than those described in this proxy statement properly comes before the annual meeting (or any adjournment thereof), it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By order of the board of directors,

/s/ Shawn Mindus
Shawn Mindus
Company Secretary

June 20, 2016

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annex A

SUMMARY OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF JAZZ PHARMACEUTICALS PLC

Part I — Optional Provisions of the Companies Act 2014 from which the company proposes to opt-out

The Irish Companies Act 2014 (the “2014 Act”) adopts a new approach to dealing with the articles of association of all Irish companies, including the company, and introduces new terminology in this regard. Instead of providing, as previous Irish company law had, for a model set of regulations that apply unless otherwise excluded by a company’s articles of association, the 2014 Act includes optional statutory provisions interspersed throughout the 2014 Act which each apply to regulate a company unless its constitutional documents provide otherwise.

The company’s current constitutional documents dis-apply the model set of regulations set forth in the previous Irish company law and instead, the company adopted a tailored memorandum of association and articles of association, the provisions of which regulate the company today. Now that the 2014 Act is effective, the company proposes to continue its existing approach of setting out the regulations governing the company in its constitutional documents and, in order to ensure that these provisions continue to apply as intended, the company is proposing to include a provision, set out in article 1 of the amended articles of association, to dis-apply certain optional provisions introduced by the 2014 Act. This is in line with the company’s current approach under its existing articles of association.

In other words, the company proposes to make administrative adjustments to its articles of association that continue the company’s existing approach in opting to be regulated by the tailored provisions set forth in its governance documents, rather than by defaulting to the statutory provisions.

A summary of each of the sections of the 2014 Act which are therefore being specifically excluded by the articles of association is set out in the table below:

Sections of the 2014 Act to be dis-applied	Currently covered in articles	Subject matter/reasons for dis-application of relevant provision(s) in the 2014 Act
43(2) and (3)	155 and 156	Sections 43(2) and (3) deal with the use of the common seal of a company. These sections are being dis-applied as an equivalent, but more detailed, provision for the use of the company’s common seal is made in articles 155 and 156.
65(2) to 65(7)	Not applicable	Sections 65(2) to (7) deal with the power of a company to convert shares into stock and reconvert stock into shares. These sections are being dis-applied as they are not contemplated in the company’s existing articles of association and the intention is to preserve the status quo.
66(4)	31	Section 66(4) deals with the allotment of redeemable shares. This section is being dis-applied as the matter is already provided for in article 31.
77 to 81	37 to 58	Sections 77 to 81 deal with the making of calls in respect of unpaid amounts due on shares issued by a company, liens on shares and forfeiture of shares. These sections are being dis-applied as such matters are already provided for in articles 37 to 58.
94(8)	25 and 26	Section 94(8) deals with the instrument of transfer for shares and the regulation of such instruments under the Stock Transfer Act 1963. This section is being dis-applied as the matter is already provided for in articles 25 and 26.
95(1)	27	Section 95(1) deals with restrictions on the transfer of shares. This section is being dis-applied as the matter is already provided for in article 27.
96(2) to (11)	60 to 64	Sections 96(2) to (11) deal with transmission of shares in a company. These sections are being dis-applied as the matter is already provided for in articles 60 to 64.

124 and 125	157 to 166	Sections 124 and 125 deal with the declaration and payment of dividends by a company. These sections are being dis-applied as such matters are already provided for in articles 157 to 166.
126	167	Section 126 deals with the capitalization of a company's reserves for the purposes of making bonus issues of shares. This section is being dis-applied as the matter is already provided for in article 167.
136(1)	Not applicable	Section 136(1) applies where the constitution of a company requires a director to hold a specific share qualification. This section is being dis-applied as a shareholding qualification is not contemplated in the company's existing articles of association and the intention is preserve the status quo.
144(3) and (4)	148 to 150	Sections 144(3) and (4) deal with the appointment of directors. These sections are being dis-applied as the matter is already provided for in articles 148 to 150.
148(2)	146	Section 148(2) deals with how the office of a director may be vacated before the end of the appointed term. This section is being dis-applied as the matter is already provided for in article 146.
158 to 165	123 to 130, 133 to 144 and 151	Sections 158 to 165 deal with a board's power of management and delegation, the appointment of a managing director, the establishment of board committees, matters relating to board procedure and the appointment of alternate directors. These sections are being dis-applied as such matters are already provided for in articles 123 to 130, 133 to 144 and 151.
178(2)	72	Section 178(2) deals with the convening of extraordinary general meetings by shareholders. This section is being dis-applied as this is not contemplated in the company's existing articles of association and the intention is to preserve the status quo. Article 72 provides for shareholders to requisition the board of directors for the holding of an extraordinary general meeting in accordance with section 178(3) of the 2014 Act .
180(5), 181(1) and 181(6)	76 to 81	Sections 180(5), 181(1) and 181(6) deal with how notices of general meetings are given and who is entitled to receive such notices. These sections are being dis-applied as such matters are already provided for in articles 76 to 81.
182(2), (4) and (5)	83 and 84	Sections 182(2), (4) and (5) deal with the quorum requirements for a general meeting of a company. These sections are being dis-applied as such matters are already provided for in articles 83 and 84.
183(3)	106	Section 183(3) is being dis-applied as otherwise it would prohibit the appointment of multiple proxies which is expressly permitted by article 106.
186(c)	82	Section 186(c) deals with one aspect of the business of the annual general meeting. This section is being dis-applied as the entire business of the annual general meeting is already provided for in article 82.
187(2) to (8) and 188(2) to (8)	82 to 96 and 101 to 106	Sections 187(2) to (8) and 188(2) to (8) deal with the conduct of general meetings and voting at such meetings. These sections are being dis-applied as such matters are already provided for in articles 82 to 96 and 101 to 106.
218(1), (3), (4) and (5)	175 to 179	Sections 218(1), (3), (4) and (5) deal with the service of notice on members of a company. These sections are being dis-applied as the matter is already provided for in articles 175 to 179.

229(1), 230 and 1113	116 to 122	Sections 229(1), 230 and 1113 deal with potential conflicting interests of directors. These sections are being dis-applied as such matters are already provided for in articles 116 to 122.
338(5) and (6) and 339(7)	175 and 175.2	Sections 338(5) and (6) and 339(7) deal with delivery of statutory financial statements via the website of a company and by using electronic communications. These sections are being dis-applied as such matters are already provided for in articles 175 and 175.2.
618(1)(b)	182	Section 618(1)(b) deals with the distribution of property on a winding up of a company. This section is being dis-applied as the matter is already provided for in article 182.
620(8)	166	Section 620(8) stipulates the timeframe for claiming dividends. This section is being dis-applied as the matter is already provided for in article 166.
1090	148 and 149	Section 1090 deals with the rotation of directors. This section is being dis-applied as the matter is already provided for in articles 148 and 149.
1092(2) and (3)	114 and 115	Section 1092(2) and (3) deal with the remuneration of directors. This section is being dis-applied as the matter is already provided for in articles 114 and 115.
1093 and 193(1)	96	Sections 1093 and 193(1) deal with written resolutions of members. These sections are being dis-applied as the matter is already provided for in article 96.

Part II — Optional Provisions in the 2014 Act not to be dis-applied

Sections of the 2014 Act not to be dis-applied	Subject matter/reason for non-disapplication of the provisions of the 2014 Act
83 and 84	<p>Sections 83 and 84 are being retained as they contain the powers necessary for a company to implement capital reductions and capital variations under the 2014 Act.</p> <p>While the power to implement capital reductions is already contained in article 66.2, due to the wording of sections 83 and 84, there is a technical requirement to implement any capital reduction in accordance with the procedures set out in sections 83 and 84, with the result being that the company must not dis-apply those sections in order to maintain the flexibility to implement a capital reduction in the future, subject to the required shareholder and court approvals.</p>

Part III — Summary of other amendments being made relating to the introduction of the 2014 Act or for administrative or “housekeeping” reasons

Amendment	Reason for amendment
All references to the old Irish company law statutes, which were repealed when the 2014 Act became effective on June 1, 2015 are replaced by references to the 2014 Act.	To ensure that our memorandum and articles of association are consistent with the statutory references in the 2014 Act.
Amendment to definition of “Adoption Date” in article 2.1	The company’s authority to allot and issue shares under article 6 of the articles of association runs for five years from the date of adoption of the current articles. As the allotment authority under article 6 is defined by reference to the date of adoption of the current articles, this date is now expressly set out in the articles of association (which had not previously been the case).
Inclusion of definition of “IAS Regulation” in article 2.1	This definition has been included in order to take account of the new requirements regarding the maintenance of accounting records set out in Chapter 2 of Part 6 of the 2014 Act. Further details are set out below in the explanation of amendments to article 167.
Insert references to undenominated capital	In various places in our articles of association, the expression “undenominated capital” is being inserted as this expression is now used in the 2014 Act to refer to that part of a company’s issued share capital which is not represented by the nominal (or par) value paid up on a company’s issued shares.
Amendment to article 6.3	Article 6.3 has been updated to reflect that the 2014 Act doesn’t specifically acknowledge “warrants” and instead refers to the concept of bearer instruments in section 1019 which must be “permissible letters of allotment” for a plc to issue them.
Amendment to article 10	Article 10 has been amended to clarify that directors can opt out of any market purchase by the company constituting a redemption and instead rely on the annual market purchase authority granted by shareholders at the annual general meeting.
Amendment to article 15	Article 15 has been updated to remove obsolete references to repealed Irish company law statutes.
Amendment to article 26.2	Article 26.2 has been amended to expand the company’s delegated authority to execute instruments of transfer on behalf of shareholders transferring their shares to enable it to appoint third parties to fulfill this administrative role as required.
Amendment to article 26.4	Article 26.4 has been updated to refer to “amending regulations” as provided for under section 1086 of the 2014 Act in respect of the transfer of securities.
Amendment to article 65	Article 65 has been amended to provide that the powers contained therein do not limit or otherwise affect the powers afforded to the company by section 83 of the 2014 Act, which sets out the procedures pursuant to which the company may vary its capital.

Proxy

Amendment to article 66	<p>Article 66 has been amended to include a cross reference to section 84 of the 2014 Act which sets out the procedures pursuant to which the company may reduce its capital.</p> <p>Article 66 is also amended to expressly provide that it should have no effect on the powers granted to the company by section 83 of the 2014 Act in relation to the variation of its capital.</p>
Amendment to article 67	<p>Article 67 has been updated to provide that any proceeds of sale available for distribution to the members of the company following the sale by it of shares representing fractional entitlements arising from an alteration or reorganisation of share capital shall be distributed net of any costs and expenses associated with the sale to ensure the directors of the company are authorised to discharge any such costs and expenses necessary to give effect to the sale out of the sales proceeds before distribution.</p>
Amendment to article 82	<p>Article 82 is being updated to ensure that it is consistent with section 186 of the 2014 Act (which codifies and updates the common law position as to what constitutes the ordinary business of an annual general meeting) while still reflecting what the company usually regards as ordinary business.</p>
Amendment to article 89.1	<p>For the avoidance of doubt, article 89.1 has been amended to provide that the authority to put a resolution to vote at a general meeting is subject to the provisions of the 2014 Act and also the articles of association of the company.</p>
Amendment to article 107	<p>Article 107 has been amended to cater for the changes introduced by section 183 of the 2014 Act relating to the time and place for delivery of proxies. Article 107.1 has been amended to expressly clarify that the time for return of an instrument or other form of communication appointing a proxy may be less than 48 hours before the relevant meeting, as the 2014 Act prescribes a deadline of 48 hours before the meeting for proxy submission unless otherwise provided in the company's constitutional documents.</p> <p>Article 107.1 has also been amended to amend a typographical error, namely replacing "a" with "at".</p> <p>The 2014 Act does not expressly refer to submission of instruments for appointment of proxies by telephone so article 107.2 has been amended to make express provision for this in the articles of association.</p>
Amendment to article 112.1	<p>Article 112.1 has been amended by the deletion of the time limit within which a proxy may be revoked as this is now governed by section 183(10) of the 2014 Act, which specifies that such revocation will be valid if received at a company's registered office at any time before the commencement of the meeting or adjourned meeting at which the proxy is used.</p>
Amendment to articles 116 and 120	<p>Articles 116 and 120 have been updated to remove the reference to an "officer" of the company as the obligations thereunder apply to "officers" within the meaning of the 2014 Act only (i.e. director, secretary and auditors) and do not apply to officers as defined in article 2.1 (i.e., executive officers).</p>

<p>New article 117.2</p>	<p>Section 228(1)(d) of the 2014 Act codifies the common law restriction on the use of company property by directors save to the extent permitted by a company's constitution. Article 117.2 is being adopted so that our directors may continue to use company property pursuant to or in connection with the exercise and performance of their duties, functions and powers as directors or employees; the terms of any contract of service or employment or letter of appointment; and any other usage authorized by our board from time to time.</p>
<p>New article 117.3</p>	<p>Sections 228(1)(e) and 228(2) of the 2014 Act codify the common law rules on directors restricting their independent judgement and the new article 117.3 makes it clear that section 228(1)(e) will not restrict anything which may be done by our directors in accordance with the prior authorization of our board.</p>
<p>Amendment to article 147</p>	<p>Article 147 has been amended to remove references to "extended" notice as the concept of extended notice is no longer provided for under the 2014 Act in relation to the removal of directors (it was a term used in the statute replaced by the 2014 Act).</p> <p>Article 147 has also been updated to provide that the notice given in relation to the removal of a director must be given in accordance with the relevant provisions of the articles of association, as well as the 2014 Act.</p>
<p>Amendment to article 148</p>	<p>Article 148 deals with the initial division of the board of directors into classes and included dated references to the first rotation of directors commencing at the 2012 annual general meeting. Article 148 has been updated to remove outdated references and to make the provisions of general application for division of the directors into classes and rotation of directors.</p>
<p>Deletion of article 150</p>	<p>Article 150 has been deleted as it duplicates the power to elect directors by ordinary resolution provided in article 148.2.</p>
<p>Amendment to article 166</p>	<p>Article 166 has been amended to expressly refer to future share issuance authorities that may be granted to the directors outside of the company's articles of association in addition to the existing authorities in articles 6 and 7. The references to the share premium account, the capital redemption reserves and profits in article 166.2 have been deleted and are collectively referred to as "reserves", to mirror article 166.1.</p>
<p>Amendment to articles 167 to 170</p>	<p>Articles 167 to 170 are being amended in order to take account of the new requirements regarding the maintenance of accounting records set out in Chapter 2 of Part 6 of the 2014 Act and references to "books of account" have been updated to "accounting records" to ensure consistency of terminology with the 2014 Act.</p>

A number of additional administrative/housekeeping changes

The subscription clause that sets out details of a company's initial subscribers, which is a mandatory provision of any constitution, was inadvertently removed from the company's constitution when it was adopted in 2012. It is now included at the end of the constitution in order to comply with section 1006 and Schedule 9 of the 2014 Act.

The definition of "Articles" or "Articles of Association" and "Memorandum" in article 2.1 have been updated to delete the reference to amendment by special resolution to reflect the fact that, in limited circumstances, the articles of association can be effectively amended by ordinary resolution (e.g., if the authorised share capital is increased).

A definition of "person" has been included in article 2.1 to clarify and substitute the definition set out in article 2.2(c).

The inclusion of new definition of "Companies Act" in article 2.1 to properly reference the new company law legislation.

References to "Companies Acts" have been updated throughout the articles of association so as to be consistent with the definition of "Companies Act" in article 2.1 which no longer refers to "acts" in the plural.

The definition of "Auditors" in article 2.1 has been amended to refer to "statutory auditors" to ensure consistency with the terminology of the 2014 Act and has been capitalised throughout the articles of association so as to be consistent with such defined term.

Article 2.2(g) has been updated to clarify that "officers" in the context of the articles of association means executive officers (as opposed to officers under the 2014 Act, i.e., director, secretary and auditors) and that "officers" for the purposes of the articles of association shall not constitute "officers" within the meaning of the 2014 Act by reason of that designation alone.

The term "Adoption Date" is defined in article 2.1 and references to "date of adoption" throughout the Articles have been updated to be consistent with the defined term.

The term "Articles" is defined in article 2.1 and the term has been capitalised throughout the articles of association so as to be consistent with such defined term.

The term "Special Resolution" is defined in article 2.1 and the term has been capitalised throughout the articles of association so as to be consistent with such defined term.

Article 12 has been amended to reflect the fact that a number of the actions described therein in relation to the Azur Merger have now taken place, but the article itself has been retained as there may be outstanding legacy shareholders that were not exchanged pursuant to the terms of the Azur Merger and who may have a right to claim certain proceeds relating to the sale of their shares pursuant to this article.

The articles of association have been updated to remove references to the terms “Office” or “Registered Office” which are not defined terms in the articles of association.

References to audited accounts in the articles of association have been updated to refer to “statutory financial statements” to ensure consistency with the terminology of the 2014 Act.

All references to “sections” of the 2014 Act throughout the articles of association have been amended to lower case for consistency.

Article 13 has been amended to reflect the changes to the definition of “Adoption Date” in article 2.1 and to clarify that the special resolution deemed to confer authority on the company under this article was duly passed on 3 January 2012.

The typographical error in article 31.3 has been corrected by insertion of the word “shares” after “treasury” which had been omitted.

Article 73 has been updated to replace “all general meetings” with “any general meeting” to ensure consistency with the terminology of the 2014 Act.

Article 76 has been updated to replace “the Exchange” with “an Exchange” to reflect that the definition of “Exchange” in article 2.1 refers to any securities exchange or other system on which shares may be listed, and not a specific exchange.

The word “and” has been removed from the end of article 179.1 as it is superfluous.

General revision of cross-referencing in definitions and numbering of articles to ensure consistency throughout the articles of association.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annex B
COMPLETE TEXT OF THE PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION OF JAZZ PHARMACEUTICALS PLC

Note: the amendments set out in this Annex B are reflected as a comparison to the Memorandum and Articles of Association of the Company as at the date of this proxy statement.

Part I –Amendments to Memorandum of Association

Companies ~~ACTS, 1963 TO 2009~~Act 2014

A PUBLIC LIMITED COMPANY LIMITED BY SHARES
MEMORANDUM
AND
ARTICLES OF ASSOCIATION

CONSTITUTION

of

JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY

(~~Amended by Special Resolution on 13 January 2012~~)

COMPANIES ACTS, 1963 to 2009
A PUBLIC COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY

(as amended by resolutions passed up to and including 4 August 2016)

1. The name of the Company is: Jazz Pharmaceuticals public limited company.
2. The Company is ~~to be~~ a public limited company deemed to be a PLC to which Part 17 of the Companies Act applies.
3. The objects for which the Company is established are:
 - (a) To carry on all or any of the businesses of manufacturers, buyers, sellers, and distributing agents of and dealers in all kinds of patent, pharmaceutical, medicinal, and medicated preparations, patent medicines, drugs, herbs, and of and in pharmaceutical, medicinal, proprietary and industrial preparations, compounds, and articles of all kinds; and to manufacture, make up, prepare, buy, sell, and deal in all articles, substances, and things commonly or conveniently used in or for making up, preparing, or packing any of the products in which the Company is authorised to deal, or which may be required by customers of or persons having dealings with the Company.
 - (b) To invest in pharmaceutical and related assets, including, amongst other items, investments in pharmaceutical companies, products, businesses, divisions, technologies, devices, sales force and other marketing capabilities, development projects and related activities, licences, intellectual and similar property rights, premises and equipment, royalty rights and all other assets needed to operate a pharmaceuticals business.
 - (c) To establish, maintain and operate laboratories for the purpose of carrying on chemical, physical and other research in medicine, chemistry, industry or other unrelated or related fields.
 - (d) To invest (including long-term investments in, and acquisitions of, the shares of pharmaceutical companies) any monies of the Company in such investments and in such manner as may from time to time be determined, and to hold, sell or deal with such investments and generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.
 - (e) To develop and turn to account any land acquired by the Company or in which it is interested and in particular by laying out and preparing the same for building proposes, constructing, altering, pulling down, decorating, maintaining, fitting up and improving buildings and conveniences, and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.
 - (f) To acquire and hold shares and stocks of any class or description, debentures, debenture stock, bonds, bills, mortgages, obligations, investments and securities of all descriptions and of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wheresoever constituted or carrying on business or issued or guaranteed by any government, state, dominion, colony, sovereign ruler, commissioners, trust, public; municipal, local or other authority or body of whatsoever nature and wheresoever situated and investments, securities and property of all descriptions and of any kind, including real and chattel real estates, mortgages, reversions, assurance policies, contingencies and choses in action.
 - (g) To remunerate by cash payments or allotment of shares or securities of the Company credited as fully paid up or otherwise any person or company for services rendered or to be rendered to the Company or any parent or subsidiary body corporate whether in the conduct or management of its business, or in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital, or any debentures or other securities of the Company or in or about the formation or promotion of the Company.
 - (h) To purchase for investment only property of any tenure and any interest therein, and to make advances upon the security of land or other similar property or any interest therein.

- (i) To acquire by purchase, exchange, lease, fee farm grant or otherwise, either for an estate in fee simple or for any less estate or other estate or interest, whether immediate or reversionary and whether vested or contingent, any lands, tenements or hereditaments of any tenure, whether subject or not to any charges or encumbrances, and to hold, farm, work and manage and to let, sublet, mortgage or charge land and buildings of any kind, reversions, interests, annuities, life policies, and any other property real or personal, movable or immovable, either absolutely or conditionally, and either subject or not to any mortgage, charge, ground rent or other rents or encumbrances.
- (j) To erect or secure the erection of buildings of any kind with a view of occupying or letting them and to enter into any contracts or leases and to grant any licences necessary to effect the same.
- (k) To maintain and improve any lands, tenements or hereditaments acquired by the Company or in which the Company is interested, in particular by decorating, maintaining, furnishing, fitting up and improving houses, shops, flats, maisonettes and other buildings and to enter into contracts and arrangements of all kinds with tenants and others.
- (l) To sell, exchange, mortgage (with or without power of sale), assign, turn to account or otherwise dispose of and generally deal with the whole or any part of the property, shares, stocks, securities, estates, rights or undertakings of the Company, real, chattels real or personal, movable or immovable, either in whole or in part, upon whatever terms and whatever consideration the Company shall think fit.
- (m) To take part in the management, supervision, or control of the business or operations of any company or undertaking, and for that purpose to appoint and remunerate any directors, accountants, or other experts or agents to act as consultants, supervisors and agents of other companies or undertakings and to provide managerial, advisory, technical, design, purchasing and selling services.
- (n) To make, draw, accept, endorse, negotiate, issue, execute, discount and otherwise deal with bills of exchange, promissory notes, letters of credit, circular notes, and other negotiable or transferable instruments.
- (o) To redeem, purchase, or otherwise acquire in any manner permitted by law and on such terms and in such manner as the Company may think fit any shares in the Company's capital.
- (p) To guarantee, support or secure whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods the performance of the obligations of, and the repayment or payment of the principal amounts of and the premiums, interest and dividends on any security of any person, firm or company including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company or subsidiary ~~as defined by Section 155~~(within the meaning of the Companies Act 1963 ~~or another subsidiary as defined by the said Section~~) of the Company's holding company or otherwise associated with the Company in business notwithstanding the fact that the Company may not receive any consideration, advantage or benefit, direct or indirect from entering into such guarantee or other arrangement or transaction contemplated herein.
- (q) To lend the funds of the Company with or without security and at interest or free of interest and on such terms and conditions as the directors shall from time to time determine.
- (r) To raise or borrow or secure the payment of money in such manner and on such terms as the directors may deem expedient whether or not by the issue of bonds, debentures or debenture stock, perpetual or redeemable, or by mortgage, charge, lien or pledge upon the whole or any part of the undertaking, property, assets and rights of the Company, present or future, including its uncalled capital and generally in any other manner as the directors shall from time to time determine and to enter into or issue interest and currency hedging and swap agreements, forward rate agreements, interest and currency futures or options and other forms of financial instruments, and to purchase, redeem or pay off any of the foregoing and to guarantee the liabilities of the Company or any other person, and any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, transfer, drawings, allotments of shares; attending and voting at general meetings of the Company, appointment of directors and otherwise.
- (s) To accumulate capital for any of the purposes of the Company, and to appropriate any of the Company's assets to specific purposes, either conditionally or unconditionally, and to admit any class or section of those who have any dealings with the Company to any share in the profits thereof or in the profits of any particular branch of the Company's business or to any other special rights, privileges, advantages or benefits.

- (t) To reduce the share capital of the Company in any manner permitted by law.
- (u) To make gifts or grant bonuses to officers or other persons who are or have been in the employment of the Company and to allow any such persons to have the use and enjoyment of such property, chattels or other assets belonging to the Company upon such terms as the Company shall think fit.
- (v) To establish and maintain or procure the establishment and maintenance of any pension or superannuation fund (whether contributory or otherwise) for the benefit of and to give or procure the giving of donations, gratuities, pensions, annuities, allowances, emoluments or charitable aid to any persons who are or were at any time in the employment or service of the Company or any of its predecessors in business, or of any company which is a subsidiary of the Company or who may be or have been directors or officers of the Company, or of any such other company as aforesaid, or any persons in whose welfare the Company or any such other company as aforesaid may be interested and the wives, widows, children, relatives and dependants of any such persons and to make payments towards insurance and assurance and to form and contribute to provident and benefit funds for the benefit of such persons and to remunerate any person, firm or company rendering services to the Company, whether by cash payment, gratuities, pensions, annuities, allowances, emoluments or by the allotment of shares or securities of the Company credited as paid up in full or in part or otherwise.
- (w) To employ experts to investigate and examine into the conditions, prospects, value, character and circumstances of any business concerns, undertakings, assets, property or rights.
- (x) To insure the life of any person who may, in the opinion of the Company, be of value to the Company, as having or holding for the Company interests, goodwill, or influence or otherwise and to pay the premiums on such insurance.
- (y) To distribute either upon a distribution of assets or division of profits among the Members of the Company in kind any property of the Company, and in particular any shares, debentures or securities of other companies belonging to the Company or of which the Company may have the power of disposing.
- (z) To give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares in the Company, or, where the Company is a subsidiary company, in its holding company.
- (aa) To do and carry out all or any of the foregoing objects in any part of the world and either as principals, agents, contractors, trustees or otherwise, and either by or through agents, trustees or otherwise and either alone or in partnership or in conjunction with any other company, firm or person, provided that nothing herein contained shall empower the Company to carry on the businesses of insurance.
- (bb) To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, trademarks, industrial designs, know-how, concessions and other forms of intellectual property rights and the like conferring any exclusive or non-exclusive or limited or contingent rights to use, or any secret or other information as to any invention or process of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired.
- (cc) To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.
- (dd) To acquire and undertake the whole or any part of the undertaking, business, property and liabilities of any person or company carrying on any business which the Company is authorised to carry on or which is capable of being conducted so as to benefit the Company directly or indirectly or which is possessed of assets suitable for the purposes of the Company.
- (ee) To adopt such means of making known the Company and its products and services as may seem expedient.
- (ff) To acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company.

- (gg) To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (hh) To amalgamate with, merge with or otherwise become part of or associated with any other company or association in any manner permitted by law.
- (ii) To do and carry out all such other things, except the issuing of policies of insurance, as may be deemed by the Company capable of being conveniently carried on in connection with the above objects or any of them or calculated to enhance the value of or render profitable any of the Company's properties or rights.

And it is hereby declared that the word "company" in this clause, except where used in reference to this Company, shall be deemed to include any person, partnership or other body of persons whether incorporated or not incorporated and whether domiciled in the State or elsewhere and that the objects of the Company as specified in each of the foregoing paragraphs of this clause shall be separate and distinct objects and shall not be in anywise limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.
5. The authorised share capital of the Company is €40,000 and US\$30,000 divided into 4,000,000 euro deferred shares of €0.01 each and 300,000,000 ordinary shares of US\$0.0001 each.
6. The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended articles of association and regulations of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being.
7. Capitalised terms that are not defined in this Memorandum of association bear the same meaning as those given in the articles of association of the Company.

Part II – Amendments to Articles of Association

~~Companies Acts 1963 to 2009~~ Act 2014

~~A PUBLIC LIMITED COMPANY LIMITED BY SHARES~~

ARTICLES OF ASSOCIATION

of

JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY

(as amended and restated by Special Resolution dated 13 January 2012 by resolutions passed up to and including 4 August 2016)

PRELIMINARY

1. ~~The regulations contained in Table A in the First Schedule to the 1963 Act shall not apply to the Company.~~

The following regulations shall apply to the Company:

1. The provisions set out in these Articles shall constitute the whole of the regulations applicable to the Company and no “optional provision” as defined by section 1007(2) of the Companies Act (with the exception of sections 83 and 84 of the Companies Act) shall apply to the Company.

2.

2.1 In these Articles:

~~“1963 Act”~~ means ~~the Companies Act 1963.~~

~~“1983 Act”~~ means ~~the Companies (Amendment) Act 1983~~

~~“1990 Act”~~ means ~~the Companies Act 1990.~~

“Address” includes, without limitation, any number or address used for the purposes of communication by way of electronic mail or other electronic communication.

“Adoption Date” means ~~the date of adoption of these Articles~~ 18 January 2012.

“Articles” or “Articles of Association” means these articles of association of the Company, as amended from time to time ~~by Special Resolution.~~

“Assistant Secretary” means any person appointed by the Secretary from time to time to assist the Secretary.

“Auditors” means the persons for the time being performing the duties of statutory auditors of the Company.

“Board” means the board of directors for the time being of the Company.

“clear days” means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

“Companies Acts” Act means ~~the Companies Acts 1963-2009~~ Act 2014 and every statutory modification and re-enactment thereof and all statutes and statutory instruments which are to be read as one with, or construed or read together as one with, the aforementioned enactments and every modification and re-enactment thereof for the time being in force.

“Company”	means the above-named company.
“Court”	means the Irish High Court.
“Directors”	means the directors for the time being of the Company.
“dividend”	includes interim dividends and bonus dividends.
“electronic communication”	shall have the meaning given to those words in the Electronic Commerce Act 2000.
“electronic signature”	shall have the meaning given to those words in the Electronic Commerce Act 2000.
“Exchange”	means any securities exchange or other system on which the Shares of the Company may be listed or otherwise authorised for trading from time to time.
“Exchange Act”	means the Securities Exchange Act of 1934 of the United States of America.
<u>“IAS Regulation”</u>	<u>means Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.</u>
“Member”	means a person who has agreed to become a member of the Company and whose name is entered in the Register of Members as a registered holder of Shares.
“Memorandum”	means the memorandum of association of the Company as amended from time to time by Special Resolution .
“Merger”	means the merger of Jaguar Merger Sub Inc. with and into Jazz Pharmaceuticals, Inc. consummated immediately prior to the time that these Articles became effective <u>on the Adoption Date</u> and as a result of which Jazz Pharmaceuticals Inc. became the surviving entity and a wholly-owned subsidiary of the Company.
“month”	means a calendar month.
“Ordinary Resolution”	means an ordinary resolution of the Company’s Members within the meaning of section 141 of the 1963 <u>Companies Act</u> .
“paid-up”	means paid-up as to the nominal value and any premium payable in respect of the issue of any Shares and includes credited as paid-up.
<u>“person”</u>	<u>includes natural persons, corporations, partnerships, limited liability companies, joint ventures, associations, companies, trusts, government or state bodies, agencies of a state or other organisations, whether or not legal entities.</u>
“Redeemable Shares”	means redeemable shares in accordance with section 206 of the 1990 <u>Companies Act</u> .
“Register of Members” or “Register”	means the register of Members of the Company maintained by or on behalf of the Company, in accordance with the Companies Acts <u>Act</u> and includes (except where otherwise stated) any duplicate Register of Members.
“registered office”	means the registered office for the time being of the Company.

“Seal”	means the seal of the Company, if any, and includes every duplicate seal.
“Secretary”	means the person appointed by the Board to perform any or all of the duties of secretary of the Company and includes an Assistant Secretary and any person appointed by the Board to perform the duties of secretary of the Company.
“Share” and “Shares”	means a share or shares in the capital of the Company.
“Special Resolution”	means a special resolution of the Company’s Members within the meaning of section 141 of the 1963 <u>Companies Act.</u>

2.2 In the Articles:

- (a) words importing the singular number include the plural number and vice-versa;
- (b) words importing the feminine gender include the masculine gender;
- ~~(c)~~ words importing persons include any company, partnership or other body of persons, whether corporate or not, any trust and any government, governmental body or agency or public authority, whether of Ireland or elsewhere;
- (c) ~~(d)~~ “written” and “in writing” include all modes of representing or reproducing words in visible form, including electronic communication;
- (d) ~~(e)~~ references to a company include any body corporate or other legal entity, whether incorporated or established in Ireland or elsewhere;
- (e) ~~(f)~~ references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- (f) ~~(g)~~ any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (g) ~~(h)~~ reference to “officer” or “officers” in these Articles means any executive that has been designated by the Company as an “officer” and, for the avoidance of doubt, shall not have the meaning given to such term in the ~~1963~~Companies Act and any such officers shall not, by reason of such designation alone, constitute officers of the Company within the meaning of ~~Section 2(1) of the 1963~~Companies Act;
- (h) ~~(i)~~ headings are inserted for reference only and shall be ignored in construing these Articles; and
- (i) ~~(j)~~ references to US\$, USD, \$ or dollars shall mean United States dollars, the lawful currency of the United States of America and references to €, euro, or EUR shall mean the euro, the lawful currency of Ireland.

SHARE CAPITAL; ISSUE OF SHARES

3. The authorised share capital of the Company is €40,000 and US\$30,000 divided into 4,000,000 euro deferred shares of €0.01 each and 300,000,000 ordinary shares of US\$0.0001 each.
4. Subject to the provisions of these Articles relating to new Shares, the Shares shall be at the disposal of the Directors, and they may (subject to the provisions of the ~~Companies Acts~~Act) allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its Members, but so that no Share shall be issued at a discount save in accordance with ~~sections 26(5) and 28 of the 1983~~Companies Act, and so that, in the case of Shares offered to the public for subscription, the amount payable on application on each Share shall not be less than one-quarter of the nominal amount of the Share and the whole of any premium thereon.
5. Subject to any requirement to obtain the approval of Members under any laws, regulations or the rules of any Exchange, the Board is authorised, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the

Board deems advisable, options to purchase or subscribe for any number of Shares of any class or classes or of any series of any class as the Board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued.

6.
 - 6.1 The Directors are, for the purposes of ~~section 20 of the 1983~~ Companies Act, generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities (as defined by ~~the said section 20~~ 1021 of the Companies Act) up to the amount of the Company's authorised share capital as at the Adoption Date of ~~adoption of these Articles~~ and to allot and issue any Shares purchased or redeemed by or on behalf of the Company pursuant to the provisions of ~~Part XI of the 1990~~ Companies Act and held as treasury shares and this authority ~~shall~~ will expire five years from the Adoption Date of ~~adoption of these Articles~~.
 - 6.2 The Directors are hereby empowered pursuant to ~~sections 23 and 24(1)~~ section 1023 of the ~~1983~~ Companies Act to allot equity securities within the meaning of the said section ~~23~~ 1023 for cash pursuant to the authority conferred by Article 6.1 as if section ~~23~~ 1022(1) of the ~~said 1983~~ Companies Act did not apply to any such allotment. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by Article 6.1 had not expired.
 - 6.3 The Company may issue ~~share warrants to bearer pursuant to section 88 of the 1963~~ such bearer instruments as are permitted by the Companies Act.
7. Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, any Share in the Company may be issued with such preferred or deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine.
8. The Company may pay commission to any person in consideration of any person subscribing or agreeing to subscribe, whether absolutely or conditionally, for the shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company on such terms and, subject to the provisions of the Companies Acts Act and to such conditions as the Directors may determine, including, without limitation, by paying cash or allotting and issuing fully or partly paid shares or any combination of the two. The Company may also on any issue of Shares pay such brokerage as may be lawful.

ORDINARY SHARES

9. The holder of an ordinary share shall be:
 - 9.1 entitled to dividends on a *pro rata* basis in accordance with the relevant provisions of these Articles;
 - 9.2 entitled to participate *pro rata* in the total assets of the Company in the event of the Company's winding up; and
 - 9.3 entitled, subject to the right of the Company to set record dates for the purpose of determining the identity of Members entitled to notice of and/or vote at a general meeting, to attend general meetings of the Company and shall be entitled to one vote for each Ordinary Share registered in her name in the Register of Members, both in accordance with the relevant provisions of these Articles.
10. Unless the Board specifically elects to treat such acquisition as a purchase for the purposes of the Companies Act, an ordinary share shall be deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company (including any agent or broker acting on behalf of the Company) and any third party pursuant to which the Company acquires or will acquire ordinary shares, or an interest in ordinary shares, from the relevant third party. In these circumstances, the acquisition of such shares by the Company shall constitute the redemption of a Redeemable Share in accordance with ~~Part XI of the 1990~~ Companies Act.
11. All ordinary shares shall rank *pari passu* with each other in all respects.

THE MERGER

12. Pursuant to the terms of the Merger, ordinary shares in the share capital of the Company equal in number to the number of shares of common stock of Jazz Pharmaceuticals Inc. held immediately prior to the Merger becoming effective (the “**Effective Time**”), ~~will be~~ allotted and issued by the Company to an exchange agent (the “**Exchange Agent**”) who ~~shall hold~~ such ordinary shares on trust for the holders of shares of common stock of Jazz Pharmaceuticals Inc. (the “**Holders**”) (the “**Merger Consideration**”). As soon as ~~was~~ reasonably practicable after the Effective Time, the Exchange Agent ~~shall mail~~ mailed to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of common stock of Jazz Pharmaceuticals Inc. (the “**Jazz Certificates**”) and each holder of record of a non-certificated outstanding share of the common stock of Jazz Pharmaceuticals Inc. represented by book entry (“**Jazz Book Entry Shares**”), which at the Effective Time were converted into the right to receive the Merger Consideration: (i) a letter of transmittal (which ~~shall specify~~ specified that delivery ~~shall~~ would be effected, and that risk of loss and title to the Jazz Certificates and Jazz Book Entry Shares ~~shall~~ would pass; only upon delivery of the Jazz Certificates or Jazz Book Entry Shares (as applicable) to the Exchange Agent, and (ii) instructions for use in effecting the surrender of the Jazz Certificates and Jazz Book Entry Shares in exchange for ordinary shares in the Company. Upon surrender of Jazz Certificates and / or Jazz Book Entry Shares (as applicable) for cancellation to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and such other documents as may ~~have been~~ reasonably be required by the Exchange Agent (the “**Exchange Agent Documents**”), the holder of such Jazz Certificates or Jazz Book Entry Shares (as applicable) ~~shall be~~ was entitled to receive in exchange therefor that number of ordinary shares in the Company (after taking into account all Jazz Certificates or Jazz Book Entry Shares (as applicable) surrendered by such holder) to which such holder ~~is~~ was entitled (which may ~~be~~ have been in uncertificated form). In the event of a transfer of ownership of shares of Jazz Common Stock which ~~is~~ was not registered in the transfer records of Jazz, the proper number of ordinary shares in the Company ~~may~~ could be transferred to a person other than the person in whose name the Jazz Certificate or Jazz Book Entry Shares (as applicable) so surrendered ~~is~~ was registered, if such Jazz Certificate or Jazz Book Entry Shares (as applicable) ~~shall be~~ were properly endorsed or otherwise ~~be~~ were in proper form for transfer and the person requesting such transfer ~~shall pay~~ paid any transfer or other taxes required by reason of the issuance of ordinary shares in the Company to a person other than the registered holder of such Jazz Certificate or Jazz Book Entry Shares (as applicable) or ~~establish~~ established to the reasonable satisfaction of the Exchange Agent that such Tax ~~has~~ had been paid or ~~is~~ was not applicable. Insofar as such Exchange Agent Documents ~~are~~ were not deposited with the Exchange Agent prior to the first anniversary of the date on which Effective Time occurred (the “**First Anniversary**”), the Exchange Agent ~~shall sell~~ sold all such shares on the market (with no obligation to obtain the best possible price) and ~~shall transfer~~ transferred the proceeds of such sale to the Company which ~~shall hold~~ held such proceeds in an account, which ~~does~~ did not need to be interest bearing, in trust for those Holders who ~~have~~ did not by the First Anniversary ~~deposited~~ deposit the Exchange Agent Documents. If and when such Exchange Agent Documents are deposited with the Secretary of the Company following the First Anniversary, the Company shall arrange for a payment to be made to the relevant Holder equal to the number of ordinary shares in the share capital of the Company sold by the Exchange Agent representing the number of shares of common stock of Jazz Pharmaceuticals Inc. evidenced as being owned by him in the Exchange Agent Documents so deposited.

EURO DEFERRED SHARES

13. The holders of the euro deferred shares shall not be entitled to receive any dividend or distribution and shall not be entitled to receive notice of, nor to attend, speak or vote at any general meeting of the Company. On a return of assets, whether on liquidation or otherwise, the euro deferred shares shall entitle the holder thereof only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the ordinary shares plus the payment of \$5,000,000 on each of the ordinary shares and the holders of the euro deferred shares (as such) shall not be entitled to any further participation in the assets or profits of the Company.
14. The Special Resolution passed on the ~~Adoption Date~~ 3 January 2012 adopting these Articles as of the Adoption Date shall be deemed to confer irrevocable authority on the Company at any time after the Adoption Date:
- 14.1 to acquire all or any of the fully paid euro deferred shares otherwise than for valuable consideration in accordance with ~~Section 41(2) of the 1983~~ Companies Act and without obtaining the sanction of the holders thereof;
 - 14.2 to appoint any person to execute on behalf of the holders of the euro deferred shares remaining in issue (if any) a transfer thereof and/or an agreement to transfer the same otherwise than for valuable consideration to the Company or to such other person as the Company may nominate;
 - 14.3 to cancel any acquired euro deferred shares; and

- 14.4 pending such acquisition and/or transfer and/or cancellation to retain the certificate (if any) for such euro deferred shares.
15. ~~In accordance with Section 43(3) of the 1983 Act~~ The Company shall, not later than three years after any acquisition by it of any euro deferred shares as aforesaid, cancel such shares (except those which, or any interest of the Company in which, it shall have previously disposed of) and reduce the amount of the share capital by the nominal value of the shares so cancelled and the Directors may take such steps as are requisite to enable the Company to carry out its obligations ~~under that subsection without complying with Sections 72 and 73 of the 1963 Act including passing resolutions in accordance with Section 43(5) of the 1983 Act~~ in this respect.
16. Neither the acquisition by the Company otherwise than for valuable consideration of all or any of the euro deferred shares nor the redemption thereof nor the cancellation thereof by the Company in accordance with this Article shall constitute a variation or abrogation of the rights or privileges attached to the euro deferred shares, and accordingly the euro deferred shares or any of them may be so acquired, redeemed and cancelled without any such consent or sanction on the part of the holders thereof. The rights conferred upon the holders of the euro deferred shares shall not be deemed to be varied or abrogated by the creation of further shares ranking in priority thereto or *pari passu* therewith.

ISSUE OF WARRANTS

17. The Board may issue warrants to subscribe for any class of Shares or other securities of the Company on such terms as it may from time to time determine.

CERTIFICATES FOR SHARES

18. Unless otherwise provided for by the Board or the rights attaching to or by the terms of issue of any particular Shares, or to the extent required by any Exchange, depository, or any operator of any clearance or settlement system, no person whose name is entered as a Member in the Register of Members shall be entitled to receive a share certificate for all Shares of each class held by her (nor on transferring a part of holding, to a certificate for the balance).
19. Any share certificate, if issued, shall specify the number of Shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as shall be determined by the Board. Such certificates may be under Seal. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the Register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Shares shall have been surrendered and cancelled. The Board may authorise certificates to be issued with the Seal and authorised signature(s) affixed by some method or system of mechanical process. In respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.
20. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating such evidence, as the Board may prescribe, and, in the case of defacement or wearing out, upon delivery of the old certificate.

REGISTER OF MEMBERS

21. The Company shall maintain or cause to be maintained a Register of its Members in accordance with the Companies ActsAct.
22. If the Board considers it necessary or appropriate, the Company may establish and maintain a duplicate Register or Registers of Members at such location or locations within or outside Ireland as the Board thinks fit. The original Register of Members shall be treated as the Register of Members for the purposes of these Articles and the Companies ActsAct.
23. The Company, or any agent(s) appointed by it to maintain the duplicate Register of Members in accordance with these Articles, shall as soon as practicable and on a regular basis record or procure the recording in the original Register of Members all transfers of Shares effected on any duplicate Register of Members and shall at all times maintain the original Register of Members in such manner as to show at all times the Members for the time being and the Shares respectively held by them, in all respects in accordance with the Companies ActsAct.

24. The Company shall not be bound to register more than four persons as joint holders of any Share. If any Share shall stand in the names of two or more persons, the person first named in the Register of Members shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company.

TRANSFER OF SHARES

25. All transfers of Shares shall be effected by an instrument of transfer in such form as the Board may approve. All instruments of transfer must be left at the registered office or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.

26.

26.1 The instrument of transfer shall be executed by or on behalf of the transferor. The instrument of transfer of any Share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor provided that in the case of execution by facsimile signature by or on behalf of a transferor, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The instrument of transfer need not be signed by the transferee.

26.2 The instrument of transfer of any Share may be executed for and on behalf of the transferor by any Director, the Secretary ~~or an Assistant Secretary on behalf of the Company, and the Company~~ or any duly authorised delegate or attorney of the Secretary or Assistant Secretary (whether an individual, a corporation or other body of persons, whether corporate or not, and whether in respect of specific transfers or pursuant to a general standing authorisation) and the Director, Secretary, Assistant Secretary or any duly authorised delegate shall be deemed to have been irrevocably appointed agent for the transferor of such Share or Shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such Share or Shares all such transfers of Shares held by the Members in the share capital of the Company. Any document which records the name of the transferor, the name of the transferee, the class and number of Shares agreed to be transferred, and the date of the agreement to transfer Shares, shall, once executed by the transferor or any Director or the Secretary or Assistant Secretary ~~on behalf of the Company~~ or relevant authorised delegate as agent for the transferor, be deemed to be a proper instrument of transfer for the purposes of ~~section 84 of the 1963~~ Companies Act. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered on the Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Directors so determine.

26.3 The Company, at its absolute discretion and insofar as the Companies Acts ~~Act~~ or any other applicable law permits, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of Shares on behalf of the transferee of such Shares of the Company. If stamp duty resulting from the transfer of Shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those Shares and (iii) to claim a first and permanent lien on the Shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid.

26.4 Notwithstanding the provisions of these Articles and subject to any regulations or amending regulations made under section 239 ~~1086~~ of the 1990 Companies Act, title to any Shares in the Company may also be evidenced and transferred without a written instrument in accordance with ~~section 239 of the 1990~~ Companies Act or any regulations or amending regulations made thereunder. The Directors shall have power to permit any class of Shares to be held in uncertificated form and to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where appropriate, be entitled to disapply or modify all or part of the provisions in these Articles with respect to the requirement for written instruments of transfer and share certificates (if any), in order to give effect to such regulations.

27. The Board may in its absolute discretion and without assigning any reason for its decision, decline to register any transfer of any Share which is not a fully paid Share. The Board may also, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share unless:
- 27.1 the instrument of transfer is fully and properly completed and lodged with the Company accompanied by the certificate for the Shares (if any) to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - 27.2 the instrument of transfer is in respect of only one class of Shares;
 - 27.3 a registration statement under the Securities Act of 1933 of the United States of America is in effect with respect to such transfer or such transfer is exempt from registration and, if requested by the Board, a written opinion from counsel reasonably acceptable to the Board is obtained to the effect that such transfer is exempt from registration;
 - 27.4 the instrument of transfer is properly stamped (in circumstances where stamping is required). For the purposes of these Articles, the Company is entitled to assume that the instrument of transfer is chargeable with stamp duty unless the transferor or transferee can demonstrate that it is not chargeable;
 - 27.5 in the case of a transfer to joint holders, the number of joint holders to which the Share is to be transferred does not exceed four;
 - 27.6 it is satisfied, acting reasonably, that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Ireland or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained; and
 - 27.7 it is satisfied, acting reasonably, that the transfer would not violate the terms of any agreement to which the Company (or any of its subsidiaries) and the transferor are party or subject.
28. If the Board shall refuse to register a transfer of any Share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.
29. The Company shall not be obligated to make any transfer to an infant or to a person in respect of whom an order has been made by a competent court or official on the grounds that she is or may be suffering from mental disorder or is otherwise incapable of managing her affairs or under other legal disability.
30. Upon every transfer of Shares the certificate (if any) held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and subject to Article 18 a new certificate may be issued without charge to the transferee in respect of the Shares transferred to her, and if any of the Shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof may be issued to her without charge. The Company shall also retain the instrument(s) of transfer.

REDEMPTION AND REPURCHASE OF SHARES

31. Subject to the provisions of ~~Part XI of the 1990~~Companies Act and the other provisions of this Article ~~28~~31, the Company may:
- 31.1 pursuant to ~~section 207 of the 1990~~Companies Act, issue any Shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as may be determined by the Company in general meeting (by Special Resolution) on the recommendation of the Directors;
 - 31.2 redeem Shares of the Company on such terms as may be contained in, or be determined pursuant to the provisions of, these Articles. Subject as aforesaid, the Company may cancel any Shares so redeemed or may hold them as treasury shares and re-issue such treasury shares as Shares of any class or classes or cancel them;
 - 31.3 subject to or in accordance with the provisions of the ~~Companies Act~~Companies Act and without prejudice to any relevant special rights attached to any class of shares, pursuant to ~~section 211 of the 1990~~Companies Act, purchase any of its own Shares (including any Redeemable Shares and without any obligation to purchase on any *pro rata* basis as between Members or Members of the same class) and may cancel any shares so purchased or hold them as treasury shares (as defined by ~~section 209 of the 1990~~Companies Act) and may reissue any such shares as shares of any class or classes or cancel them; or

31.4 pursuant to ~~section 210 of the 1990~~ Companies Act, convert any of its Shares into Redeemable Shares provided that the total number of Shares which shall be redeemable pursuant to this authority shall not exceed the limit in ~~section 210(4) of the 1990~~ Companies Act.

32. The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the ~~Companies Acts~~ Act.

33. The holder of the Shares being purchased shall be bound to deliver up to the Company at its registered office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to her the purchase or redemption monies or consideration in respect thereof.

VARIATION OF RIGHTS OF SHARES

34. If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing of the holders of three-quarters of all the votes of the issued Shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class.

35. The provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis to every such general meeting of the holders of one class of Shares except that the necessary quorum shall be one or more persons holding or representing by proxy at least one-half of the issued Shares of the class.

36. The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by (i) the creation or issue of further Shares ranking *pari passu* therewith; (ii) a purchase or redemption by the Company of its own Shares; or (iii) the creation or issue for value (as determined by the Board) of further Shares ranking as regards participation in the profits or assets of the Company or otherwise in priority to them.

LIEN ON SHARES

37. The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Directors, at any time, may declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all monies payable in respect of it.

38. The Company may sell in such manner as the Directors determine any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen clear days after notice demanding payment, and stating that if the notice is not complied with the Share may be sold, has been given to the holder of the Share or to the person entitled to it by reason of the death or bankruptcy of the holder.

39. To give effect to a sale, the Directors may authorise some person to execute an instrument of transfer of the Share sold to, or in accordance with the directions of, the transferee. The transferee shall be entered in the Register as the holder of the Share comprised in any such transfer and she shall not be bound to see to the application of the purchase monies nor shall her title to the Share be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

40. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the Shares sold and subject to a like lien for any monies not presently payable as existed upon the Shares before the sale) shall be paid to the person entitled to the Shares at the date of the sale.

41. Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any Shares registered in the Register as held either jointly or solely by any Members or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become

due or payable to such Member by the Company on or in respect of any Shares registered as mentioned above or for or on account or in respect of any Member and whether in consequence of:

- 41.1 the death of such Member;
 - 41.2 the non-payment of any income tax or other tax by such Member;
 - 41.3 the non-payment of any estate, probate, succession, death, stamp or other duty by the executor or administrator of such Member or by or out of her estate; or
 - 41.4 any other act or thing;
- in every such case (except to the extent that the rights conferred upon holders of any class of Shares render the Company liable to make additional payments in respect of sums withheld on account of the foregoing):
- 41.5 the Company shall be fully indemnified by such Member or her executor or administrator from all liability;
 - 41.6 the Company shall have a lien upon all dividends and other monies payable in respect of the Shares registered in the Register as held either jointly or solely by such Member for all monies paid or payable by the Company as referred to above in respect of such Shares or in respect of any dividends or other monies thereon or for or on account or in respect of such Member under or in consequence of any such law, together with interest at the rate of 15% per annum (or such other rate as the Board may determine) thereon from the date of payment to date of repayment, and the Company may deduct or set off against such dividends or other monies so payable any monies paid or payable by the Company as referred to above together with interest at the same rate;
 - 41.7 the Company may recover as a debt due from such Member or her executor or administrator (wherever constituted) any monies paid by the Company under or in consequence of any such law and interest thereon at the rate and for the period referred to above in excess of any dividends or other monies then due or payable by the Company; and
 - 41.8 the Company may if any such money is paid or payable by it under any such law as referred to above refuse to register a transfer of any Shares by any such Member or her executor or administrator until such money and interest is set off or deducted as referred to above or in the case that it exceeds the amount of any such dividends or other monies then due or payable by the Company, until such excess is paid to the Company.

Subject to the rights conferred upon the holders of any class of Shares, nothing in this Article 41 will prejudice or affect any right or remedy which any law may confer or purport to confer on the Company. As between the Company and every such Member as referred to above (and, her executor, administrator and estate, wherever constituted), any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

CALLS ON SHARES

- 42. Subject to the terms of allotment, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares and each Member (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on her Shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part and payment of a call may be postponed in whole or in part.
- 43. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
- 44. A person on whom a call is made shall (in addition to a transferee) remain liable notwithstanding the subsequent transfer of the Share in respect of which the call is made.
- 45. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 46. If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Companies Acts^{Act}) but the Directors may waive payment of the interest wholly or in part.

47. An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value by way of premium, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
48. Subject to the terms of allotment, the Directors may make arrangements on the issue of Shares for a difference between the holders in the amounts and times of payment of calls on their Shares.
49. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the monies uncalled and unpaid upon any Shares held by her, and upon all or any of the monies so advanced may pay (until the same would, but for such advance, become payable) interest at such rate as may be agreed upon between the Directors and the Member paying such sum in advance.

FORFEITURE

50. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter during such times as any part of the call or instalment remains unpaid, may serve a notice on her requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.
51. The notice shall state a further day (not earlier than the expiration of fourteen clear days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the Shares in respect of which the call was made will be liable to be forfeited.
52. If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any Shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other monies payable in respect of the forfeited Shares and not paid before forfeiture. The Directors may accept a surrender of any Share liable to be forfeited hereunder.
53. On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the Shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member sued, in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
54. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a Share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the Share to that person. The Company may receive the consideration, if any, given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and thereupon she shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall her title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
55. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but nevertheless shall remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by her to the Company in respect of the Shares, without any deduction or allowance for the value of the Shares at the time of forfeiture but her liability shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.
56. A statutory declaration or affidavit that the declarant is a Director or the Secretary of the Company, and that a Share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
57. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
58. The Directors may accept the surrender of any Share which the Directors have resolved to have been forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered Share shall be treated as if it has been forfeited.

NON-RECOGNITION OF TRUSTS

59. The Company shall not be obligated to recognise any person as holding any Share upon any trust (except as is otherwise provided in these Articles or to the extent required by law) and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as is otherwise provided by these Articles or the Companies Act) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder. This shall not preclude the Company from requiring the Members or a transferee of Shares to furnish to the Company with information as to the beneficial ownership of any Share when such information is reasonably required by the Company.

TRANSMISSION OF SHARES

60. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where she was a sole holder, shall be the only persons recognised by the Company as having any title to her interest in the Shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any Shares which had been held by her solely or jointly with other persons.
61. Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either to be registered herself as holder of the Share or to make such transfer of the Share to such other person nominated by her and to have such person registered as the transferee thereof, but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before her death or bankruptcy as the case may be.
62. If the person so becoming entitled shall elect to be registered herself as holder, she shall deliver or send to the Company a notice in writing signed by her stating that she so elects.
63. Subject to Article 62, a person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which she would be entitled if she were the registered holder of the Share, except that she shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company provided however that the Board may at any time give notice requiring any such person to elect either to be registered herself or to transfer the Share and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.
64. The Board may at any time give notice requiring a person entitled by transmission to a Share to elect either to be registered herself or to transfer the Share and if the notice is not complied with within 60 days the Board may withhold payment of all dividends and other monies payable in respect of the Share until the requirements of the notice have been complied with.

AMENDMENT OF MEMORANDUM OF ASSOCIATION; CHANGE OF LOCATION OF REGISTERED OFFICE; AND ALTERATION OF CAPITAL

65. In addition and without prejudice to the Company's rights under section 83 of the Companies Act, the Company may by Ordinary Resolution:
- 65.1 divide its share capital into several classes and attach to them respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- 65.2 increase the authorised share capital by such sum to be divided into Shares of such nominal value, as such Ordinary Resolution shall prescribe;
- 65.3 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- 65.4 by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller nominal value than is fixed by the its Memorandum, subject to section 68(1)(d) of the 1963 Companies Act, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;

- 65.5 cancel any Shares that at the date of the passing of the relevant Ordinary Resolution have not been taken or agreed to be taken by any person; and
- 65.6 subject to applicable law, change the currency denomination of its share capital.
66. Subject to the provisions of the Companies ~~Acts~~Act, the Company may:
- 66.1 by Special Resolution change its name, alter or add to the Memorandum with respect to any objects, powers or other matters specified therein or alter or add to these Articles;
- 66.2 in accordance with section 84 of the Companies Act, by Special Resolution reduce its issued share capital and any capital redemption reserve fund or any, share premium account or undenominated capital. In relation to such reductions, the Company may by Special Resolution determine the terms upon which the reduction is to be effected, including in the case of a reduction of part only of any class of Shares, those Shares to be affected. Nothing in this Article 66.2 shall, however, prejudice or limit the Company's ability to perform or engage in any of the actions described in section 83(1) of the Companies Act by way of Ordinary Resolution only; and
- 66.3 by resolution of the Directors change the location of its registered office.
67. Whenever as a result of an alteration or reorganisation of the share capital of the Company any Members would become entitled to fractions of a Share, the Directors may, on behalf of those Members, sell the Shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale (less any costs and expenses associated with such sale) in due proportion among those Members, and the Directors may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall her title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

68. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Board may provide, subject to the requirements of ~~section 121 of the 1963~~Companies Act, that the Register of Members shall be closed for transfers at such times and for such periods, not exceeding in the whole 30 days in each year. If the Register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members such Register of Members shall be so closed for at least five (5) days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
69. In lieu of, or apart from, closing the Register of Members, the Board may fix in advance a date as the record date (a) for any such determination of Members entitled to notice of or to vote at a meeting of the Members, which record date shall not be more than ninety (90) days nor less than ten (10) days before the date of such meeting, and (b) for the purpose of determining the Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, which record date shall not be more than ninety (90) days prior to the date of payment of such dividend or the taking of any action to which such determination of Members is relevant. The record date shall not precede the date upon which the resolution fixing the record date is adopted by the Directors.
70. If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date immediately preceding the date on which notice of the meeting is deemed given under these Articles or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in these Articles, such determination shall apply to any adjournment thereof; provided, however, that the Directors may fix a new record date of the adjourned meeting, if they think fit.

GENERAL MEETINGS

71. The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Companies Acts Act.
72. The Board may, whenever it thinks fit, and shall, on the requisition in writing of Members holding such number of Shares as is prescribed by, and made in accordance with, section ~~132~~178(3) of the ~~1963~~Companies Act, convene a general meeting in the manner required by the Companies Acts Act. All general meetings other than annual general meetings shall be called extraordinary general meetings.
73. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Subject to section ~~140~~ of the ~~1963~~Companies Act, ~~any~~ general meeting may be held outside of Ireland.
74. Each general meeting shall be held at such time and place as specified in the notice of meeting.
75. The Board may, in its absolute discretion, authorise the Secretary to postpone any general meeting called in accordance with the provisions of these Articles (other than a meeting requisitioned under Article 72 of these Articles or the postponement of which would be contrary to the Companies Acts Act, law or a court order pursuant to the Companies Acts Act) if the Board considers that, for any reason, it is impractical or unreasonable to hold the general meeting, provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these articles.

NOTICE OF GENERAL MEETINGS

76. Subject to the provisions of the Companies Acts Act allowing a general meeting to be called by shorter notice, an annual general meeting, and an extraordinary general meeting called for the passing of a Special Resolution, shall be called by at least twenty-one (21) clear days' notice and all other extraordinary general meetings shall be called by at least fourteen (14) clear days' notice. Such notice shall state the date, time, place of the meeting and, in the case of an extraordinary general meeting, the general nature of the business to be considered. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify such other details as are required by applicable law or the relevant code, rules and regulations applicable to the listing of the Shares on ~~the~~ an Exchange.
77. A general meeting of the Company shall, whether or not the notice specified in this article has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if applicable law so permits and it is so agreed by the Auditors and by all the Members entitled to attend and vote thereat or by their proxies.
78. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a Special Resolution shall specify the intention to propose the resolution as a Special Resolution. Notice of every general meeting shall be given in any manner permitted by these Articles to all Members other than such as, under the provisions hereof or the terms of issue of the Shares they hold, those who are not entitled to receive such notice from the Company.
79. There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of her and that a proxy need not be a Member of the Company.
80. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.
81. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting. A Member present, either in person or by proxy, at any general meeting of the Company or of the holders of any class of Shares in the Company, will be deemed to have received notice of that meeting and, where required, of the purpose for which it was called.

PROCEEDINGS AT GENERAL MEETINGS

82. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting; with the exception of ~~declaring a dividend, the consideration of the accounts, balance sheets and the reports of the Directors and Auditors, the election of Directors, the re-appointment of the retiring Auditors and the fixing of the remuneration of the Auditors.:~~
- 82.1 the consideration of the Company's statutory financial statements and the report of the Directors and the report of the Auditors on those statements and that report;
 - 82.2 the review by the Members of the Company's affairs;
 - 82.3 the declaration of a dividend (if any) of an amount not exceeding the amount recommended by the Directors;
 - 82.4 the appointment and reappointment of Auditors;
 - 82.5 the authorisation of the Directors to approve the remuneration of the Auditors; and
 - 82.6 the election and re-election of Directors.
83. No business shall be transacted at any general meeting unless a quorum is present. One or more Members present in person or by proxy holding not less than a majority of the issued and outstanding ordinary shares of the Company entitled to vote at the meeting in question shall be a quorum.
84. If within one hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Board may determine and if at the adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the Members present shall be a quorum.
85. If the Board wishes to make this facility available to Members for a specific or all general meetings of the Company, a Member may participate in any general meeting of the Company, by means of a telephone, video, electronic or similar communication equipment by way of which all persons participating in such meeting can communicate with each other simultaneously and instantaneously and such participation shall be deemed to constitute presence in person at the meeting.
86. Each Director and the Auditors shall be entitled to attend and speak at any general meeting of the Company.
87. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if she shall not be present within one hour after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting or if all of the Directors present decline to take the chair, then the Members present shall choose one of their own number to be Chairman of the meeting.
88. The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished, or which might have be transacted, at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.
- 89.
- 89.1 Subject to the ~~Companies Act~~Act and these Articles, a resolution may only be put to a vote at a general meeting of the Company or of any class of Members if:
 - (a) it is proposed by or at the direction of the Board; or
 - (b) it is proposed at the direction of the Court; or
 - (c) it is proposed on the requisition in writing of such number of Members as is prescribed by, and is made in accordance with, ~~section 178(3) of the 1963~~section 178(3) of the 1963 ~~Companies Act~~;

- (d) it is proposed pursuant to, and in accordance with the procedures and requirements of, Articles 97 or 98; or
- (e) the Chairman of the meeting in her absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.

89.2 No amendment may be made to a resolution, at or before the time when it is put to a vote, unless the Chairman of the meeting in her absolute discretion decides that the amendment or the amended resolution may properly be put to a vote at that meeting.

89.3 If the Chairman of the meeting rules a resolution or an amendment to a resolution admissible or out of order (as the case may be), the proceedings of the meeting or on the resolution in question shall not be invalidated by any error in her ruling. Any ruling by the Chairman of the meeting in relation to a resolution or an amendment to a resolution shall be final and conclusive.

90. Except where a greater majority is required by the Companies Act or these Articles, any question proposed for a decision of the Members at any general meeting of the Company or a decision of any class of Members at a separate meeting of any class of Shares shall be decided by an Ordinary Resolution.

91. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The Board or the Chairman may determine the manner in which the poll is to be taken and the manner in which the votes are to be counted.

92. A poll demanded on the election of the Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not being more than ten days from the date of the meeting or adjourned meeting at which the vote was taken, as the Chairman of the meeting directs, and any business other than that on which a poll has been demanded may be proceeded with pending the taking of the poll.

93. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. On a poll a Member entitled to more than one vote need not use all her votes or cast all the votes she uses in the same way.

94. If authorised by the Board, any vote taken by written ballot may be satisfied by a ballot submitted by electronic or telephonic transmission, provided that any such electronic or telephonic submission must either set forth or be submitted with information from which it can be determined that the electronic submission has been authorised by the Member or proxy.

95. The Board may, and at any general meeting, the chairman of such meeting may make such arrangement and impose any requirement or restriction it or she considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with such arrangements, requirements or restrictions.

96. Subject to section 144 of the 1963 Companies Act, a resolution in writing signed by all of the Members for the time being entitled to attend and vote on such resolution at a general meeting (or being bodies corporate by their duly authorised representatives) shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held, and may consist of several documents in like form each signed by one or more persons, and if described as a special resolution shall be deemed to be a Special Resolution within the meaning of the 1963 Act. Any such resolution shall be served on the Company.

NOMINATIONS OF DIRECTORS

97. Nominations of persons for election to the Board (other than Directors to be nominated by any series of preferred shares, voting separately as a class) at a general meeting may only be made ~~(a)~~:

97.1 pursuant to the Company's notice of meeting pursuant to Article 71 at the recommendation of the Board, ~~(b)~~;

97.2 by or at the direction of the Board or any authorised committee thereof; or ~~(c)~~

97.3 by any Member who (i) complies with the notice procedures set forth in Articles 98 or 99, as applicable, (ii) was a Member at the time such notice is delivered to the Secretary and on the record date for the determination of Members

entitled to vote at such general meeting and (iii) is present at the relevant general meeting, either in person or by proxy, to present her nomination, provided, however, that Members shall only be entitled to nominate persons for election to the Board at annual general meetings or at general meetings called specifically for the purpose of electing Directors.

98. For nominations of persons for election to the Board (other than Directors to be nominated by any series of preferred shares, voting separately as a class) to be properly brought before an annual general meeting by a Member, such annual general meeting must have been called for the purpose of, among other things, electing directors and such Member must have given timely notice thereof in writing to the Secretary. To be timely, a Member's notice shall be delivered to the Secretary at the registered office of the Company, or such other address as the Secretary may designate, not less than 90 days nor more than 150 days prior to the first anniversary of the date the Company's proxy statement was first released to Members in connection with the prior year's annual general meeting; provided, however, that in the event the date of the annual general meeting is changed by more than 30 days from the first anniversary date of the prior year's annual general meeting, notice by the Member of Shares to be timely must be so delivered not earlier than the 150th day prior to such annual general meeting and not later than the later of the 90th day prior to such annual general meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Such Member's notice shall set forth (a) as to each person whom the Member proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, or any successor provisions thereto, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director of the Company if elected and (b) as to the Member giving the notice (i) the name and address of such Member, as they appear on the Register of Members, (ii) the class and number of Shares that are owned beneficially and/or of record by such Member, (iii) a representation that the Member is a registered holder of Shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination and (iv) a statement as to whether the Member intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding share capital required to approve or elect the nominee and/or (y) otherwise to solicit proxies from Members in support of such nomination. The Board may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Company, including such evidence satisfactory to the Board that such nominee has no interests that would limit such nominee's ability to fulfil her duties as a Director.
99. For nominations of persons for election to the Board (other than directors to be nominated by any series of preferred shares, voting separately as a class) to be properly brought before a general meeting called for the purpose of the election of directors, other than an annual general meeting by a Member, such Member must have given timely notice thereof in writing to the Secretary. To be timely, a Member's notice shall be delivered to the Secretary at the registered office of the Company or such other address as the Secretary may designate, not earlier than the 150th day prior to such general meeting and not later of the 90th day prior to such general meeting or the 10th day following the day on which public announcement is first made of the date of the general meeting and of the nominees proposed by the Board to be elected at such meeting. Such Member's notice shall set forth the same information as is required by provisions (a) and (b) of Article 98.
100. Unless otherwise provided by the terms of any series of preferred shares or any agreement among Members or other agreement approved by the Board, only persons who are nominated in accordance with the procedures set forth in Articles 98 and 99 shall be eligible to serve as Directors of the Company. If the Chairman of a general meeting determines that a proposed nomination was not made in compliance with Articles 98 and 99, she shall declare to the meeting that nomination is defective and such defective nomination shall be disregarded. Notwithstanding the foregoing provisions of these Articles, if the Member (or a qualified representative of the Member) does not appear at the general meeting to present her nomination, such nomination shall be disregarded.

VOTES OF MEMBERS

101. Subject to any rights or restrictions for the time being attached to any class or classes of Shares, every Member of record present in person or by proxy shall have one vote for each Share registered in her name in the Register of Members.
102. In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
103. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote by her committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.

104. No Member shall be entitled to vote at any general meeting unless she is registered as a Member on the record date for such meeting.
105. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.
106. Votes may be given either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting and may appoint a proxy to vote both in favour of and against the same resolution in such proportion as specified in the instrument appointing the proxy.

PROXIES AND CORPORATE REPRESENTATIVES

- 107.
- 107.1 Every Member entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on her behalf and may appoint more than one proxy to attend, speak and vote at the same meeting. The appointment of a proxy or corporate representative shall be in such form and may be accepted by the Company at such place and at such time (including any time less than 48 hours before the meeting) as the Board or the Secretary shall from time to time determine, subject to applicable requirements of the United States Securities and Exchange Commission and the Exchange on which the Shares are listed. No such instrument appointing a proxy or corporate representative shall be voted or acted upon after 2 years from its date.
- 107.2 Without limiting the foregoing, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic (including telephonic) or internet communication or facility and may in a similar manner permit supplements to, or amendments or revocations of, any such electronic (including telephonic) or internet communication or facility to be made. The Directors may in addition prescribe the method of determining the time at which any such electronic (including telephonic) or internet communication or facility is to be treated as received by the Company. The Directors may treat any such electronic (including telephonic) or internet communication or facility which purports to be or is expressed to be sent on behalf of a Member as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Member.
108. Any body corporate which is a Member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which she represents as that body corporate could exercise if it were an individual Member of the Company. The Company may require evidence from the body corporate of the due authorisation of such person to act as the representative of the relevant body corporate.
109. An appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been received by the Company for the purposes of any meeting shall not require to be delivered, deposited or received again by the Company for the purposes of any subsequent meeting to which it relates.
110. Receipt by the Company of an appointment of proxy in respect of a meeting shall not preclude a Member from attending and voting at the meeting or at any adjournment thereof which attendance and voting will automatically cancel any proxy previously submitted.
111. An appointment proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates.
- 112.
- 112.1 A vote given in accordance with the terms of an appointment of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal, or the revocation of the appointment of proxy or of the authority under which the proxy was appointed or of the resolution authorising the representative to act or transfer of the Share in respect of which the proxy was appointed or the authorisation of the representative to act was given, provided that no direction in writing (whether in electronic form or otherwise) of such

death, insanity, revocation or transfer shall have been received by the Company at the registered office, ~~at least one hour~~ before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used or at which the representative acts; ~~PROVIDED, HOWEVER, that where such direction is given in electronic form it shall have been received by the Company at least 24 hours (or such lesser time as the Directors may specify) before the commencement of the meeting.~~

- 112.2 The Directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the Members forms for the appointment of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative.

DIRECTORS

113. The Board may determine the size of the Board from time to time at its absolute discretion.
114. The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other.
115. The Board may approve additional remuneration to any Director undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than her ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to her remuneration as a Director.

DIRECTORS' AND OFFICERS' INTERESTS

116. A Director ~~or an officer~~ of the Company who is in any way, whether directly or indirectly, interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company shall, in accordance with section ~~194~~231 of the ~~1963~~Companies Act, declare the nature of her interest at the first opportunity either (a) at a meeting of the Board at which the question of entering into the contract, transaction or arrangement is first taken into consideration, if the Director ~~or officer~~ of the Company knows this interest then exists, or in any other case, at the first meeting of the Board after learning that she is or has become so interested or (b) by providing a general notice to the ~~Directors~~Board declaring that she is a director ~~or an officer~~ of, or has an interest in, a person and is to be regarded as interested in any transaction or arrangement made with that person, and after giving such general notice it shall not be necessary to give special notice relating to any particular transaction.
- 117.
- 117.1 A Director may hold any other office or place of profit under the Company (other than the office of its Auditors) in conjunction with her office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.
- 117.2 A Director is expressly permitted (for the purposes of section 228(1)(d) of the Companies Act) to use the property of the Company pursuant to or in connection with: the exercise and performance of her duties, functions and powers as Director or employee; the terms of any contract of service or employment or letter of appointment; and any other usage authorised by the Directors (or a person authorised by the Directors) from time to time; and including in each case for a Director's own benefit or for the benefit of another person.
- 117.3 As recognised by section 228(1)(e) of the Companies Act, the Directors may agree to restrict their power to exercise independent judgement but only where this has been expressly approved by a resolution of the Board.
118. A Director may act by herself or her firm in a professional capacity for the Company (other than as its Auditors) and she or her firm shall be entitled to remuneration for professional services as if she were not a Director.
119. A Director may be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or Member of any other company or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to

the Company for any remuneration or other benefits received by her as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or Member of such other company; provided that she has declared the nature of her position with, or interest in, such company to the Board in accordance with Article 116.

120. No person shall be disqualified from the office of Director or ~~from being an officer of the Company~~ or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or ~~officer~~ of the Company shall be in any way interested be or be liable to be avoided, nor shall any Director or ~~officer~~ of the Company so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director or ~~officer~~ of the Company holding office or of the fiduciary relation thereby established; provided that:
- 120.1 ~~heshe~~ has declared the nature of her interest in such contract or transaction to the Board in accordance with Article 116; and
- 120.2 the contract or transaction is approved by a majority of the disinterested Directors, notwithstanding the fact that the disinterested Directors may represent less than a quorum.
121. A Director may be counted in determining the presence of a quorum at a meeting of the Board which authorises or approves the contract, transaction or arrangement in which she is interested and she shall be at liberty to vote in respect of any contract, transaction or arrangement in which she is interested, provided that the nature of the interest of any Director in any such contract or transaction shall be disclosed by her in accordance with Article 116, at or prior to its consideration and any vote thereon.
122. For the purposes of Article 116:-
- 122.1 a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;
- 122.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect her to have knowledge shall not be treated as an interest of her; and
- 122.3 a copy of every declaration made and notice given under Article 116 shall be entered within three days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, the ~~Auditors~~Auditor or Member of the Company at the registered office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.

POWERS AND DUTIES OF DIRECTORS

123. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Companies ~~Acts~~Act or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles and to the provisions of the Companies ~~Acts~~Act. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
124. The Board shall have the power to appoint and remove executives in such terms as the Board sees fit and to give such titles and responsibilities to those executives as it sees fit.
125. The Company may exercise the powers conferred by ~~Section 41 of the 1963~~Section 41 of the 1963 Companies Act with regard to having an official seal for use abroad and such powers shall be vested in the Directors.
126. Subject as otherwise provided with these Articles, the Directors may exercise the voting powers conferred by shares of any other company held or owned by the Company in such manner in all respects as they think fit and in particular they may exercise their voting powers in favour of any resolution appointing the Directors or any of them as directors or officers of such other company or providing for the payment of remuneration or pensions to the directors or officers of such other company.

127. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall from time to time by resolution determine.
128. The Directors may from time to time authorise such person or persons as they see fit to perform all acts, including without prejudice to the foregoing, to effect a transfer of any shares, bonds, or other evidences of indebtedness or obligations, subscription rights, warrants, and other securities in another body corporate in which the Company holds an interest and to issue the necessary powers of attorney for the same; and each such person is authorised on behalf of the Company to vote such securities, to appoint proxies with respect thereto, and to execute consents, waivers and releases with respect thereto, or to cause any such action to be taken.
129. The Board may exercise all powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds or such other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
130. The Directors may procure the establishment and maintenance of or participate in, or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors or other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is or was a subsidiary of the Company or of the predecessor in business of the Company or any such subsidiary or holding Company and the wives, widows, families, relatives or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well being of the Company or of any such other company as aforesaid or its Members, and payments for or towards the issuance of any such persons as aforesaid and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. Provided that any Director shall be entitled to retain any benefit received by her under this article, subject only, where the Companies Acts ~~require~~ Act requires, to disclosure to the Members and the approval of the Company in general meeting.
131. The Board may from time to time provide for the management of the affairs of the Company in such manner as it shall think fit and the specific delegation provisions contained in the articles shall not limit the general powers conferred by these ~~articles~~ Articles.

MINUTES

132. The Board shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Board, all resolutions and proceedings at meetings of the Company or the holders of any class of Shares, of the Directors and of committees of Directors, including the names of the Directors present at each meeting.

DELEGATION OF THE BOARD'S POWERS

133. The Board may delegate any of its powers (with power to sub-delegate) to any committee consisting of one or more Directors. The Board may also delegate to any Director such of its powers as it considers desirable to be exercised by her. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of its own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of the Board shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
134. The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of its own powers and may be revoked by the Board at any time.
135. The Board may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in her.

EXECUTIVE OFFICERS

136. The Company shall have a chairman; who shall be a Director and shall be elected by the Board. In addition to the chairman, the Directors and the Secretary, the Company may have such officers as the Board may from time to time determine.

PROCEEDINGS OF DIRECTORS

137. Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings and procedures as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors present at a meeting at which there is a quorum. Each Director shall have one vote.
138. Regular meetings of the Board may be held at such times and places as may be provided for in resolutions adopted by the Board. No additional notice of a regularly scheduled meeting of the Board shall be required.
139. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors by at least 24 hours' notice in writing to every Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors either at, before or after the meeting is held and provided further if notice is given in person, by telephone, cable, telex, telecopy or email the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organisation as the case may be. The accidental omission to give notice of a meeting of the Directors to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.
140. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be a majority of the Directors in office.
141. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
142. The Directors may elect a Chairman of their Board and determine the period for which she is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be a Chairman of the meeting.
143. All acts done by any meeting of the Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director.
144. Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the Chairman is at the start of the meeting.
145. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee as the case may be duly convened and held.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

146. The office of a Director shall be vacated:
- 146.1 if she resigns her office, on the date on which notice of her resignation is delivered to the Registered Office or tendered at a meeting of the Board or on such later date as may be specified in such notice; or
- 146.2 on her being prohibited by law from being a Director; or

146.3 on her ceasing to be a Director by virtue of any provision of the Companies Acts~~Act~~.

147. The Company may, by Ordinary Resolution, of which extended notice has been given in accordance with section 142 of the 1963 Companies Act and these Articles, remove any Director before the expiration of her period of office notwithstanding anything in these articles~~Articles~~ or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between her and the Company.

APPOINTMENT OF DIRECTORS

148.

148.1 ~~148.~~The Directors shall be divided into three classes, designated Class I, Class II and Class III. The initial division of the Board into classes shall be made by the decision of the affirmative vote of a majority of the Directors in office and Each class need not be of equal size or number. The term of the initial~~each~~ class of directors shall terminate on the date of the 2012 annual general meeting; the term of the initial Class II directors shall terminate on the date of the 2013 annual general meeting; and the term of the initial Class III directors shall terminate on the date of the 2014 annual general meeting~~be three years~~. At each annual general meeting of Members beginning in 2012, successors to the class of directors whose three-year term expires at that annual general meeting shall be elected for a three-year term.

148.2 Save as otherwise permitted~~provided~~ in these Articles, Directors will be elected by way of Ordinary Resolution of the Company in general meeting.

148.3 If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible or as the Chairman of the Board may otherwise direct. In no case will a decrease in the number of Directors shorten the term of any incumbent Director. A Director shall hold office until the annual general meeting for the year in which her or his term expires and until her or his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Any vacancy on the Board, including a vacancy that results from an increase in the number of directors or from the death, resignation, retirement, disqualification or removal of a Director, shall be deemed a casual vacancy. Subject to the terms of any one or more classes or series of preferred shares, any casual vacancy shall only be filled by decision of a majority of the Board then in office, provided that a quorum is present. Any Director of any class elected to fill a vacancy resulting from an increase in the number of Directors of such class shall hold office for a term that shall coincide with the remaining term of that class. Any Director elected to fill a vacancy not resulting from an increase in the number of Directors shall have the same remaining term as that of her or his predecessor. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.

149. During any vacancy in the Board, the remaining Directors shall have full power to act as the Board. If, at any general meeting of the Company, the number of Directors is reduced below the minimum prescribed by the Board in accordance with Article 113 due to the failure of any persons nominated to be Directors to be elected, then in those circumstances, the nominee or nominees who receive the highest number of votes in favour of election shall be elected in order to maintain the prescribed minimum number of Directors and each such Director shall remain a Director (subject to the provisions of the Companies Acts~~Act~~ and these Articles) only until the conclusion of the next annual general meeting of the Company unless such Director is elected by the Members during such meeting.

~~150. The Company may by Ordinary Resolution appoint any person to be a Director.~~

150. ~~151.~~Alternate Directors:

150.1 ~~151.1~~Any Director may appoint by writing under her hand any person (including another Director) to be her alternate provided always that no such appointment of a person other than a Director as an alternate shall be operative unless and until such appointment shall have been approved by resolution of the Directors.

150.2 ~~151.2~~An alternate Director shall be entitled, subject to her giving to the Company an address, to receive notices of all meetings of the Directors and of all meetings of committees of Directors of which her appointor is a member, to attend and vote at any such meeting at which the Director appointing her is not personally present and in the absence of her appointor to exercise all the powers, rights, duties and authorities of her appointor as a Director (other than the right to appoint an alternate hereunder).

- 150.3 ~~451.3~~ Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for her own acts and defaults and she shall not be deemed to be the agent of the Director appointing her. The remuneration of any such alternate Director shall be payable out of the remuneration paid to the Director appointing her and shall consist of such portion of the last mentioned remuneration as shall be agreed between the alternate and the Director appointing her.
- 150.4 ~~451.4~~ A Director may revoke at any time the appointment of any alternate appointed by her. If a Director shall die or cease to hold the office of Director the appointment of her alternate shall thereupon cease and determine but if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which she retires, any appointment of an alternate Director made by her which was in force immediately prior to her retirement shall continue after her re-appointment.
- 150.5 ~~451.5~~ Any appointment or revocation pursuant to this Article ~~451~~150.5 may be sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director making such appointment or revocation or in any other manner approved by the Directors.

SECRETARY

151. ~~452.~~ The Secretary shall be appointed by the Board at such remuneration (if any) and on such terms as it may think fit and any Secretary so appointed may be removed by the Board.
152. ~~453.~~ The duties of the Secretary shall be those prescribed by the Companies Acts~~Act~~, together with such other duties as shall from time to time be prescribed by the Board, and in any case, shall include the making and keeping of records of the votes, doings and proceedings of all meetings of the Members and the Board of the Company, and committees, and the authentication of records of the Company.
153. ~~454.~~ A provision of the Companies Acts~~Act~~ or these articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

SEAL

154. ~~455.~~ The Company may, if the Board so determines, have a Seal (including any official seals kept pursuant to the Companies Acts~~Act~~) which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that regard and every instrument to which the Seal has been affixed shall be signed by any person who shall be either a Director or the Secretary or Assistant Secretary or some other person authorised by the Board, either generally or specifically, for the purpose.
155. ~~456.~~ The Company may have for use in any place or places outside Ireland, a duplicate Seal or Seals each of which shall be a duplicate of the Seal of the Company except, in the case of a Seal for use in sealing documents creating or evidencing securities issued by the Company, for the addition on its face of the word "Securities" and if the Board so determines, with the addition on its face of the name of every place where it is to be used.

DIVIDENDS, DISTRIBUTIONS AND RESERVES

156. ~~457.~~ The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors.
157. ~~458.~~ Subject to the Companies Acts~~Act~~, the Board may from time to time declare dividends (including interim dividends) and distributions on Shares of the Company outstanding and authorise payment of the same out of the funds of the Company lawfully available therefore and in any currency chosen at its discretion.
158. ~~459.~~ The Board may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it prudent not to divide.

159. ~~160.~~–No dividend, interim dividend or distribution shall be paid otherwise than in accordance with the provisions of ~~Part IV of the 1983~~Companies Act.
160. ~~161.~~–Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of Shares they shall be declared and paid according to the amounts paid or credited as paid on the Shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles.
161. ~~162.~~–The Directors may deduct from any dividend payable to any Member all sums of money (if any) immediately payable by her to the Company in relation to the Shares of the Company.
162. ~~163.~~–The Board or any general meeting declaring a dividend (upon the recommendation of the Board), may direct that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up Shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Board.
163. ~~164.~~–Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post, or sent by any electronic or other means of payment, directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant, electronic or other payment shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders. Any such dividend or other distribution may also be paid by any other method (including payment in a currency other than US\$, electronic funds transfer, direct debit, bank transfer or by means of a relevant system) which the Directors consider appropriate and any Member who elects for such method of payment shall be deemed to have accepted all of the risks inherent therein. The debiting of the Company's account in respect of the relevant amount shall be evidence of good discharge of the Company's obligations in respect of any payment made by any such methods.
164. ~~165.~~–No dividend or distribution shall bear interest against the Company.
165. ~~166.~~–If the Directors so resolve, any dividend which has remained unclaimed for six years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other monies payable in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof.

CAPITALISATION

166. ~~167.~~–Without prejudice to any powers conferred on the Directors as aforesaid, and subject to the Directors' authority to issue and allot Shares under Articles 6 and 7 (or any other such authority granted in accordance with the Companies Act), the Directors may:
- 166.1 ~~167.1~~–resolve to capitalise an amount standing to the credit of any reserves (including a share premium account, undenominated capital, redemption reserve and profit and loss account), whether or not available for distribution;
- 166.2 ~~167.2~~–appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of Shares held by them respectively and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Members (or as the Board of may direct) in those proportions, or partly in one way and partly in the other, but ~~the share premium account, the capital redemption reserve and profits reserves~~ that are not available for distribution may, for the purposes of this Article ~~167~~166.2, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;
- 166.3 ~~167.3~~–make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;

166.4 ~~167.4~~ authorise a person to enter (on behalf of all the Members concerned) into an agreement with the Company providing for the allotment to the Members respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation and any such agreement made under this authority being effective and binding on all those Members; and

166.5 ~~167.5~~ generally do all acts and things required to give effect to the resolution.

ACCOUNTS

167. ~~168.~~ The Directors shall cause to be kept proper books of account, whether in the form of documents, electronic form or otherwise, that the Company to keep adequate accounting records, which are sufficient to:

167.1 ~~168.1~~ correctly record and explain the transactions of the Company;

167.2 ~~168.2~~ will enable at any time enable the, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;

167.3 ~~168.3~~ will enable the Directors to ensure that any balance sheet, profit and loss account or income and expenditure account financial statements of the Company and any directors' report, required to be prepared under the Companies Act, complies with the requirements of the Companies Acts Act and where applicable, Article 4 of the IAS Regulation;

167.4 ~~168.4~~ will record all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company; and

167.5 ~~168.5~~ will enable the accounts statutory financial statements of the Company to be readily and properly audited.

168. ~~169.~~ Books of account Accounting records shall be kept on a continuous and consistent basis and, in that entries therein shall be made in a timely manner and be consistent from year to year in accordance with the Companies Act. The Company may send by post, electronic mail or any other means of electronic communication a summary financial statement to its Members or persons nominated by any Member. The Company may meet, but shall be under no obligation to meet, any request from any of its Members to be sent additional copies of its full report and accounts or summary financial statement or other communications with its Members.

169. ~~170.~~ The books of account accounting records shall be kept at the registered office of the Company or, subject to the provisions of the Companies Acts Act, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.

170. ~~171.~~ Proper books records shall not be deemed to be kept as required by Articles ~~168~~167 to ~~170~~172, if there are not kept such books of account accounting records as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

171. ~~172.~~ In accordance with the provisions of the Companies Acts Act, the Board may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

172. ~~173.~~ A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report shall be sent by post, electronic mail or any other means of communication (electronic or otherwise), not less than twenty-one clear days before the date of the annual general meeting, to every person entitled under the provisions of the Companies Acts Act to receive them; provided that in the case of those documents sent by electronic mail or any other means of electronic communication, such documents shall be sent with the consent of the recipient, to the Address of the recipient notified to the Company by the recipient for such purposes.

AUDITAUDITORS

173. ~~174.~~ Auditors shall be appointed and their duties regulated in accordance with Sections ~~160 to 163~~ of the ~~1963~~ Companies Act or any statutory amendment thereof, any other applicable law and such requirements not inconsistent with the Companies Acts Act as the Board may from time to time determine.

NOTICES

174. ~~175.~~ Any notice to be given, served, sent or delivered pursuant to these articles shall be in writing (whether in electronic form or otherwise).
- 174.1 ~~175.1~~ A notice or document to be given, served, sent or delivered in pursuance of these articles may be given to, served on or delivered to any Member by the Company:
- (a) by handing same to her or her authorised agent;
 - (b) by leaving the same at her registered address;
 - (c) by sending the same by the post in a pre-paid cover addressed to her at her registered address; or
 - (d) by sending, with the consent of the Member to the extent required by law, the same by means of electronic mail or other means of electronic communication approved by the Directors, to the Address of the Member notified to the Company by the Member for such purpose (or if not so notified, then to the Address of the Member last known to the Company).
- 174.2 ~~175.2~~ For the purposes of these Articles and the Companies Act, a document shall be deemed to have been sent to a Member if a notice is given, served, sent or delivered to the Member and the notice specifies the website or hotlink or other electronic link at or through which the Member may obtain a copy of the relevant document.
- 174.3 ~~175.3~~ Where a notice or document is given, served or delivered pursuant to sub-paragraph ~~175.1~~174.1(a) or ~~175.1~~174.1(b) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the Member or her authorised agent, or left at her registered address (as the case may be).
- 174.4 ~~175.4~~ Where a notice or document is given, served or delivered pursuant to sub-paragraph ~~175.1~~174.1(c) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
- 174.5 ~~175.5~~ Where a notice or document is given, served or delivered pursuant to sub-paragraph ~~175.1~~174.1(d) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of 48 hours after despatch.
- 174.6 ~~175.6~~ Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy, examiner or liquidator of a Member shall be bound by a notice given as aforesaid if sent to the last registered address of such Member, or, in the event of notice given or delivered pursuant to sub-paragraph ~~175.1~~174.1(d), if sent to the address notified by the Company by the Member for such purpose notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such Member.
- 174.7 ~~175.7~~ Notwithstanding anything contained in this Article, the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction.
- 174.8 ~~175.8~~ Any requirement in these Articles for the consent of a Member in regard to the receipt by such Member of electronic mail or other means of electronic communications approved by the Directors, including the receipt of the Company's ~~audited accounts~~ statutory financial statements and the directors' and Auditor's reports thereon, shall be deemed to have been satisfied where the Company has written to the Member informing him/her of its intention to use electronic communications for such purposes and the Member has not, within four weeks of the issue of such notice, served an objection in writing on the Company to such proposal. Where a Member has given, or is deemed to have given, her/his consent to the receipt by such Member of electronic mail or other means of electronic communications approved by the Directors, she/he may revoke such consent at any time by requesting the Company to communicate with her/him in documented form; provided, however, that such revocation shall not take effect until five days after written notice of the revocation is received by the Company.

174.9 ~~475.9~~ Without prejudice to the provisions of sub-paragraphs ~~475.1~~174.1(a) and ~~475.1~~174.1(b) of this article, if at any time by reason of the suspension or curtailment of postal services in any territory, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a public announcement (as defined below) and such notice shall be deemed to have been duly served on all Members entitled thereto at noon (New York time) on the day on which the said public announcement is made. In any such case the Company shall put a full copy of the notice of the general meeting on its website. A "public announcement" shall mean disclosure in a press release reported by a financial news service or in a document publicly filed by the Company with the U.S. Securities and Exchange Commission pursuant to sections 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

175. ~~476.~~ Notice may be given by the Company to the joint Members of a Share by giving the notice to the joint Member whose name stands first in the Register in respect of the Share and notice so given shall be sufficient notice to all the joint Holders.

176. ~~477.~~

176.1 ~~477.1~~ Every person who becomes entitled to a Share shall before her name is entered in the Register in respect of the Share, be bound by any notice in respect of that Share which has been duly given to a person from whom she derives her title.

176.2 ~~477.2~~ A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by these articles for the giving of notice to a Member, addressed to them at the address, if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

177. ~~478.~~ The signature (whether electronic signature, an advanced electronic signature or otherwise) to any notice to be given by the Company may be written (in electronic form or otherwise) or printed.

178. ~~479.~~ A Member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of Shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

UNTRACED HOLDERS

179. ~~480.~~

179.1 ~~480.1~~ The Company shall be entitled to sell at the best price reasonably obtainable any Share or stock of a Member or any Share or stock to which a person is entitled by transmission if and provided that:

- (a) for a period of six years (not less than three dividends having been declared and paid) no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Member or to the person entitled by transmission to the Share or stock at her address on the Register or other the last known address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Member or the person entitled by transmission; and
- (b) at the expiration of the said period of six years the Company has given notice by advertisement in a leading Dublin newspaper and a newspaper circulating in the area in which the address referred to in paragraph (a) of this article is located of its intention to sell such Share or stock; and
- (c) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person entitled by transmission.

179.2 ~~480.2~~ To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such Share or stock and such instrument of transfer shall be as effective as if it had been executed by the Member or person entitled by transmission to such Share or stock. The Company shall account to the Member or other person entitled to such Share or stock for the net proceeds of such sale by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor

and not a trustee in respect thereof for such Member or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the Directors may from time to time think fit.

DESTRUCTION OF DOCUMENTS

180. ~~181.~~The Company may destroy:

180.1 ~~181.1~~ any dividend mandate or any variation or cancellation thereof or any notification of change of name or address, at any time after the expiry of two years from the date such mandate variation, cancellation or notification was recorded by the Company;

180.2 ~~181.2~~ any instrument of transfer of Shares which has been registered, at any time after the expiry of six years from the date of registration; and

180.3 ~~181.3~~ any other document on the basis of which any entry in the Register was made, at any time after the expiry of six years from the date an entry in the Register was first made in respect of it;

~~181.4~~ and it shall be presumed conclusively in favour of the Company that every share certificate (if any) so destroyed was a valid certificate duly and properly sealed and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

- (a) the foregoing provisions of this article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (b) nothing contained in this article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled; and
- (c) references in this article to the destruction of any document include references to its disposal in any manner.

WINDING UP

181. ~~182.~~If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the Shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Shares held by them respectively. Provided that this article shall not affect the rights of the Members holding Shares issued upon special terms and conditions.

181.1 ~~182.1~~In case of a sale by the liquidator under section ~~260601~~ of the ~~1963~~Companies Act, the liquidator may by the contract of sale agree so as to bind all the Members for the allotment to the Members directly of the proceeds of sale in proportion to their respective interests in the Company and may further by the contract limit a time at the expiration of which obligations or Shares not accepted or required to be sold shall be deemed to have been irrevocably refused and be at the disposal of the Company, but so that nothing herein contained shall be taken to diminish, prejudice or affect the rights of dissenting Members conferred by the said section.

181.2 ~~182.2~~The power of sale of the liquidator shall include a power to sell wholly or partially for debentures, debenture stock, or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.

182. ~~183.~~If the Company is wound up, the liquidator, with the sanction of a Special Resolution and any other sanction required by the Companies ~~Acts~~Act, may divide among the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not), and, for such purpose, may value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, she determines, but so that no Member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

183. ~~184.~~
- 183.1 ~~184.1~~ Subject to the provisions of and so far as may be admitted by the Companies Acts~~Act~~, every Director and Secretary shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of her duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in her favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on her part) or in which she is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.
- 183.2 ~~184.2~~ As far as permissible under the Companies Acts~~Act~~, the Company shall indemnify any current or former executive of the Company (excluding any Directors or Secretary) or any person who is serving or has served at the request of the Company as a director, executive or trustee of another company, joint venture, trust or other enterprise against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Company, to which she or he was, is, or is threatened to be made a party by reason of the fact that she or he is or was such a director, executive or trustee, provided always that the indemnity contained in this Article ~~184.2~~183.2 shall not extend to any matter which would render it void pursuant to the Companies Acts~~Act~~.
- 183.3 ~~184.3~~ In the case of any threatened, pending or completed action, suit or proceeding by or in the right of the Company, the Company shall indemnify each person indicated in Article ~~184.2~~183.2 of this article against expenses, including attorneys' fees, actually and reasonably incurred in connection with the defence or the settlement thereof, except no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for fraud or dishonesty in the performance of her or her duty to the Company unless and only to the extent that the Court or the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.
- 183.4 ~~184.4~~ As far as permissible under the Companies Acts~~Act~~, expenses, including attorneys' fees, incurred in defending any action, suit or proceeding referred to in Articles ~~184.2~~183.2 and ~~184.3~~183.3 of this article may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorised by the Board in the specific case upon receipt of an undertaking by or on behalf of the director, executive or trustee, or other indemnitee to repay such amount, unless it shall ultimately be determined that she or he is entitled to be indemnified by the Company as authorised by these articles.
- 183.5 ~~184.5~~ It being the policy of the Company that indemnification of the persons specified in this article shall be made to the fullest extent permitted by law, the indemnification provided by this Article shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Memorandum, Articles, any agreement, any insurance purchased by the Company, any vote of Members or disinterested directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in her or his official capacity and as to action in another capacity while holding such office, or (b) of the power of the Company to indemnify any person who is or was an employee or agent of the Company or of another company, joint venture, trust or other enterprise which she or he is serving or has served at the request of the Company, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth with respect to a director, executive or trustee. As used in this paragraph ~~(e)~~183.5, references to the "Company" include all constituent companies in a consolidation or merger in which the Company or a predecessor to the Company by consolidation or merger was involved. The indemnification provided by this article shall continue as to a person who has ceased to be a director, executive or trustee and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- 183.6 ~~184.6~~ The Directors shall have power to purchase and maintain for any Director, the Secretary or other officers or employees of the Company insurance against any such liability as referred to in section ~~200~~235 of the ~~1963~~Companies Act.

183.7 ~~184.7~~—The Company may additionally indemnify any employee or agent of the Company or any director, executive, employee or agent of any of its subsidiaries to the fullest extent permitted by law.

FINANCIAL YEAR

184. ~~185.~~—The financial year of the Company shall be as prescribed by the Board from time to time.

SHAREHOLDER RIGHTS PLAN

185. ~~186.~~—The Board is hereby expressly authorised to adopt any shareholder rights plan, upon such terms and conditions as the Board deems expedient and in the best interests of the Company, subject to applicable law.

We, the several persons whose names, addresses and descriptions are subscribed, wish to be formed into a company in pursuance of this constitution, and we agree to take the number of shares in the capital of the Company set opposite our respective names.

<u>Name, address and description of subscriber</u>	<u>Number of shares taken by the subscriber</u>
<u>Seamus Mulligan</u> <u>Woodlands</u> <u>Barrymore</u> <u>Athlone</u> <u>Co. Roscommon</u>	<u>One</u>
<u>David Brabazon</u> <u>47 Mount Prospect Avenue</u> <u>Clontarf</u> <u>Dublin 3</u>	<u>One</u>
<u>Total shares taken up</u>	<u>Two</u>
<u>Dated 7 day of March 2005</u>	
<u>Witness to the above signature:</u> <u>Name: Colin Sainsbury</u> <u>Address: 88 Harcourt Street, Dublin 2</u> <u>Occupation: Solicitor</u>	

Proxy

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annex C

JAZZ PHARMACEUTICALS PLC 2011 EQUITY INCENTIVE PLAN

1. GENERAL.

(a) Relationship to 2007 Plan and 2003 Plan. From and after 12:01 a.m. Pacific time on the Effective Date, all outstanding stock awards granted under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (the “**2007 Plan**”), which was the successor to and continuation of the Jazz Pharmaceuticals plc 2003 Equity Incentive Plan (the “**2003 Plan**”), will remain subject to the terms of the 2007 Plan or the 2003 Plan, as applicable; *provided, however*, that any Ordinary Shares subject to outstanding stock awards granted under the 2007 Plan or the 2003 Plan that (i) expire or terminate for any reason prior to exercise or settlement, (ii) are forfeited because of the failure to meet a contingency or condition required to vest such Ordinary Shares or repurchased by the Company or an Affiliate at the original issuance price or (iii) are reacquired by the Company or an Affiliate or withheld (or not issued) to satisfy a tax withholding obligation in connection with an award (the “**Returning Shares**”) will immediately be added to the Share Reserve (as further described in Section 3(a) below) as and when such Ordinary Shares become Returning Shares, and become available for issuance pursuant to Awards granted under this Plan.

(b) Eligible Award Recipients. The persons eligible to receive Awards are Employees.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, (vii) Performance Cash Awards, and (viii) Other Stock Awards.

(d) Purpose. The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Awards as set forth in Section 1(b), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Ordinary Shares through the granting of Awards.

2. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) which of the persons eligible under the Plan shall be granted Awards; (B) when and how each Award shall be granted; (C) what type or combination of types of Award shall be granted; (D) the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Ordinary Shares pursuant to a Stock Award; (E) the number of Ordinary Shares with respect to which a Stock Award shall be granted to each such person; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

(v) To effect, at any time and from time to time, with the consent of any adversely affected Participant, (A) the reduction of the exercise price (or strike price) of any outstanding Option or SAR under the Plan, provided this does not reduce the exercise price or strike price below the nominal value of an Ordinary Share; (B) the cancellation of any outstanding Option or SAR under the Plan and the grant in substitution therefor of (1) a new Option or SAR under the Plan or another equity plan of the Company covering the same or a different number of Ordinary Shares, (2) a Restricted Stock Award, (3) a Restricted Stock Unit Award, (4) an Other Stock Award, (5) cash and/or (6) other valuable consideration (as determined by the Board, in its sole discretion); or (C) any other action that is treated as a repricing under generally accepted accounting principles.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable. However, except as provided in Section 9(a) relating to Capitalization Adjustments, to the extent required by applicable law or listing requirements, shareholder approval shall be required for any amendment of the Plan that either (A) materially increases the number of Ordinary Shares available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which Ordinary Shares may be issued or purchased under the Plan, (D) materially extends the term of the Plan, or (E) expands the types of Awards available for issuance under the Plan. Except as provided above, rights under any Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for shareholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 162(m) of the Code regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to Covered Employees, (B) Section 422 of the Code regarding incentive stock options or (C) Rule 16b-3.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided, however*, that except with respect to amendments that disqualify or impair the status of an Incentive Stock Option, a Participant's rights under any Award shall not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant's consent if necessary to maintain the qualified status of the Award as an Incentive Stock Option or to bring the Award into compliance with Section 409A of the Code.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and any Affiliates and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States.

(c) Delegation to Committee.

(i) **General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in the Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) **Section 162(m) and Rule 16b-3 Compliance.** The Committee may consist solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

(d) **Delegation to an Officer.** The Board may delegate to one or more Officers the authority to do one or both of the following: (i) designate Employees who are providing Continuous Service to the Company or any of its Subsidiaries who are not Officers to be recipients of Options and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of Ordinary Shares to be subject to such Stock Awards granted to such Employees; *provided, however*, that the Board resolutions regarding such delegation shall specify the total number of Ordinary Shares that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Notwithstanding the foregoing, the Board may not delegate authority to an Officer to determine the Fair Market Value pursuant to Section 13(v)(iii) below.

(e) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of Ordinary Shares that may be issued pursuant to Stock Awards from and after the Effective Date shall not exceed eight million three hundred thirty five thousand two hundred fifty five (8,335,255) Ordinary Shares (the “**Share Reserve**”), which number is the sum of (i) five million (5,000,000) Ordinary Shares, plus (ii) an additional number of Ordinary Shares in an amount not to exceed three million three hundred thirty five thousand two hundred fifty five (3,335,255) Ordinary Shares (which number consists of the Returning Shares, if any, as such shares become available from time to time). In addition, the number of Ordinary Shares available for issuance under the Plan shall automatically increase on January 1st of each year for a period of ten (10) years commencing on January 1, 2013 and ending on (and including) January 1, 2022, in an amount equal to the lesser of (i) four and one-half percent (4.5%) of the total number of Ordinary Shares outstanding on December 31st of the preceding calendar year or (ii) five million (5,000,000) Ordinary Shares. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year, to provide that there shall be no increase in the Share Reserve for such calendar year or that the increase in the Share Reserve for such calendar year shall be a lesser number of Ordinary Shares than would otherwise occur pursuant to the preceding sentence. For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of Ordinary Shares that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance shall not reduce the number of Ordinary Shares available for issuance under the Plan. Furthermore, if a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the Ordinary Shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than Ordinary Shares), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of Ordinary Shares that may be available for issuance under the Plan.

(b) Reversion of Shares to the Share Reserve. If (i) any Ordinary Shares issued pursuant to a Stock Award are forfeited back to or repurchased by the Company or any Affiliate because of the failure to meet a contingency or condition required for the vesting of such Ordinary Shares, or (ii) any Ordinary Shares are cancelled in accordance with the cancellation and regrant provisions of Section 2(b)(v), then the Ordinary Shares that are forfeited, repurchased or canceled shall revert to and again become available for issuance under the Plan. If any Ordinary Shares subject to a Stock Award are not delivered to a Participant because such Ordinary Shares are withheld for the payment of taxes pursuant to Section 8(g) or a Stock Award is exercised through a reduction of Ordinary Shares subject to the Stock Award (*i.e.*, “net exercised”) or an appreciation distribution in respect of a Stock Appreciation Right is paid in Ordinary Shares, the number of Ordinary Shares subject to the Stock Award that are not delivered to the Participant shall remain available for subsequent issuance under the Plan. If the exercise price of any Stock Award is satisfied by tendering Ordinary Shares held by the Participant (either by actual delivery or attestation), then the number of Ordinary Shares so tendered shall remain available for issuance under the Plan.

(c) Incentive Stock Option Limit. Notwithstanding anything to the contrary in this Section 3 and, subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate maximum number of Ordinary Shares that may be issued pursuant to the exercise of Incentive Stock Options shall be one hundred million (100,000,000) Ordinary Shares.

(d) Section 162(m) Limitation on Annual Grants. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, at such time as the Company may be subject to the applicable provisions of Section 162(m) of the Code, a maximum of two million (2,000,000) Ordinary Shares subject to Options, Stock Appreciation Rights and Other Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least one hundred percent (100%) of the Fair Market Value on the date any such Stock Award is granted may be granted to any Participant during any calendar year. Notwithstanding the foregoing, if any additional Options, Stock Appreciation Rights or Other Stock Awards whose value is determined by reference to an increase over an exercise or strike price of at least one hundred percent (100%) of the Fair Market Value on the date the Stock Awards are granted to any Participant during any calendar year, compensation attributable to the exercise of such additional Stock Awards shall not satisfy the requirements to be considered “qualified performance-based compensation” under Section 162(m) of the Code unless such additional Stock Awards are approved by the Company’s shareholders.

(e) Source of Shares. The shares issuable under the Plan shall be authorized but unissued or reacquired Ordinary Shares, including Ordinary Shares repurchased by the Company or any Affiliate on the open market or otherwise.

4. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees; *provided, however*, that Nonstatutory Stock Options and SARs may not be granted

to Employees who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405 promulgated under the Securities Act, unless the Ordinary Shares underlying such Stock Awards are treated as “service recipient stock” under Section 409A of the Code because the Stock Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Shareholders. A Ten Percent Shareholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for Ordinary Shares purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Option Agreement or Stock Appreciation Right Agreement shall conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 4(b) regarding Ten Percent Shareholders, no Option or SAR shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 4(b) regarding Ten Percent Shareholders, the exercise price (or strike price) of each Option or SAR shall be not less than one hundred percent (100%) of the Fair Market Value of the Ordinary Shares subject to the Option or SAR on the date the Option or SAR is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise price (or strike price) lower than one hundred percent (100%) of the Fair Market Value of the Ordinary Shares subject to the Option or SAR if such Option or SAR is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code, provided that in all cases the exercise price is not less than the nominal value of an Ordinary Share. Each SAR will be denominated in Ordinary Share equivalents.

(c) Purchase Price for Options. The purchase price of Ordinary Shares acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below; *provided, however*, that where Ordinary Shares are issued pursuant to the exercise of an Option the nominal value of each newly issued Ordinary Share is fully paid up. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Ordinary Shares subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of Ordinary Shares;

(iv) if the option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of Ordinary Shares issuable upon exercise by the largest whole number of Ordinary Shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole Ordinary Shares to be issued; *provided, further*, that Ordinary Shares will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) Ordinary Shares issuable upon exercise are reduced to pay the exercise price pursuant to the “net exercise,” (B) Ordinary Shares are delivered to the Participant as a result of such exercise, and (C) Ordinary Shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board.

(d) Exercise and Payment of a SAR. To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of Ordinary Shares equal to the number of Ordinary Share equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Ordinary Shares, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right; *provided, however*, that where Ordinary Shares are issued pursuant to a Stock Appreciation Right the nominal value of each newly issued Ordinary Share is fully paid up.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs shall apply:

(i) Restrictions on Transfer. An Option or SAR shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) Domestic Relations Orders. Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2). If an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option or SAR and receive the Ordinary Shares or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate shall be entitled to exercise the Option or SAR and receive the Ordinary Shares or other consideration resulting from such exercise.

(f) Vesting Generally. The total number of Ordinary Shares subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of Ordinary Shares as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company or any Affiliate, if a Participant's Continuous Service terminates (other than for Cause or upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

(h) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Ordinary Shares would violate the registration requirements under the Securities Act, then the Option or SAR shall terminate on the earlier of (i) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant's Continuous Service (other than for Cause) during which the exercise of the Option or SAR would not be in violation of such registration requirements or five (5) days (that need not be consecutive) after the termination of the Participant's Continuous Service for Cause, as applicable, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the immediate sale of any Ordinary Shares received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after

the termination of the Participant's Continuous Service during which the sale of the Ordinary Shares received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

(j) Disability of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company or any Affiliate, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement), or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR (as applicable) shall terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company or any Affiliate, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Award Agreement), or (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date five (5) days following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

(l) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any Ordinary Shares until at least six months following the date of grant of the Option or SAR. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, (i) in the event of the Participant's death or Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement or in another applicable agreement or in accordance with the Company's (or Affiliate's, if applicable) then current employment policies and guidelines), any such vested Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARs.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, Ordinary Shares may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; *provided, however*, that each Restricted Stock Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law; *provided, however*, that where Ordinary Shares are issued pursuant to a Restricted Stock Award the nominal value of each newly issued Ordinary Share is fully paid up.

(ii) Vesting. Ordinary Shares awarded under a Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Participant's Continuous Service. If a Participant's Continuous Service terminates, the Company or any Affiliate may receive through a forfeiture condition or a repurchase right any or all of the Ordinary Shares held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) Transferability. Rights to acquire Ordinary Shares under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board shall determine in its sole discretion, so long as the Ordinary Shares awarded under the Restricted Stock Award Agreement remain subject to the terms of the Restricted Stock Award Agreement.

(v) Dividends. A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the Ordinary Shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical; *provided, however*, that each Restricted Stock Unit Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each Ordinary Share subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each Ordinary Share subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law; *provided, however*, that where Ordinary Shares are issued pursuant to a Restricted Stock Unit Award the nominal value of each newly issued Ordinary Share is fully paid up.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of Ordinary Shares, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the Ordinary Shares (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of Ordinary Shares covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional Ordinary Shares covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional Ordinary Shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(c) Performance Awards.

(i) Performance Stock Awards. A Performance Stock Award is a Stock Award that may be granted, may vest or may be exercised contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained with respect to a Performance Stock Award shall be conclusively determined by the Committee, in its sole discretion; *provided, however*, that the Board also may make any such determinations to the extent that the Performance Stock Award is not intended to comply with Section 162(m) of the Code. The maximum number of Ordinary Shares covered by an Award that may be granted to any Participant in a calendar year attributable to Performance Stock Awards (whether the grant, vesting or exercise is contingent upon the attainment during a

Performance Period of the Performance Goals) shall not exceed two million (2,000,000) Ordinary Shares. The Board may provide for or, subject to such terms and conditions as the Board may specify, may permit a Participant to elect for, the payment of any Performance Stock Award to be deferred to a specified date or event. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

(ii) Performance Cash Awards. A Performance Cash Award is a cash award that may be paid contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained with respect to a Performance Cash Award shall be conclusively determined by the Committee, in its sole discretion; *provided, however*, that the Board also may make any such determinations to the extent that the Performance Cash Award is not intended to comply with Section 162(m) of the Code. The maximum value that may be paid to any Participant in a calendar year pursuant to Performance Cash Awards shall not exceed fifteen million dollars (\$15,000,000). The Board may provide for or, subject to such terms and conditions as the Board may specify, may permit a Participant to elect for, the payment of any Performance Cash Award to be deferred to a specified date or event. The Board may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

(iii) Committee and Board Discretion. The Committee retains the discretion to reduce or eliminate the compensation or economic benefit due upon the attainment of any Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period with respect to a Performance Stock Award or Performance Cash Award; *provided, however*, that the Board also retains any such discretion to the extent that the Performance Stock Award or Performance Cash Award is not intended to comply with Section 162(m) of the Code.

(iv) Section 162(m) Compliance. Unless otherwise permitted in compliance with the requirements of Section 162(m) of the Code with respect to an Award intended to qualify as “performance-based compensation” thereunder, the Committee shall establish the Performance Goals applicable to, and the formula for calculating the amount payable under, the Award no later than the earlier of (a) the date ninety (90) days after the commencement of the applicable Performance Period, or (b) the date on which twenty-five percent (25%) of the Performance Period has elapsed, and in either event at a time when the achievement of the applicable Performance Goals remains substantially uncertain. Prior to the payment of any compensation under an Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee shall certify the extent to which any Performance Goals and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of the Ordinary Shares). Notwithstanding the satisfaction of any Performance Goals, to the extent specified at the time of grant of an Award to any “covered employee” within the meaning of Section 162(m) of the Code that is intended to qualify as “performance-based compensation” thereunder, the number of Ordinary Shares, Options, cash or other benefits granted, issued, retainable and/or vested under the Award on account of the satisfaction of such Performance Goals may be reduced by the Committee on the basis of such further considerations as the Committee, in its sole discretion, shall determine.

(d) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Ordinary Shares, including the appreciation in value thereof (e.g., options or share rights with an exercise price or strike price less than 100% of the Fair Market Value of the Ordinary Shares at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board shall have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of Ordinary Shares (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards; *provided, however*, that where Ordinary Shares are issued pursuant to an Other Stock Award the nominal value of each newly issued Ordinary Share is fully paid up.

7. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of Ordinary Shares reasonably required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell Ordinary Shares upon exercise of the Stock Awards; *provided, however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Ordinary Shares issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to

obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Ordinary Shares under the Plan, the Company shall be relieved from any liability for failure to issue and sell Ordinary Shares upon exercise of such Stock Awards unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Stock Award or the subsequent issuance of Ordinary Shares pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify or Minimize Taxes. The Company and any Affiliates shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising a Stock Award. Furthermore, the Company and any Affiliates shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company and any Affiliates have no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

8. MISCELLANEOUS.

(a) Use of Proceeds from Sales of Ordinary Shares. Proceeds from the sale of Ordinary Shares pursuant to Stock Awards shall constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.

(c) Shareholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Ordinary Shares subject to such Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Ordinary Shares subject to such Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate the employment of an Employee with or without notice and with or without cause.

(e) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Ordinary Shares with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars (\$100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(f) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Ordinary Shares under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Ordinary Shares subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Ordinary Shares. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the Ordinary Shares upon the exercise or acquisition of Ordinary Shares under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on share certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Ordinary Shares.

(g) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company or an Affiliate may, in its sole discretion, satisfy any federal, state, local or foreign tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding Ordinary Shares from the Ordinary Shares issued or otherwise issuable to the Participant in connection with the Award; *provided, however*, that no Ordinary Shares are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to

avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

(h) Electronic Delivery. Any reference herein to a “written” agreement or document shall include any agreement or document delivered electronically or posted on the Company’s (or Affiliate’s, if applicable) intranet (or other shared electronic medium controlled by the Company (or Affiliate, if applicable) to which the Participant has access).

(i) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Ordinary Shares or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company or an Affiliate. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(j) Compliance with Section 409A. To the extent that the Board determines that any Award granted hereunder is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the Ordinary Shares are publicly traded and a Participant holding an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no distribution or payment of any amount shall be made upon a “separation from service” before a date that is six (6) months following the date of such Participant’s “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant’s death.

(k) Clawback Policy. Any amounts paid hereunder shall be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law.

9. ADJUSTMENTS UPON CHANGES IN ORDINARY SHARES; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a); (ii) the class(es) and maximum number of securities by which the Share Reserve is to increase automatically each year pursuant to Section 3(a); (iii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(c); (iv) the class(es) and maximum number of securities that may be awarded to any person pursuant to Sections 3(d) and 6(c)(i); and (v) the class(es) and number of securities and price per Ordinary Share subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in a Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding Ordinary Shares not subject to a forfeiture condition or the Company’s or any Affiliate’s right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and any Ordinary Shares subject to the Company’s or any Affiliate’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company or Affiliate notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. Notwithstanding any other provision of the Plan, the Board may take one or more of the following actions in the event of a Corporate Transaction with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction, unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the shareholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company or any Affiliate in respect of Ordinary Shares issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse of any reacquisition or repurchase rights held by the Company or any Affiliate with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; or

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration shall occur.

10. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. No Incentive Stock Option will be granted after October 24, 2021. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

11. EFFECTIVE DATE OF PLAN.

This Plan shall become effective on the Effective Date.

12. CHOICE OF LAW.

The laws of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

13. DEFINITIONS. As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) "Affiliate" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) "Award" means a Stock Award or a Performance Cash Award.

(c) "Award Agreement" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

(d) **“Board”** means the Board of Directors of the Company.

(e) **“Capitalization Adjustment”** means any change that is made in, or other events that occur with respect to, the Ordinary Shares subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, share dividend, dividend in property other than cash, large nonrecurring cash dividend, share split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including, for the avoidance of doubt, capitalization of profits or reserves, capital distribution, rights issue, the conversion of one class of share to another or reduction of capital or otherwise. Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(f) **“Cause”** shall have the meaning ascribed to such term in any written agreement between the Participant and the Company or an Affiliate defining such term and, in the absence of such agreement, such term shall mean, with respect to a Participant, the occurrence of any of the following events that has a material negative impact on the business or reputation of the Company or an Affiliate: (i) such Participant’s commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company or an Affiliate; (iii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or an Affiliate or of any statutory duty owed to the Company or an Affiliate; (iv) such Participant’s unauthorized use or disclosure of the Company’s or an Affiliate’s confidential information or trade secrets; or (v) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause shall be made by the Company (or an Affiliate, if applicable) in its sole discretion. Any determination by the Company (or an Affiliate, if applicable) that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or Affiliate or such Participant for any other purpose.

(g) **“Change in Control”** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any Exchange Act Person (the **“Subject Person”**) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company or any Affiliate reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company or any Affiliate, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the shareholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by shareholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of the Plan, be considered as a member of the Incumbent Board.

For the avoidance of doubt, any one or more of the above events may be effected pursuant to (A) a compromise or arrangement sanctioned by the court under section 201 of the Companies Act 1963 of the Republic of Ireland or (B) section 204 of the Companies Act 1963 of the Republic of Ireland.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include (1) a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company or (2) unless the Board determines otherwise, the creation of a new holding company where the Company becomes a wholly-owned subsidiary of that holding company and the holding company will be owned in substantially the same proportions by the persons who held the Company’s issued shares immediately before such transaction, in which case Stock Awards granted hereunder will be treated as if they were in all respects awards over shares in the holding company but so that (i) the new award shall vest in the same manner as the Stock Award, (ii) the total market value of the new shares subject to the new award shall, immediately after such reorganization, be equal to the total market value of the Ordinary Shares comprised in the Stock Award immediately prior to such reorganization, (iii) the new award shall be subject to performance conditions that shall be at least equivalent (as determined by the Board) to the Performance Goals, if any, attaching to the Stock Award, (iv) the new shares shall have the same rights attaching thereto as the Ordinary Shares, and (v) the new award shall be deemed to have been granted as at the date of grant of the Stock Award, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

The Board may, in its sole discretion and without a Participant’s consent, amend the definition of “Change in Control” to conform to the definition of “Change in Control” under Section 409A of the Code, and the regulations thereunder.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(i) “**Committee**” means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(j) “**Company**” means Jazz Pharmaceuticals plc, a company formed under the laws of Ireland.

(k) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(l) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. Except as provided in the following sentence, a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, shall not terminate a Participant’s Continuous Service; *provided, however*, if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant’s Continuous Service shall be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. Notwithstanding the foregoing, unless the Board or the Compensation Committee of the Board agrees otherwise in writing, in the event a Participant’s service as an Employee or Consultant terminates and upon such termination, the only capacity in which the Participant continues to render service to the Company is as a Director, then such Participant’s Continuous Service shall be considered to have terminated on the date of such termination of employment or termination of service as a Consultant, as the case may be, and regardless of whether such Participant continues to render service to the Company as a Director following such termination. To the extent permitted by law, the Board or the chief executive officer of the Company (or an Affiliate, if applicable), in that party’s sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of: (i) any leave of absence approved by the Board or the chief executive officer of the Company (or an Affiliate, if applicable), including sick leave, military leave or any other personal leave; or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding

the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's (or Affiliate's, if applicable) leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(m) "Corporate Transaction" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Ordinary Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

For the avoidance of doubt, any one or more of the above events may be effected pursuant to (A) a compromise or arrangement sanctioned by the court under section 201 of the Companies Act 1963 of the Republic of Ireland or (B) section 204 of the Companies Act 1963 of the Republic of Ireland.

Notwithstanding the foregoing or any other provision of this Plan, unless the Board determines otherwise, the term Corporate Transaction shall not include the creation of a new holding company where the Company becomes a wholly-owned subsidiary of that holding company and the holding company will be owned in substantially the same proportions by the persons who held the Company's issued shares immediately before such transaction (in which case Stock Awards granted hereunder will be treated as set out in the second paragraph after part (v) of the definition of Change in Control above).

(n) "Covered Employee" shall have the meaning provided in Section 162(m)(3) of the Code.

(o) "Director" means a member of the Board.

(p) "Disability" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(q) "Effective Date" means the effective date of this Plan document, which is January 18, 2012, which is immediately prior to the effective time of the merger between Jazz Pharmaceuticals, Inc. and Azur Pharma Public Limited Company pursuant to the Agreement and Plan of Merger and Reorganization dated September 19, 2011, provided that the Plan is approved by the stockholders of the Company prior to such merger and such merger is consummated.

(r) "Employee" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an "Employee" for purposes of the Plan.

(s) "Entity" means a corporation, partnership, limited liability company or other entity.

(t) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(u) "Exchange Act Person" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their Ownership of shares of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(v) **“Fair Market Value”** means, as of any date, the value of the Ordinary Shares determined as follows:

(i) If the Ordinary Shares are listed on any established stock exchange or traded on any established market, the Fair Market Value of an Ordinary Share shall be the closing sales price for such Ordinary Share as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Ordinary Shares) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Ordinary Shares on the date of determination, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Ordinary Shares, the Fair Market Value shall be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(w) **“Incentive Stock Option”** means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(x) **“Non-Employee Director”** means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(y) **“Nonstatutory Stock Option”** means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(z) **“Officer”** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(aa) **“Option”** means an Incentive Stock Option or a Nonstatutory Stock Option to purchase Ordinary Shares granted pursuant to the Plan.

(bb) **“Option Agreement”** means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(cc) **“Optionholder”** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(dd) **“Ordinary Share”** or **“Ordinary Shares”** means the ordinary shares of the Company of nominal value US\$0.0001 per share.

(ee) **“Other Stock Award”** means an award based in whole or in part by reference to the Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(d).

(ff) **“Other Stock Award Agreement”** means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(gg) **“Outside Director”** means a Director who either (i) is not a current employee of the Company or an “affiliated corporation” (within the meaning of Treasury Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an “affiliated corporation” who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year, has not been an officer of the Company or an “affiliated corporation,” and does not receive remuneration from the Company or an “affiliated corporation,” either directly or indirectly, in any capacity other than as a Director, or (ii) is otherwise considered an “outside director” for purposes of Section 162(m) of the Code.

(hh) **“Own,” “Owned,” “Owner,” “Ownership”** A person or Entity shall be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(ii) **“Participant”** means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(jj) **“Performance Cash Award”** means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

(kk) **“Performance Criteria”** means, with respect to a Performance Stock Award or Performance Cash Award, the one or more criteria that the Committee shall select for purposes of establishing the Performance Goals for a Performance Period; *provided, however*, that the Board also may select any such criteria to the extent that the Performance Stock Award or Performance Cash Award is not intended to comply with Section 162(m) of the Code. The Performance Criteria that shall be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Committee (or Board, if applicable): (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total shareholder return; (v) return on equity or average shareholder’s equity; (vi) return on assets, investment, or capital employed; (vii) share price; (viii) margin (including gross margin); (ix) income (before or after taxes); (x) operating income; (xi) operating income after taxes; (xii) pre-tax profit; (xiii) operating cash flow; (xiv) sales or revenue targets (including volume-based measures); (xv) increases in revenue or product revenue; (xvi) expenses and cost reduction goals; (xvii) improvement in or attainment of working capital levels; (xviii) economic value added (or an equivalent metric); (xix) market share; (xx) cash flow; (xxi) cash flow per share; (xxii) share price performance; (xxiii) debt reduction; (xxiv) implementation or completion of projects or processes; (xxv) customer satisfaction; (xxvi) shareholders’ equity; (xxvii) capital expenditures; (xxviii) debt levels; (xxix) operating profit or net operating profit; (xxx) workforce diversity; (xxxi) growth of net income or operating income; (xxxii) billings; and (xxxiii) to the extent that an Award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Committee or Board.

(ll) **“Performance Goals”** means, with respect to a Performance Stock Award or Performance Cash Award, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria; *provided, however*, that the Board also may establish any such goals to the extent that the Performance Stock Award or Performance Cash Award is not intended to comply with Section 162(m) of the Code. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Committee (or the Board to the extent that an Award is not intended to comply with Section 162(m) of the Code), (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Committee (or Board, if applicable) shall appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated Performance Goals; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; and (5) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under generally accepted accounting principles.

(mm) **“Performance Period”** means, with respect to a Performance Stock Award or Performance Cash Award, the period of time selected by the Committee over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of the Performance Stock Award or Performance Cash Award; *provided, however*, that the Board also may select any such period to the extent that the Performance Stock Award or Performance Cash Award is not intended to comply with Section 162(m) of the Code. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Committee (or the Board, if applicable).

(nn) **“Performance Stock Award”** means a Stock Award granted under the terms and conditions of Section 6(c)(i).

(oo) **“Plan”** means this Jazz Pharmaceuticals plc 2011 Equity Incentive Plan.

(pp) **“Restricted Stock Award”** means an award of Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(a).

(qq) **“Restricted Stock Award Agreement”** means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(rr) **“Restricted Stock Unit Award”** means a right to receive Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(b).

(ss) “**Restricted Stock Unit Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.

(tt) “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(uu) “**Securities Act**” means the Securities Act of 1933, as amended.

(vv) “**Stock Appreciation Right**” or “**SAR**” means a right to receive the appreciation on Ordinary Shares that is granted pursuant to the terms and conditions of Section 5.

(ww) “**Stock Appreciation Right Agreement**” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

(xx) “**Stock Award**” means any right to receive Ordinary Shares granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(yy) “**Stock Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(zz) “**Subsidiary**” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

(aaa) “**Ten Percent Shareholder**” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or any Affiliate.

Adopted by the Board of Directors of Jazz Pharmaceuticals, Inc. on October 24, 2011.

Approved by the stockholders of Jazz Pharmaceuticals, Inc. on December 12, 2011.

Adopted by the Board of Directors of Azur Pharma plc on December 21, 2011.

Approved by the shareholders of Azur Pharma plc on January 3, 2012.

Amended and restated by the Board of Directors of Jazz Pharmaceuticals plc on May 5, 2016.

Approved by the shareholders of Jazz Pharmaceuticals plc on _____, 2016.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Annex D
JAZZ PHARMACEUTICALS PLC
AMENDED AND RESTATED
2007 NON-EMPLOYEE DIRECTORS STOCK AWARD PLAN

1. GENERAL.

The Company, by means of the Plan, seeks to retain the services of its Non-Employee Directors, to secure and retain the services of new Non-Employee Directors and to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate by giving them an opportunity to benefit from increases in value of the Ordinary Shares through the grant of Stock Awards. The Plan is also intended to provide a source of Ordinary Shares to be used to pay distributions under the Company's Directors Deferred Compensation Plan, but only to the extent such Ordinary Shares were credited prior to August 15, 2010 to a Non-Employee Director's stock account pursuant to the Company's Directors Deferred Compensation Plan.

2. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan. The Board may not delegate administration of the Plan.

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) which of the Non-Employee Directors eligible under the Plan shall be granted Stock Awards; (B) when and how each Stock Award shall be granted; (C) what type or combination of types of Stock Award shall be granted; (D) the provisions of each Stock Award granted (which need not be identical); (E) the number of Ordinary Shares with respect to which each Stock Award shall be granted; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To determine the provisions of each Stock Award to the extent not specified in the Plan.

(iii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To amend the Plan or a Stock Award as provided in Section 10.

(v) To terminate or suspend the Plan as provided in Section 11.

(vi) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan.

(c) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 9(a) relating to Capitalization Adjustments, the aggregate number of Ordinary Shares that may be issued under the Plan shall not exceed two hundred thousand (200,000), plus an automatic annual increase beginning on January 1, 2008 and ending on (and including) January 1, 2016, in an amount equal to the sum of (i) the excess of (A) the number of Ordinary Shares subject to Options granted during the preceding calendar year, over (B) the number of Ordinary Shares added back to the share reserve during the preceding calendar year pursuant to the provisions of Section 3(b), plus (ii) for the automatic annual increases occurring on or prior to January 1, 2010 only, the aggregate number of Ordinary Shares credited to the Non-Employee Directors' stock accounts pursuant to the Company's Directors Deferred Compensation Plan during the applicable preceding calendar year; *provided, however,* that such automatic annual increase shall not exceed two hundred thousand (200,000) Ordinary Shares. For the avoidance of doubt, no Ordinary Shares credited to the Non-Employee Directors' stock accounts pursuant to the Company's Directors Deferred Compensation Plan on or after August 15, 2010 shall act to increase the share reserve under this Section 3(a). Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year, to provide that there shall be no increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year shall be a lesser number of Ordinary Shares than would otherwise occur pursuant to the preceding sentence.

(b) Reversion of Shares to the Share Reserve. If a Stock Award shall for any reason expire or otherwise terminate, in whole or in part, without all of the Ordinary Shares covered by such Stock Award having been issued, the Ordinary Shares not acquired under such Stock Award shall revert to and again become available for issuance under the Plan. If any Ordinary Shares subject to a Stock Award are not delivered to an Awardholder because such Ordinary Shares are withheld for the payment of taxes, the number of Ordinary Shares that are not delivered to the Awardholder shall remain available for issuance under the Plan. If the exercise price of a Stock Award is satisfied by tendering Ordinary Shares held by the Awardholder (either by actual delivery or attestation), then the number of Ordinary Shares so tendered shall remain available for issuance under the Plan.

(c) Payment Shares. Subject to the overall limitation in Section 3(a) on the number of Ordinary Shares that may be issued pursuant to Stock Awards, Ordinary Shares may be used as the form of payment for distributions under the Company's Directors Deferred Compensation Plan but only to the extent such Ordinary Shares were credited prior to August 15, 2010 to a Non-Employee Director's stock account pursuant to the Company's Directors Deferred Compensation Plan.

(d) Source of Shares. The shares issuable under the Plan shall be authorized but unissued or reacquired Ordinary Shares, including Ordinary Shares repurchased by the Company or any Affiliate on the open market or otherwise.

4. ELIGIBILITY.

The persons eligible to receive Stock Awards are the Non-Employee Directors of the Company.

5. OPTION AND SAR PROVISIONS.

Each Option or SAR shall be in such form and shall contain such terms and conditions as required by the Plan. Each Option and SAR shall contain such additional terms and conditions, not inconsistent with the Plan, as the Board shall deem appropriate. Each Option and SAR shall include (through incorporation of provisions hereof by reference in the applicable Stock Award or otherwise) the substance of each of the following provisions:

(a) Term. No Option or SAR shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) Exercise Price. The exercise price (or strike price) of each Option or SAR shall be one hundred percent (100%) of the Fair Market Value of the Ordinary Shares subject to the Option or SAR on the date the Option or SAR is granted, provided that in all cases the exercise price (or strike price) is not less than the nominal value of an Ordinary Share. Each SAR will be denominated in Ordinary Share equivalents.

(c) Consideration for Options. The purchase price of Ordinary Shares acquired pursuant to an Option may be paid, to the extent permitted by applicable law, in any combination of the following; *provided, however*, that where Ordinary Shares are issued pursuant to the exercise of an Option the nominal value of each newly issued Ordinary Share is fully paid up: (i) cash or check, (ii) delivery to the Company (either by actual delivery or attestation) of Ordinary Shares, or (iii) to the extent permitted by law, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Ordinary Shares, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(d) Exercise and Payment of a SAR. To exercise any outstanding SAR, the Awardholder must provide written notice of exercise to the Company in compliance with the provisions of the Award Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of Ordinary Shares equal to the number of Ordinary Share equivalents in which the Awardholder is vested under such SAR, and with respect to which the Awardholder is exercising the SAR on such date, over (B) the strike price that will be determined by the Board at the time of grant of the SAR. The appreciation distribution in respect to a SAR may be paid in Ordinary Shares, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR; *provided, however*, that where Ordinary Shares are issued pursuant to a SAR the nominal value of each newly issued Ordinary Share is fully paid up.

(e) Transferability. Except as otherwise provided for in this Section 5(e), an Option or SAR shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable only by the Awardholder during the life of the Awardholder. However, an Option or SAR may be transferred for no consideration upon written consent of the Board if (i) at the time of transfer, a Form S-8 registration statement under the Securities Act is available for the issuance of Ordinary Shares by the Company upon the exercise of such

transferred Option or SAR, or (ii) the transfer is to the Awardholder's employer at the time of transfer or an affiliate of the Awardholder's employer at the time of transfer. Any such transfer is subject to such limits as the Board may establish, and subject to the transferee agreeing to remain subject to all the terms and conditions applicable to the Option or SAR prior to such transfer. The forgoing right to transfer the Option or SAR shall apply to the right to consent to amendments to the Award Agreement for such Option or SAR. In addition, until the Awardholder transfers the Option or SAR, an Awardholder may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the death of the Awardholder, shall thereafter be entitled to exercise the Option or SAR.

(f) Vesting. The total number of Ordinary Shares subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of Ordinary Shares as to which an Option or SAR may be exercised.

(g) Early Exercise. The Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the Ordinary Shares subject to the Option prior to the full vesting of the Option. Any unvested Ordinary Shares so purchased may be subject to a repurchase option in favor of the Company or any Affiliate or to any other restriction the Board determines to be appropriate. The Company or Affiliate will not exercise its repurchase option until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option.

(h) Termination of Continuous Service. In the event that an Awardholder's Continuous Service terminates (other than upon the Awardholder's death or Disability or upon a Change in Control), the Awardholder may exercise his or her Option or SAR (to the extent that the Awardholder was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Awardholder's Continuous Service, or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Awardholder does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

(i) Extension of Termination Date. If the exercise of an Option or SAR following the termination of the Awardholder's Continuous Service (other than upon the Awardholder's death or Disability or upon a Change in Control) would be prohibited at any time solely because the issuance of Ordinary Shares would violate the registration requirements under the Securities Act, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period of three (3) months after the termination of the Awardholder's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement.

(j) Disability of Awardholder. In the event that an Awardholder's Continuous Service terminates as a result of the Awardholder's Disability, the Awardholder may exercise his or her Option or SAR (to the extent that the Awardholder was entitled to exercise it as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service, or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination, the Awardholder does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement, the Option or SAR shall terminate.

(k) Death of Awardholder. In the event that (i) an Awardholder's Continuous Service terminates as a result of the Awardholder's death, or (ii) the Awardholder dies within the three (3)-month period after the termination of the Awardholder's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Awardholder was entitled to exercise such Option or SAR as of the date of death) by the Awardholder's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance, or by a person designated to exercise the Option or SAR upon the Awardholder's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death, or (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Awardholder's death, the Option or SAR is not exercised within the time specified herein, the Option or SAR shall terminate.

(l) Termination Upon Change in Control. In the event that an Awardholder's Continuous Service terminates as of, or within twelve (12) months following a Change in Control, the Awardholder may exercise his or her Option or SAR (to the extent that the Awardholder was entitled to exercise such Option or SAR as of the date of termination of Continuous Service) within such period of time ending on the earlier

of (i) the date twelve (12) months following the effective date of the Change in Control, or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Awardholder does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARs.

(a) Restricted Stock Awards. Each Award Agreement evidencing a Restricted Stock Award shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, Ordinary Shares may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of such Award Agreements may change from time to time, and the terms and conditions of separate Award Agreements need not be identical; *provided, however*, that each Award Agreement for a Restricted Stock Award shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law; *provided, however*, that where Ordinary Shares are issued pursuant to a Restricted Stock Award the nominal value of each newly issued Ordinary Share is fully paid up.

(ii) Vesting. Ordinary Shares awarded under an Award Agreement for a Restricted Stock Award may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) Termination of Continuous Service. If an Awardholder's Continuous Service terminates, the Company or any Affiliate may receive through a forfeiture condition or a repurchase right any or all of the Ordinary Shares held by the Awardholder that have not vested as of the date of termination of Continuous Service under the terms of the Award Agreement for a Restricted Stock Award.

(iv) Transferability. Rights to acquire Ordinary Shares under the Award Agreement for a Restricted Stock Award shall be transferable by the Awardholder only upon such terms and conditions as are set forth in the Award Agreement for such Restricted Stock Award, as the Board shall determine in its sole discretion, so long as the Ordinary Shares awarded under the Award Agreement remain subject to the terms of the Award Agreement.

(v) Dividends. An Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the Ordinary Shares subject to the Restricted Stock Award to which they relate.

(b) Restricted Stock Unit Awards. Each Award Agreement for a Restricted Stock Unit Award shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of such Award Agreements may change from time to time, and the terms and conditions of separate Award Agreements need not be identical; *provided, however*, that each Award Agreement for a Restricted Stock Unit Award shall conform to (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) the substance of each of the following provisions:

(i) Consideration. At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Awardholder upon delivery of each Ordinary Share subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Awardholder for each Ordinary Share subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law; *provided, however*, that where Ordinary Shares are issued pursuant to a Restricted Stock Unit Award the nominal value of each newly issued Ordinary Share is fully paid up.

(ii) Vesting. At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) Payment. A Restricted Stock Unit Award may be settled by the delivery of Ordinary Shares, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Award Agreement for such Restricted Stock Unit Award.

(iv) Additional Restrictions. At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the Ordinary Shares (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of Ordinary Shares covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional Ordinary Shares covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional Ordinary Shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Award Agreement to which they relate.

(vi) Termination of Continuous Service. Except as otherwise provided in the applicable Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Awardholder's termination of Continuous Service.

(c) Other Stock Awards. Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Ordinary Shares, including the appreciation in value thereof (e.g., options or share rights with an exercise price or strike price less than 100% of the Fair Market Value of the Ordinary Shares at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board shall have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of Ordinary Shares (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards; *provided, however*, that where Ordinary Shares are issued pursuant to an Other Stock Award the nominal value of each newly issued Ordinary Share is fully paid up.

7. COVENANTS OF THE COMPANY

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of Ordinary Shares required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell Ordinary Shares upon exercise of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Ordinary Shares issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Ordinary Shares under the Plan, the Company shall be relieved from any liability for failure to issue and sell Ordinary Shares upon exercise of such Stock Awards unless and until such authority is obtained. A Non-Employee Director shall not be eligible for the grant of a Stock Award or the subsequent issuance of Ordinary Shares pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

8. MISCELLANEOUS.

(a) Use of Proceeds. Proceeds from the sale of Ordinary Shares pursuant to Stock Awards shall constitute general funds of the Company.

(b) Shareholder Rights. No Awardholder shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Ordinary Shares subject to such Stock Award unless and until (i) such Awardholder has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Ordinary Shares subject to such Stock Award has been entered into the books and records of the Company.

(c) No Service Rights. Nothing in the Plan, any instrument executed, or Stock Award granted pursuant thereto shall confer upon any Awardholder any right to continue to serve the Company as a Non-Employee Director or shall affect the right of the Company or an Affiliate to terminate the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(d) Investment Assurances. The Company may require an Awardholder, as a condition of exercising or acquiring Ordinary Shares under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Awardholder's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Awardholder is acquiring the Ordinary Shares subject to the Stock Award for the Awardholder's own account and not with any present intention of selling or otherwise distributing the Ordinary Shares. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (i) the issuance of the Ordinary Shares upon the exercise or acquisition of Ordinary Shares under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (ii) as to any

particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on share certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Ordinary Shares.

(e) Withholding Obligations. The Awardholder may satisfy any federal, state, local or foreign tax withholding obligation relating to the exercise or acquisition of Ordinary Shares under a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Awardholder by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold Ordinary Shares from the Ordinary Shares otherwise issuable to the Awardholder as a result of the exercise or acquisition of Ordinary Shares under the Stock Award; *provided, however*, that no Ordinary Shares are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered Ordinary Shares.

(f) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

9. ADJUSTMENTS UPON CHANGES IN ORDINARY SHARES; CORPORATE TRANSACTIONS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall proportionately and appropriately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), and (iii) the class(es) and number of securities and price per Ordinary Share subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

(b) Dissolution or Liquidation. In the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding Ordinary Shares not subject to a forfeiture condition or the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and any Ordinary Shares subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service.

(c) Corporate Transaction.

(i) Stock Awards May Be Assumed. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Stock Awards outstanding under the Plan or may substitute similar stock awards for Stock Awards outstanding under the Plan (including but not limited to, stock awards to acquire the same consideration paid to the shareholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company or any Affiliate in respect of Ordinary Shares issued pursuant to Stock Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation may choose to assume or continue only a portion of a Stock Award or substitute a similar stock award for only a portion of a Stock Award.

(ii) Stock Awards Held by Active Awardholders. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by Awardholders whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the "**Active Awardholders**"), the vesting of such Stock Awards (and, if applicable, the time at which such Stock Awards may be exercised) shall (contingent upon the effectiveness of the Corporate Transaction) be accelerated in full to a date prior to the effective time of such Corporate Transaction as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective time of the Corporate Transaction), and the Stock Awards shall terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company or any Affiliate with respect to such Stock Awards shall lapse (contingent upon the effectiveness of the Corporate Transaction).

(iii) Stock Awards Held by Former Awardholders. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to any other Stock Awards that have not been assumed, continued or substituted and that are held by persons other than Active Awardholders, the vesting of such Stock Awards (and, if applicable, the time at

which such Stock Awards may be exercised) shall not be accelerated unless otherwise provided in Section 9(d) or in a written agreement between the Company or any Affiliate and the holder of such Stock Awards, and such Stock Awards shall terminate if not exercised (if applicable) prior to the effective time of the Corporate Transaction; *provided, however*, that any reacquisition or repurchase rights held by the Company or any Affiliate with respect to such Stock Awards shall not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Stock Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event a Stock Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Stock Award may not exercise such Stock Award but will receive a payment, in such form as may be determined by the Board, equal in value to the excess, if any, of (i) the value of the property the holder of the Award would have received upon the exercise of the Stock Award, over (ii) the exercise price payable by the Awardholder in connection with such exercise.

(d) Change in Control. In the event that an Awardholder (i) is required to resign his or her position as a Non-Employee Director as a condition of a Change in Control, or (ii) is removed from his or her position as a Non-Employee Director in connection with a Change in Control, the outstanding Stock Awards held by such Awardholder shall become fully vested and exercisable immediately prior to the effectiveness of such resignation or removal (and contingent upon the effectiveness of such Change in Control).

(e) Parachute Payments.

(i) If the acceleration of the vesting and exercisability of Stock Awards provided for in Sections 9(c) and 9(d), together with payments and other benefits of an Awardholder, (collectively, the "**Payment**") (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, or any comparable successor provisions, and (ii) but for this Section 9(e) would be subject to the excise tax imposed by Section 4999 of the Code, or any comparable successor provisions (the "**Excise Tax**"), then such Payment shall be either (1) provided to such Awardholder in full, or (2) provided to such Awardholder as to such lesser extent that would result in no portion of such Payment being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by such Awardholder, on an after-tax basis, of the greatest amount of the Payment, notwithstanding that all or some portion of the Payment may be subject to the Excise Tax.

(ii) Unless the Company and such Awardholder otherwise agree in writing, any determination required under this Section 9(e) shall be made in writing in good faith by the Accountant. If a reduction in the Payment is to be made as provided above, reduction shall occur in the manner that results in the greatest economic benefit for Awardholder.

(iii) For purposes of making the calculations required by this Section 9(e), the Accountant may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code and other applicable legal authority. The Company and the Awardholder shall furnish to the Accountant such information and documents as the Accountant may reasonably request in order to make such a determination. The Company shall bear all costs the Accountant may reasonably incur in connection with any calculations contemplated by this Section 9(e).

(iv) If, notwithstanding any reduction described above, the Internal Revenue Service (the "**IRS**") determines that the Awardholder is liable for the Excise Tax as a result of the Payment, then the Awardholder shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or, in the event that the Awardholder challenges the final IRS determination, a final judicial determination, a portion of the Payment (the "**Repayment Amount**"). The Repayment Amount with respect to the Payment shall be the smallest such amount, if any, as shall be required to be paid to the Company so that the Awardholder's net after-tax proceeds with respect to the Payment (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount with respect to the Payment shall be zero if a Repayment Amount of more than zero would not result in the Awardholder's net after-tax proceeds with respect to the Payment being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Awardholder shall pay the Excise Tax.

(v) Notwithstanding any other provision of this Section 9(e), if (i) there is a reduction in the Payment as described above, (ii) the IRS later determines that the Awardholder is liable for the Excise Tax, the payment of which would result in the maximization of the Awardholder's net after-tax proceeds of the Payment (calculated as if the Payment had not previously been reduced), and (iii) the Awardholder pays the Excise Tax, then the Company shall pay or otherwise provide to the Awardholder that portion of the Payment that was reduced pursuant to this Section 9(e) contemporaneously or as soon as administratively possible after the Awardholder pays the Excise Tax so that the Awardholder's net after-tax proceeds with respect to the Payment are maximized.

(vi) If the Awardholder either (i) brings any action to enforce rights pursuant to this Section 9(e), or (ii) defends any legal challenge to his or her rights under this Section 9(e), the Awardholder shall be entitled to recover attorneys' fees and costs incurred in connection with such action, regardless of the outcome of such action; *provided, however*, that if such action is commenced by the Awardholder, the court finds that the action was brought in good faith.

10. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) **Amendment of Plan.** Subject to the limitations, if any, of applicable law, the Board, at any time and from time to time, may amend the Plan. However, except as provided in Section 9(a) relating to Capitalization Adjustments, no amendment shall be effective unless approved by the shareholders of the Company to the extent shareholder approval is necessary to satisfy applicable law.

(b) **Shareholder Approval.** The Board, in its sole discretion, may submit any other amendment to the Plan for shareholder approval.

(c) **No Impairment of Rights.** Rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the affected Awardholder, and (ii) such Awardholder consents in writing.

(d) **Amendment of Stock Awards.** The Board, at any time and from time to time, may amend the terms of any one or more Stock Awards; *provided, however*, that the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the Awardholder, and (ii) the Awardholder consents in writing.

11. TERMINATION OR SUSPENSION OF THE PLAN.

(a) **Plan Term.** The Board may suspend or terminate the Plan at any time. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) **No Impairment of Rights.** Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the Awardholder.

12. EFFECTIVE DATE OF PLAN.

The Plan became effective on May 31, 2007.

13. CHOICE OF LAW.

The law of the state of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

14. DEFINITIONS.

As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) **"Accountant"** means the independent public accountants of the Company.

(b) **"Affiliate"** means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(c) **"Award Agreement"** means a written agreement between the Company and a Non-Employee Director evidencing the terms and conditions of a Stock Award grant. Each Award Agreement shall be subject to the terms and conditions of the Plan.

(d) **"Board"** means the Board of Directors of the Company.

(e) **"Capitalization Adjustment"** means any change that is made in, or other events that occur with respect to, the Ordinary Shares subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, share dividend, dividend in property other than cash, large

nonrecurring cash dividend, share split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including, for the avoidance of doubt, capitalization of profits or reserves, capital distribution, rights issue, the conversion of one class of share to another or reduction of capital or otherwise. Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(f) **“Change in Control”** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any Exchange Act Person (the **“Subject Person”**) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company or any Affiliate reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company or any Affiliate, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the shareholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by shareholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the **“Incumbent Board”**) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of the Plan, be considered as a member of the Incumbent Board.

For the avoidance of doubt, any one or more of the above events may be effected pursuant to (A) a compromise or arrangement sanctioned by the court under section 201 of the Companies Act 1963 of the Republic of Ireland or (B) section 204 of the Companies Act 1963 of the Republic of Ireland.

Notwithstanding the foregoing or any other provision of this Plan, the term Change in Control shall not include (1) a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company or (2) unless the Board determines otherwise, the creation of a new holding company where the Company becomes a wholly-owned subsidiary of that holding company and the holding company will be owned in substantially the same proportions by the persons who held the Company’s issued shares immediately before such transaction, in which case Stock Awards granted hereunder will be treated as if they were in all respects awards over shares in the holding company but so that (i) the new award shall vest in the same manner as the Stock Award, (ii) the total market value of the new shares subject to the new award shall, immediately after such reorganization, be equal to the total market value of the Ordinary Shares comprised in the Stock Award immediately prior to such reorganization, (iii) the new shares shall have the same rights attaching thereto as the Ordinary Shares, and (iv) the new award shall be deemed to have been granted as at the date of grant of the Stock Award.

Notwithstanding the foregoing or any other provision of the Plan, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Awardholder shall supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

The Board may, in its sole discretion and without an Awardholder's consent, amend the definition of "Change in Control" to conform to the definition of "Change in Control" under Section 409A of the Code, and the regulations thereunder.

(g) "**Code**" means the Internal Revenue Code of 1986, as amended.

(h) "**Company**" means Jazz Pharmaceuticals plc, a company formed under the laws of Ireland.

(i) "**Consultant**" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the Board of Directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

(j) "**Continuous Service**" means that the Awardholder's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Awardholder renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Awardholder renders such service, provided that there is no interruption or termination of the Awardholder's service with the Company or an Affiliate, shall not terminate an Awardholder's Continuous Service; *provided, however*, if the corporation for which an Awardholder is rendering service ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Awardholder's Continuous Service shall be considered to have terminated on the date such corporation ceases to qualify as an Affiliate. For example, a change in status from a Non-Employee Director of the Company to a Consultant of an Affiliate or an Employee of the Company will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy or in the written terms of the Awardholder's leave of absence.

(k) "**Corporate Transaction**" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Ordinary Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

For the avoidance of doubt, any one or more of the above events may be effected pursuant to (A) a compromise or arrangement sanctioned by the court under section 201 of the Companies Act 1963 of the Republic of Ireland or (B) section 204 of the Companies Act 1963 of the Republic of Ireland.

Notwithstanding the foregoing or any other provision of this Plan, unless the Board determines otherwise, the term Corporate Transaction shall not include the creation of a new holding company where the Company becomes a wholly-owned subsidiary of that holding company and the holding company will be owned in substantially the same proportions by the persons who held the Company's issued shares immediately before such transaction (in which case Stock Awards granted hereunder will be treated as set out in the second paragraph after part (v) of the definition of Change in Control above).

(l) **“Director”** means a member of the Board.

(m) **“Disability”** means, with respect to an Awardholder, the inability of such Awardholder to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) and 409A(a)(2)(c)(i) of the Code.

(n) **“Employee”** means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an “Employee” for purposes of the Plan.

(o) **“Entity”** means a corporation, partnership, limited liability company or other entity.

(p) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(q) **“Exchange Act Person”** means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their Ownership of shares of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities.

(r) **“Fair Market Value”** means, as of any date, the value of the Ordinary Shares determined as follows:

(i) If the Ordinary Shares are listed on any established stock exchange or traded on the Nasdaq Global Select Market or the Nasdaq Global Market, the Fair Market Value of an Ordinary Share shall be the closing sales price for such Ordinary Share (or the closing bid, if no sales were reported) as quoted on such exchange (or the exchange or market with the greatest volume of trading in the Ordinary Shares) on the date of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.

(ii) If the Ordinary Shares are listed or traded on the Nasdaq Capital Market, the Fair Market Value of an Ordinary Share shall be the mean between the bid and asked prices for the Ordinary Shares on the date of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price (or closing bid if no sales were reported) for the Ordinary Shares on the date of determination, then the Fair Market Value shall be the mean between the bid and asked prices for the Ordinary Shares on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Ordinary Shares, the Fair Market Value shall be determined by the Board in good faith and in a manner that complies with Section 409A of the Code.

(s) **“Non-Employee Director”** means a Director who is not an Employee.

(t) **“Nonstatutory Stock Option”** means an Option not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(u) **“Officer”** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(v) **“Option”** means a Nonstatutory Stock Option granted pursuant to the Plan.

(w) **“Optionholder”** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(x) **“Ordinary Share”** or **“Ordinary Shares”** means the ordinary shares of the Company of nominal value US\$0.0001 per share.

(y) **“Other Stock Award”** means an award based in whole or in part by reference to the Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(c).

(z) “Own,” “Owned,” “Owner,” “Ownership” A person or Entity shall be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(aa) “Plan” means this Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Award Plan.

(bb) “Restricted Stock Award” means an award of Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(a).

(cc) “Restricted Stock Unit Award” means a right to receive Ordinary Shares which is granted pursuant to the terms and conditions of Section 6(b).

(dd) “Rule 16b-3” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(ee) “Securities Act” means the Securities Act of 1933, as amended.

(ff) “Subsidiary” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

(gg) “Stock Appreciation Right” or “SAR” means a right to receive the appreciation on Ordinary Shares that is granted pursuant to the terms and conditions of Section 5.

(hh) “Stock Award” means any right to receive Ordinary Shares granted under the Plan, including a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right or any Other Stock Award.

Adopted by the Board of Directors of Jazz Pharmaceuticals, Inc. on May 1, 2007.

Approved by the stockholders of Jazz Pharmaceuticals, Inc. on May 9, 2007.

Amended and restated by the Board of Directors of Jazz Pharmaceuticals, Inc. on August 11, 2010.

Amended and restated by the Board of Directors of Jazz Pharmaceuticals, Inc. on October 24, 2011.

Adopted by the Board of Directors of Azur Pharma plc on December 21, 2011.

Approved by the shareholders of Azur Pharma plc on January 3, 2012.

Amended and restated by the Board of Directors of Jazz Pharmaceuticals plc on May 5, 2016.

Approved by the shareholders of Jazz Pharmaceuticals plc on _____, 2016.

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

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: 001-33500

JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland
(State or other jurisdiction of incorporation or organization)

98-1032470
(I.R.S. Employer Identification No.)

Fourth Floor, Connaught House
One Burlington Road, Dublin 4, Ireland
011-353-1-634-7800

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Ordinary shares, nominal value \$0.0001 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant is 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.

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 Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$7,451,638,590 based upon the last sale price reported for the registrant's ordinary shares on such date on The NASDAQ Global Select Market. The calculation of the aggregate market value of voting and non-voting common equity excludes 18,973,047 ordinary shares of the registrant held by executive officers, directors and shareholders that the registrant concluded were affiliates of the registrant on that date. Exclusion of such shares should not be construed to indicate that any such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant.

As of February 17, 2016, a total of 61,184,623 ordinary shares, nominal value \$0.0001 per share, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III, Items 10-14 of this Form 10-K is incorporated by reference to the registrant's definitive Proxy Statement for the 2016 Annual General Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K, provided that if such Proxy Statement is not filed within such period, such information will be included in an amendment to this Form 10-K to be filed within such 120-day period.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**JAZZ PHARMACEUTICALS PLC
2015 ANNUAL REPORT ON FORM 10-K**

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1. Business	2
Item 1A. Risk Factors	28
Item 1B. Unresolved Staff Comments	68
Item 2. Properties	68
Item 3. Legal Proceedings	68
Item 4. Mine Safety Disclosures	70
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	71
Item 6. Selected Financial Data	74
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	77
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	97
Item 8. Financial Statements and Supplementary Data	98
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	98
Item 9A. Controls and Procedures	98
Item 9B. Other Information	100
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	100
Item 11. Executive Compensation	100
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	100
Item 13. Certain Relationships and Related Transactions, and Director Independence	101
Item 14. Principal Accountant Fees and Services	101
PART IV	
Item 15. Exhibits and Financial Statement Schedules	101
Signatures	107

We own or have rights to various copyrights, trademarks, and trade names used in our business in the United States and/or other countries, including the following: Jazz Pharmaceuticals®, Xyrem® (sodium oxybate) oral solution, Erwinaze® (asparaginase *Erwinia chrysanthemi*), Erwinase®, Defitelio® (defibrotide), Prialta® (ziconotide) intrathecal infusion, FazaClo® (clozapine, USP) and Leukotac™ (inolimomab). This report also includes trademarks, service marks, and trade names of other companies. Service marks, trademarks and trade names appearing in this Annual Report on Form 10-K are the property of their respective owners.

[THIS PAGE INTENTIONALLY LEFT BLANK]

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the “safe harbor” created by those sections. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “propose,” “intend,” “continue,” “potential,” “possible,” “foreseeable,” “likely,” “unforeseen” and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this Annual Report on Form 10-K in greater detail under the heading “Risk Factors.” Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing. You should read this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by our cautionary statements. Except as required by law, we assume no obligation to update our forward-looking statements publicly, or to update the reasons that actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

NOTE REGARDING COMPANY REFERENCE

In this report, unless otherwise indicated or the context otherwise requires, all references to “Jazz Pharmaceuticals,” “the registrant,” “we,” “us,” and “our” refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries, except when the context makes clear that the time period being referenced is prior to January 18, 2012, in which case such terms are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. On January 18, 2012, the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma Public Limited Company, or Azur Pharma, were combined in a merger transaction, or the Azur Merger, in connection with which Azur Pharma was re-named Jazz Pharmaceuticals plc and we became the parent company of and successor to Jazz Pharmaceuticals, Inc., with Jazz Pharmaceuticals, Inc. becoming our wholly owned subsidiary. Jazz Pharmaceuticals, Inc. was treated as the acquiring company in the Azur Merger for accounting purposes, and as a result, the historical consolidated financial statements of Jazz Pharmaceuticals, Inc. became our consolidated financial statements.

PART I

Item 1. Business

Overview

Jazz Pharmaceuticals plc is an international biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing meaningful products that address unmet medical needs.

We have a diverse portfolio of products and product candidates, with a focus in the areas of sleep and hematology/oncology.

Our lead marketed products are:

- **Xyrem® (sodium oxybate) oral solution**, the only product approved by the U.S. Food and Drug Administration, or FDA, for the treatment of both cataplexy and excessive daytime sleepiness, or EDS, in patients with narcolepsy;
- **Erwinaze® (asparaginase *Erwinia chrysanthemi*)**, a treatment approved in the U.S. and in certain markets in Europe (where it is marketed as Erwinase®) for patients with acute lymphoblastic leukemia, or ALL, who have developed hypersensitivity to *E. coli*-derived asparaginase; and
- **Defitelio® (defibrotide)**, a product approved in Europe for the treatment of severe hepatic veno-occlusive disease, or VOD, in adults and children undergoing hematopoietic stem cell transplantation, or HSCT, therapy.

Our strategy is to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying and investing in growth opportunities such as new treatment indications;
- Acquiring clinically meaningful and differentiated products that are on the market or product candidates that are in late-stage development; and
- Pursuing targeted development of post-discovery differentiated product candidates.

We apply a disciplined approach to allocating our resources between investments in our current commercial and development portfolio and acquisitions or in-licensing of new assets.

Our research and development activities currently include clinical development of new product candidates, activities related to line extensions and new indications for existing products and the generation of additional clinical data for existing products. A summary of our ongoing development activities is provided below:

<u>Project</u>	<u>Disease Area</u>	<u>Status</u>
Sleep		
JZP-110	EDS in narcolepsy	Phase 3 clinical trial initiated in second quarter of 2015; preliminary data expected in fourth quarter of 2016
	EDS in obstructive sleep apnea, or OSA	Two Phase 3 clinical trials initiated in second quarter of 2015; preliminary data expected in fourth quarter of 2016
JZP-386	EDS in narcolepsy	Phase 1 clinical trials completed; further evaluation ongoing
Xyrem	Cataplexy with narcolepsy in children and adolescents	Phase 3 clinical trial ongoing; enrollment completion expected in second half of 2016
Hematology/Oncology		
Defibrotide	VOD with evidence of multi-organ dysfunction following HSCT	New drug application, or NDA, accepted for filing with priority review by the FDA in third quarter of 2015; Prescription Drug User Fee Act, or PDUFA, date of March 31, 2016
Defibrotide	Prevention of VOD in high-risk patients	Preparing to initiate clinical trial

Our Products

Xyrem

Xyrem is the only treatment approved by the FDA for both EDS and cataplexy in patients with narcolepsy. Sodium oxybate, the active pharmaceutical ingredient in Xyrem, is a formulation of the sodium salt of gamma-hydroxybutyrate, or GHB, an endogenous neurotransmitter and metabolite of gamma-aminobutyric acid. Xyrem was approved in the U.S. for the treatment of cataplexy in patients with narcolepsy in 2002 and was approved for EDS in patients with narcolepsy in 2005. The American Academy of Sleep Medicine recommended Xyrem as a standard of care for the treatment of both EDS and cataplexy associated with narcolepsy.

Narcolepsy is a chronic neurological disorder caused by a loss of neurons that produce the neurotransmitter hypocretin (also known as orexin), which is hypothesized to stabilize sleep-wake states. The primary symptoms of narcolepsy include EDS, cataplexy, sleep paralysis, hypnagogic hallucinations and disrupted nighttime sleep. EDS is an essential symptom of narcolepsy, is present in all narcolepsy patients and is characterized by chronic, pervasive sleepiness as well as sudden irresistible and overwhelming urges to sleep (inadvertent naps and sleep attacks). Cataplexy, the sudden loss of muscle tone, can be one of the most debilitating symptoms of narcolepsy. Cataplexy is present in approximately 70% of patients with narcolepsy. Cataplexy can range from slight weakness or a drooping of facial muscles to the complete loss of muscle tone resulting in postural collapse. It may also impair a patient's vision or speech. Cataplexy is often triggered by strong emotions such as laughter, anger or surprise. Cataplexy can severely impair a patient's quality of life and ability to function.

Narcolepsy may affect many areas of life, including limiting a patient's education and employment opportunities and leading to driving or machinery accidents or difficulties at work resulting in disability or job dismissal. Patients with narcolepsy may also suffer from significant medical comorbidities, including depression, suicide risk, anxiety, diseases of the digestive system, respiratory diseases and cardiac disorders.

It is estimated that narcolepsy affected approximately 1 in 2,000 people in the U.S., or approximately 160,000 people, in 2015. Less than half of those people have been definitively diagnosed with narcolepsy. In the fourth quarter of 2015, the average number of active Xyrem patients in the U.S. was approximately 12,550 patients, and we believe that there are significantly more narcoleptic patients with cataplexy and/or EDS who might benefit from treatment with Xyrem. In an effort to reach more patients, we continue to implement initiatives such as outreach to prescribers who treat narcolepsy, physician/healthcare provider education, enhanced patient and physician support services and unbranded disease awareness programs for the public.

In 2015, net product sales of Xyrem were \$955.2 million, which represented 72.5% of our total net product sales.

We promote Xyrem in the U.S. through a specialty sales force of approximately 100 sales professionals dedicated to Xyrem. Our marketing, sales and distribution of Xyrem are subject to a risk evaluation and mitigation strategy, or REMS, which is required by the FDA to ensure the safe distribution of Xyrem and minimize the risk of misuse, abuse and diversion of sodium oxybate. Under the Xyrem REMS, all of the Xyrem sold in the U.S. must be dispensed and shipped directly to patients through a central pharmacy. Xyrem may not be stocked in retail pharmacies. Physicians and patients must complete an enrollment process prior to fulfillment of Xyrem prescriptions, and each physician and patient receives materials concerning the risks and benefits of Xyrem before the physician can prescribe, or a patient can receive, the product. Whenever a prescription is received by the central pharmacy, the central pharmacy verifies the prescription and must speak with the patient before each prescription of Xyrem is filled and sent to the patient. The central pharmacy ships the product directly to the patient by a courier service, and the patient or his/her designee signs for the package. The initial shipment may include only up to a one-month supply, and refill orders may include only up to a three-month supply.

We have an agreement with Express Scripts Specialty Distribution Services, Inc. and its affiliate CuraScript, Inc., which we refer to together as Express Scripts, to exclusively distribute Xyrem in the U.S. and provide customer support services related to the sales and marketing of Xyrem. Pursuant to the agreement, Express Scripts provides reimbursement support to patients by coordinating insurance coverage for Xyrem and, as applicable, referring qualified patients to various patient savings or assistance programs. Our agreement with Express Scripts, which has been in effect since July 2002, expires on June 30, 2017, subject to automatic two-year extensions unless either party provides notice to the other of its intent to terminate the agreement not less than 120 days before the end of the then-current term. Under the agreement, we own all standard operating procedures, business rules and the related intellectual property. The agreement provides for Express Scripts to assist in the orderly transfer of the services that Express Scripts provides to us and the related intellectual property, including intellectual property related to the patient database, to any new pharmacy that we may engage.

Seven companies have sent us notices that they have filed abbreviated new drug applications, or ANDAs, with the FDA seeking approval to market a generic version of Xyrem. We have filed lawsuits against each of these companies seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, and the litigation proceedings are ongoing. We cannot predict the timing or

outcome of these proceedings. Although no trial date has been set in any of the ANDA suits, we anticipate that trial on some of the patents in the case against the first ANDA filer, Roxane Laboratories, Inc., or Roxane, could occur as early as the second quarter of 2016. Some of the ANDA filers have also filed petitions for *inter partes* review, or IPR, by the Patent Trial and Appeal Board, or PTAB, of the U.S. Patent and Trademark Office, or USPTO, with respect to the validity of certain distribution, method of use and formulation patents covering Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to petitions related to certain patents covering the Xyrem distribution system, and we expect the PTAB to issue final decisions on the validity of those patents in July 2016. For a description of these matters, see “Legal Proceedings” in Part I, Item 3 of this Annual Report on Form 10-K. We have also been engaged in discussions with the ANDA filers with respect to potential development of a single shared REMS for Xyrem and generic sodium oxybate, and the outcome of these discussions is uncertain. For further discussion regarding these and other challenges we face with respect to Xyrem, see “Business—Government Regulation—*The Hatch-Waxman Act*” in this Part I, Item 1 and the risk factors under the headings “Risks Related to Xyrem and the Significant Impact of Xyrem Sales” and “Risks Related to Our Intellectual Property” in Part I, Item 1A of this Annual Report on Form 10-K.

Xyrem is a controlled substance in the U.S., subject to regulation by the U.S. Drug Enforcement Administration, or DEA, under the Controlled Substances Act, or CSA. Therefore, its manufacturing and distribution are highly restricted. The finished product and active pharmaceutical ingredient for Xyrem are each manufactured for us by a single source supplier. For more information regarding Xyrem supply, see “Business—Manufacturing” in this Part I, Item 1 and the risk factor under the heading “*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem*” in Part I, Item 1A of this Annual Report on Form 10-K.

Outside of the U.S., UCB Pharma Limited, or UCB, has an exclusive license to market Xyrem for the treatment of narcolepsy in 54 countries and currently sells the product in 18 countries. We have licensed to Valeant Canada Limited, or Valeant, the Canadian marketing rights to Xyrem for the treatment of narcolepsy. We supply Xyrem to UCB and Valeant.

We have 20 U.S. patents covering Xyrem, which expire at various times from December 2019 to March 2033. Our issued patents relate to Xyrem’s stable and microbially resistant formulation, its manufacturing process, its method of use, including its restricted distribution system, and its method of administration.

Erwinaze

Erwinaze (called Erwinase in markets outside the U.S., and which we refer to in this report as Erwinaze unless otherwise indicated or the context otherwise requires) is a biologic product used in conjunction with chemotherapy to treat patients with ALL who have developed hypersensitivity to *E. coli*-derived asparaginase. Erwinaze is an asparaginase, a type of enzyme that can deprive leukemic cells of an amino acid essential for their growth. It is derived from a rare bacterium (*Erwinia chrysanthemi*) and is immunologically distinct from *E. coli*-derived asparaginase and suitable for patients with hypersensitivity to *E. coli*-derived treatments. For ALL patients with hypersensitivity to *E. coli*-derived asparaginase, Erwinaze can be a crucial component of their therapeutic regimen. Erwinaze was originally developed by Public Health England, a U.K. national executive agency. First approved by the FDA under a biologics license application, or BLA, for administration via intramuscular injection in conjunction with chemotherapy, Erwinaze was launched in the U.S. in November 2011. In December 2014, the FDA approved a supplemental BLA for administration of Erwinaze via intravenous infusion in conjunction with chemotherapy. In Europe and elsewhere around the world, Erwinase is sold pursuant to marketing authorizations, named patient programs, temporary use authorizations or similar authorizations.

ALL is the most common childhood cancer. Based on data from the U.S. National Cancer Institute, the U.S. Census Bureau and the American Cancer Society, we estimate that approximately 5,000 to 6,000 new cases of ALL were diagnosed in the U.S. in 2014. Approximately 50% of ALL patients were diagnosed under age 15 and approximately 20% were diagnosed between 15 and 39 years of age, which suggests that approximately 3,500 to 4,200 ALL patients were pediatric, adolescent or young adults. A study published by Dana Farber Cancer Institute, with median follow-up of 57 months, concluded that the intensive use of high-dose asparaginase has an important role in the treatment of children with ALL. Data reported in two separate papers published in *Pediatric Blood & Cancer* and *Journal of Clinical Oncology*, respectively, suggest that up to 20% of ALL patients may develop hypersensitivity to *E. coli*-derived asparaginase. Current treatment guidelines and protocols recommend switching a patient receiving *E. coli*-derived asparaginase to treatment with Erwinaze if the patient’s hypersensitivity reaction to the *E. coli*-derived asparaginase is Grade 2-4, indicating that the hypersensitivity reaction has resulted in an intervention or interruption in infusion occurring in the patient’s treatment regimen. While pediatric treatment protocols commonly include asparaginase, adult protocols do not. A retrospective comparison to determine whether the outcome for ALL patients between 15 and 39 years of age differed depending on their enrollment in pediatric compared with adult cooperative group trials showed that the seven-year overall survival rate among the adolescent and young adult ALL patients treated on pediatric protocols was

67% compared to 46% for those patients treated on adult protocols. As more treatment protocols in adult centers incorporate the use of asparaginase-based regimens, we expect to see increased use of Erwinaze. In addition, we believe that Erwinaze has the potential for use in patients with silent hypersensitivity, a situation in which *E. coli*-derived asparaginase may induce antibodies that can neutralize the enzyme or increase its clearance, thereby depriving patients of its therapeutic benefits without manifesting the clinical symptoms of hypersensitivity. A third party has introduced an assay to determine the enzyme activity of asparaginase in patients who have been treated with any *E. coli*-derived asparaginase or Erwinaze. With this assay, physicians may be able to monitor asparaginase levels to identify patients with silent hypersensitivity and maintain asparaginase activity by switching asparaginase preparations. We expect adoption of this assay to be limited until its use is included in existing pediatric and adult treatment protocols.

In 2015, net product sales of Erwinaze were \$203.3 million, which represented 15.4% of our total net product sales.

We promote Erwinaze in the U.S. through a specialty sales force of approximately 35 sales professionals who will also promote defibrotide in the U.S. if it is approved by the FDA. We provide reimbursement support through our JumpStart™ Access & Reimbursement Solutions program, a dedicated Erwinaze call center. Our field-based and office-based reimbursement team provides additional reimbursement support, dealing specifically with the more complex needs of physicians and payors.

Our hematology and oncology sales force outside of the U.S. has approximately 33 hematology field specialists responsible for promoting Erwinaze and Defitelio in approved markets where we commercialize these products. In those markets where Erwinaze is not currently approved, approximately 17 medical science liaisons and eight medical directors are responsible for responding to medical information requests and for providing information consistent with local treatment protocols.

Erwinaze is exclusively licensed to us for worldwide marketing, sales and distribution by Porton Biopharma Limited, or PBL, a company that is wholly owned by the U.K. Secretary of State for Health. PBL also manufactures the product for us and is our sole supplier for Erwinaze. We are obligated to make tiered royalty payments to PBL based on worldwide net sales of Erwinaze. For more information regarding Erwinaze supply, see “Business—Manufacturing” in this Part I, Item 1 and the risk factor under the heading “*We depend on single source suppliers for each of our products, product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers, or delays or problems in the supply of our products for commercial sale or our product candidates for use in our clinical trials, could materially and adversely affect our business, financial condition, results of operations and growth prospects*” in Part I, Item 1A of this Annual Report on Form 10-K.

Erwinaze has no patent protection. It was awarded orphan drug exclusivity for the treatment of ALL in the U.S. until November 2018, and we believe that it is protected by exclusivity that prevents approval of a biosimilar in the U.S. through late 2023 under the U.S. Biologics Price Competition and Innovation Act, or BPCIA.

Defitelio/defibrotide

Defibrotide, the active pharmaceutical ingredient in Defitelio, is the sodium salt of a complex mixture of single-stranded oligodeoxyribonucleotides derived from porcine DNA. In *in vitro* studies, defibrotide has shown a number of pharmacological effects that suggest it has a role in both protection of the endothelial cells that form the inner lining of blood vessels and restoration of the balance between clot formation and breakdown in the blood.

Defibrotide has been developed for the treatment and prevention of VOD, a potentially life-threatening complication of HSCT. Stem cell transplantation is a frequently used treatment modality for hematologic cancers and other conditions in both adults and children. Certain conditioning regimens used as part of HSCT can damage the cells that line the hepatic vessels, which is thought to lead to the development of VOD, a blockage of the small vessels in the liver, that leads to liver failure and can result in significant dysfunction in other organs such as the kidneys and lungs. The condition is also referred to as “sinusoidal obstruction syndrome.” Severe VOD is the most extreme form of VOD and is associated with multi-organ failure and high rates of morbidity and mortality. An analysis of retrospective data, prospective cohort studies and clinical trials published between 1979 and 2007 found that the 100-day mortality rate in severe VOD cases is greater than 80%. Based on data from published surveys and our market research, we calculated that, in Europe, of the estimated approximately 35,000 patients undergoing HSCT in 2014, approximately 6,300 were considered at high risk for the development of VOD, and the incidence of VOD was approximately 3,600 patients; in the U.S., of the estimated approximately 20,000 patients undergoing HSCT in 2014, approximately 3,000 were considered at high risk for the development of VOD, and the incidence of VOD was approximately 1,000 to 2,000 patients. Our review of relevant literature and market research also suggests that about one-third to two-thirds of VOD patients may be eligible for treatment using defibrotide.

In October 2013, the European Commission, or EC, granted marketing authorization under exceptional circumstances for Defitelio for the treatment of severe VOD in adults and children undergoing HSCT. Defitelio is the first approved treatment in the European Union, or

EU, for this potentially life-threatening condition. Defitelio has generally been well-tolerated; the most frequent adverse reactions observed during pre-marketing use of the product are hemorrhage, hypotension and coagulopathy.

We launched Defitelio in certain European countries in 2014 and continued to launch in additional European countries on a rolling basis through 2015. We are in the process of making pricing and reimbursement submissions with respect to Defitelio in those European countries where Defitelio is not yet launched, including in countries where pricing and reimbursement approvals are required for launch. We promote Defitelio along with Erwinase to many hematology and oncology specialists who operate in the same hospitals, and we believe that we benefit from operational synergies from this overlap. In addition, in those European markets where Defitelio is approved but not yet launched, our medical science liaisons and medical directors respond to medical information requests regarding defibrotide and provide information consistent with local treatment protocols. We intend eventually to commercialize Defitelio in all European markets where it has marketing authorization. We also continue to provide patients access to defibrotide where it is not commercially available outside the U.S. on a named patient basis.

Defitelio/defibrotide product sales were \$70.7 million in 2015, which represented 5.4% of our total net product sales.

In August 2014, we acquired from Sigma-Tau Pharmaceuticals, Inc., or Sigma-Tau, the rights to defibrotide for the treatment and prevention of VOD in North America, Central America and South America. In exchange for the rights to defibrotide in the Americas, we made an upfront payment of \$75.0 million to Sigma-Tau and also agreed to make milestone payments of up to \$175.0 million comprised of (i) \$25.0 million upon the acceptance for filing by the FDA of the first NDA for defibrotide for VOD, which we paid to Sigma-Tau in the fourth quarter of 2015; and (ii) up to an additional \$150.0 million based on the timing of potential FDA approval of defibrotide for VOD.

There are currently no approved treatments for VOD in the U.S. We provide patients in the U.S. access to defibrotide through an expanded access treatment protocol that is open under an investigational new drug application, or IND. In September 2015, the FDA accepted for filing with priority review our NDA for defibrotide for the treatment of VOD with evidence of multi-organ dysfunction following HSCT. Based on timelines established by the PDUFA, we expect FDA review of the NDA to be completed by March 31, 2016. However, the FDA does not always meet the timelines established by PDUFA, and it is possible that the FDA's review of our NDA will not be completed by the PDUFA date, in which case our plans for commercialization of defibrotide in the U.S. may be delayed. In any event, we cannot predict whether our NDA will be approved in a timely manner, if at all. For more information, see "Business—Government Regulation—Approval of Pharmaceutical Products" in this Part I, Item 1 and the risk factor under the heading "*We may not be able to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval of defibrotide in other countries, including the U.S., which could have a material adverse effect on our business, financial condition, results of operations and growth prospects*" in Part I, Item 1A of this Annual Report on Form 10-K. If defibrotide is approved by the FDA, we plan to promote defibrotide in the U.S. through our specialty sales force of approximately 35 sales professionals who currently promote Erwinase in the U.S.

We are preparing to commence a clinical trial to evaluate the safety and efficacy of defibrotide for the prevention of VOD in high-risk patients. We expect to finalize the protocol and complete site activation in the first half of 2016 and to initiate patient enrollment in the third quarter of 2016. We are also assessing the potential for approval of defibrotide in other countries and for development of defibrotide in additional indications. Defibrotide has received orphan drug designation to treat and prevent VOD from the European Medicines Agency, or EMA, and the Korean Ministry of Food and Drug Safety. The Commonwealth of Australia-Department of Health has granted defibrotide orphan drug designation for the treatment of VOD. In addition, the EMA also granted orphan drug designation to defibrotide for the prevention of graft vs. host disease, or GvHD, another potentially fatal complication of HSCT that afflicts up to 50% of all donor transplant patients.

The drug substance defibrotide was developed and is manufactured in a facility in Italy that we acquired in connection with our acquisition of Gentium S.r.l., or Gentium, in January 2014, which we refer to as the Gentium Acquisition. The finished product is manufactured for us by a single source supplier. For more information regarding Defitelio/defibrotide supply, see "Business—Manufacturing" in this Part I, Item 1 and the risk factor under the heading "*We depend on single source suppliers for each of our products, product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers, or delays or problems in the supply of our products for commercial sale or our product candidates for use in our clinical trials, could materially and adversely affect our business, financial condition, results of operations and growth prospects*" in Part I, Item 1A of this Annual Report on Form 10-K.

The unique process of deriving defibrotide from porcine DNA is extensive and uses both chemical and biological processes which rely on complex characterization methods. We have a portfolio of U.S. and non-U.S. patents and patent applications relating to various compositions, methods of use and methods of characterization, which will expire at various times between April 2017 and June 2035.

Prialt and other products

We also commercialize a portfolio of other products, including Prialt. Prialt is an intrathecally administered infusion of ziconotide, approved by the FDA in December 2004 for the management of severe chronic pain in patients for whom intrathecal therapy is warranted, and who are intolerant of or refractory to other treatment, such as systemic analgesics, adjunctive therapies or intrathecal morphine. Intrathecal therapy is the delivery of the drug into the intrathecal space in the spine through an infusion system comprised of a programmable infusion pump and catheter. For most patients who achieve good pain relief and tolerability with Prialt, pain relief can be maintained over time without cumulative toxicity. Prialt is the only FDA-approved non-opioid intrathecal analgesic. We have worldwide rights to Prialt, excluding certain countries outside of the U.S. licensed by Eisai Co. Limited, or Eisai, from Elan Pharmaceuticals, Inc. (subsequently acquired by Perrigo Company plc) in May 2010. We do not currently sell the product outside of the U.S. We supply Prialt to Eisai.

We also sell psychiatry and other products in the U.S.

Research and Development

Our development projects currently include clinical development of new product candidates, activities related to line extensions for existing products and the generation of additional clinical data for existing products. These projects are concentrated in our sleep and hematology/oncology therapeutic areas.

In the sleep area, we have ongoing and planned development programs for Xyrem and certain product candidates.

- *JZP-110.*

Phase 3 Clinical Trials. JZP-110 is a late-stage investigational compound being developed for potential treatment of EDS in patients with narcolepsy and EDS in patients with OSA. We acquired worldwide development, manufacturing and commercial rights to JZP-110 from Aerial BioPharma LLC, or Aerial, in January 2014, other than in certain jurisdictions in Asia where SK Biopharmaceuticals Co., Ltd, or SK, retains rights. We initiated patient enrollment in our Phase 3 clinical program in the second quarter of 2015. We are conducting one Phase 3 clinical trial in patients with EDS associated with narcolepsy and two Phase 3 clinical trials in patients with EDS associated with OSA. Approximately 880 patients are expected to be enrolled in these three trials in the aggregate. In addition, we expect to enroll up to 450 patients from two of our Phase 3 clinical trials in an open label extension trial evaluating the long-term safety of JZP-110. We expect to receive preliminary data results from these trials in the fourth quarter of 2016.

Other Activities. We are also exploring additional potential indications for JZP-110.

- *Xyrem.*

Phase 3 Clinical Trial of Xyrem in Children and Adolescents. While in many patients narcolepsy can begin during childhood and adolescence, there is limited information on the treatment of pediatric narcolepsy patients with Xyrem. We have worked with the FDA and several leading specialists to design a clinical trial to generate additional data on the treatment of pediatric narcolepsy patients with Xyrem. In the fourth quarter of 2014, we initiated a Phase 3 clinical trial to assess the safety and efficacy of Xyrem in children and adolescents aged seven to 17 who have narcolepsy with cataplexy. We expect to complete enrollment in this trial in the second half of 2016.

Other Activities. We are also pursuing other activities related to the potential development of options for narcolepsy patients that would provide clinically meaningful improvements compared to Xyrem, including once-nightly dosing. Although results from our Phase 1 trial of JZP-386, a deuterium-modified analog of sodium oxybate, which we licensed from Concert Pharmaceuticals, Inc., or Concert, in February 2013, did not support advancing JZP-386 into a later-stage clinical trial, the clinical data demonstrated that JZP-386 provided favorable deuterium-related effects, including higher serum concentrations and correspondingly increased pharmacodynamics effects at clinically relevant time points compared to Xyrem, and a safety profile similar to that observed with Xyrem. We are exploring formulation options designed to leverage the positive effects observed in the studies.

In the hematology and oncology area, we also have ongoing and planned development activities.

- *Defibrotide.*

Planned Phase 3 Clinical Trial. We are preparing to commence a clinical trial to evaluate the safety and efficacy of defibrotide for the prevention of VOD in high-risk patients. We expect to initiate patient enrollment in the third quarter of 2016.

Other Activities. We are also exploring additional potential indications for defibrotide and assessing the potential to pursue regulatory approval of defibrotide in additional countries.

- *Erwinaze.* We are pursuing activities related to the potential development of an effective and well-tolerated long-acting recombinant cristaspase that would offer benefits compared to Erwinaze. We are also assessing the potential to pursue regulatory approval of Erwinaze in additional countries.

We recorded research and development expenses of \$135.3 million, \$85.2 million and \$41.6 million in 2015, 2014 and 2013, respectively. We also recorded charges of \$202.6 million and \$5.0 million to in-process research and development in 2014 and 2013, respectively.

Sales and Marketing

We have commercial operations primarily in the U.S. and Europe. In the U.S., our products are marketed through our commercial teams, including more than 150 trained, experienced sales professionals who promote Xyrem, Erwinaze and Prialt directly to physicians in specialties appropriate for each product. Outside of the U.S., our hematology and oncology sales force has approximately 33 hematology field specialists responsible for promoting Erwinaze and Defitelio in approved markets where we commercialize these products.

Our commercial activities include marketing-related services, distribution services and commercial support services. We employ third party vendors, such as advertising agencies, market research firms and suppliers of marketing and other sales support-related services, to assist with our commercial activities.

We currently have a relatively small number of sales representatives compared with the number of sales representatives of most other pharmaceutical companies with marketed products. Each of our sales representatives is responsible for a geographic territory of significant size. We believe that the size of our sales force is appropriate to effectively reach our target audience for our marketed products in the specialty markets in which we currently operate. We recently expanded our sales force by approximately 10 sales professionals in anticipation of the potential launch of defibrotide in the U.S. Continued growth of our current marketed products and the launch of any future products may require further expansion of our sales force and sales support organization in the U.S. and internationally, and we may need to commit significant additional funds, management and other resources to the growth of our sales organization.

Competition

The pharmaceutical industry is highly competitive and dominated by a number of large, established pharmaceutical companies, as well as specialty pharmaceutical companies that market products and develop product candidates in sleep, hematology/oncology, pain and other therapeutic areas. Many of these companies, particularly large pharmaceutical and life sciences companies, have substantially greater financial, operational and human resources than we do. They can spend more on, and have more expertise in, research and development, regulatory, manufacturing, distribution and sales activities. As a result, our competitors may obtain regulatory approvals for their product candidates more rapidly than we may and may market their products more effectively than we do. Smaller or earlier stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

Our ability to continue to grow requires that we compete successfully with other specialty pharmaceutical companies for product and product candidate acquisition and in-licensing opportunities. These competitors include established companies that may have a competitive advantage over us due to their size and financial resources.

We also face competition from manufacturers of generic drugs. Generic competition often results in decreases in the prices at which branded products can be sold, particularly when there is more than one generic available in the marketplace. In addition, legislation enacted in the U.S. allows for, and in a few instances in the absence of specific instructions from the prescribing physician mandates, the dispensing of generic products rather than branded products where a generic version is available. Other companies could also develop products that are similar, but not identical, to our marketed products, such as an alternative formulation of our product or an alternative formulation combined with a different delivery technology, and seek approval in the U.S. by referencing our products and relying, to some degree, on the FDA's finding that our products are safe and effective in their approved indications.

Our products and product candidates may also compete in the future with new products currently under development by others. Any products that we develop are likely to be in a highly competitive market, and many of our competitors may succeed in developing products that may render our products obsolete or noncompetitive.

Our lead marketed products face competition as described below:

- *Xyrem*. Xyrem is the only product approved by the FDA for the treatment of both cataplexy and EDS in patients with narcolepsy. No product other than Xyrem is approved by the FDA for the treatment of cataplexy. The only other products approved by the FDA for the treatment of EDS in patients with narcolepsy are Provigil® (modafinil) and Nuvigil® (armodafinil), which are marketed by Teva Pharmaceutical Industries Limited, or Teva, and generic versions of Provigil. Provigil, its generic equivalents and Nuvigil are also approved for improving wakefulness in patients with EDS associated with treated OSA or shift work disorder. Xyrem is often used in conjunction with stimulants and wake-promoting drugs, which are administered during the day.

As alternatives to Xyrem, cataplexy is often treated with tricyclic antidepressants and selective serotonin reuptake inhibitors, or SSRIs, or selective norepinephrine reuptake inhibitors, or SNRIs, although these products are not approved by the FDA for the treatment of cataplexy. Tricyclic antidepressants are a class of antidepressant drugs first used in the 1950s. The use of these drugs can often result in somnolence, which exacerbates the EDS already experienced by all patients with narcolepsy. SSRIs and SNRIs are compounds typically used for the treatment of clinical depression. Somnolence and insomnia are commonly reported side effects with SSRIs, while loss of sleep is a commonly reported side effect with SNRIs. These side effects may be problematic for patients with narcolepsy.

Seven companies have sent us notices that they have filed ANDAs with the FDA seeking approval to market a generic version of Xyrem. We have filed lawsuits against each of these companies seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, and the litigation proceedings are ongoing. Some of the ANDA filers have also filed petitions for IPR with respect to the validity of certain distribution, method of use and formulation patents covering Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to petitions related to certain patents covering the Xyrem distribution system, and we expect the PTAB to issue final decisions on the validity of those patents in July 2016. For a description of these matters, see “Legal Proceedings” in Part I, Item 3 of this Annual Report on Form 10-K.

Other companies could also develop products that are similar, but not identical, to Xyrem, such as an alternative formulation or an alternative formulation combined with a different delivery technology, and seek approval in the U.S. by referencing Xyrem and relying, to some degree, on the FDA’s approval of Xyrem and related determinations of safety and efficacy. For example, a company that is using its proprietary technology for delivery of a sodium oxybate formulation to eliminate second nighttime dosing for narcolepsy patients has stated that it anticipates commencing a Phase 3 pivotal trial in 2016 that is expected to run through early 2017. If this company is successful in developing a sodium oxybate formulation that could be effectively used with its delivery technology and is able to obtain FDA or other regulatory approval for its product to treat narcolepsy patients, we expect sales of Xyrem would be adversely affected.

- *Erwinaze*. Erwinaze is a biologic product used in conjunction with chemotherapy and is indicated for patients with ALL who have developed hypersensitivity to *E. coli*-derived asparaginase. While there is currently no direct competition to Erwinaze to treat ALL patients with hypersensitivity to *E. coli*-derived asparaginase, other companies have developed or are developing new treatments for ALL, including new asparaginase treatments that could reduce the rate of hypersensitivity in patients with ALL, and new treatment protocols are being developed for ALL that may not include asparaginase-containing regimens. For example, a number of companies are developing new immunotherapy treatments for relapsed or refractory ALL patients, including one treatment that was recently approved, and a company recently announced positive efficacy and safety results from its completed Phase 2/3 pivotal trial in Europe for an alternative asparaginase treatment consisting of L-asparaginase encapsulated inside donor-derived red blood cells. Any potential new treatment could reduce the market for Erwinaze. As a biologic product, Erwinaze also faces potential competition from biosimilar products.
- *Defitelio/defibrotide*. Defitelio is the first approved treatment in the EU for the treatment of severe VOD in adults and children undergoing HSCT, and in September 2015, the FDA accepted for filing with priority review our NDA for defibrotide for the treatment of VOD with evidence of multi-organ dysfunction following HSCT. Various anti-clotting strategies have been tried by researchers in patients with VOD with mixed results, including Activase (alteplase), a recombinant tissue plasminogen activator marketed by Genentech, Inc., generic heparin sodium injection and Thrombate III (antithrombin III (human)), marketed by Grifols Therapeutics, Inc. While there is currently no direct competition to Defitelio to treat severe VOD, changes in the types of conditioning regimens used as part of HSCT may affect the incidence rate of VOD and demand for Defitelio.

With respect to all of our products and product candidates, we believe that our ability to successfully compete will depend on, among other things:

- the existence of competing or alternative products in the marketplace, including generic competition, and the relative price of those products;
- the efficacy, safety and reliability of our products and product candidates compared to competing or alternative products;

- product acceptance by physicians, other health care providers and patients;
- our ability to comply with applicable laws, regulations and regulatory requirements with respect to the commercialization of our products, including any changes or increases to regulatory restrictions;
- protection of our proprietary rights;
- obtaining reimbursement for our products in approved indications;
- our ability to complete clinical development and obtain regulatory approvals for our product candidates, and the timing and scope of regulatory approvals;
- our ability to provide a reliable supply of commercial quantities of a product to the market; and
- our ability to recruit, retain and develop skilled employees, including sales and marketing and clinical development employees.

Customers and Information About Geographic Areas

In the U.S., our lead marketed product, Xyrem, is sold to one specialty pharmacy, Express Scripts, which ships Xyrem directly to patients. Erwinase is sold to hospitals through a specialty distributor, McKesson Corporation. Prialt is sold in the U.S. through an exclusive pharmacy to other pharmacies and medical facilities, and our other products are sold in the U.S. primarily to distributors who distribute the product to pharmacies and hospitals. We have standard distribution services agreements made in the ordinary course of business with these distributors, which include prompt payment discounts and various standard service fees or rebate arrangements. Purchases are made on a purchase order basis.

Outside of the U.S., we distribute Erwinase through Durbin PLC, a U.K.-based wholesaler and distributor, to hospitals and local wholesalers in Europe where we market Erwinase directly and, in markets where we do not market Erwinase directly, to local distributors and wholesalers in Europe and elsewhere in the world. We distribute Defitelio to the European countries where the product has been launched commercially primarily through IDIS Limited, or IDIS, a U.K.-based distributor. We also work with IDIS and a number of local distributors in Europe and elsewhere in the world to distribute defibrotide on a named patient basis. Xyrem is currently sold in 18 countries by UCB (which has rights to market Xyrem in 54 countries) and in Canada by Valeant. Eisai has rights to market Prialt in numerous countries outside of the U.S. While we retain the rights to Prialt in the remaining non-U.S. territories, we are not currently selling the product outside of the U.S.

Information on our total revenues attributed to U.S. and non-U.S. sources and customers who represented at least 10% of our total revenues in each of 2015, 2014 and 2013, as well as the location of our long-lived assets, is included in Note 14 to our consolidated financial statements in this Annual Report on Form 10-K.

We are headquartered in Dublin, Ireland. We also have offices in Palo Alto, California; Philadelphia, Pennsylvania; Oxford, United Kingdom; Lyon, France; Villa Guardia (Como), Italy; Athlone, Ireland; and elsewhere in Europe. For a discussion of risks related to our non-U.S. operations, see “Risk Factors—Risks Related to Our Business,” “—Risks Related to Our Industry” and “—Risks Related to Our Financial Condition” in Part I, Item 1A of this Annual Report on Form 10-K and “Quantitative and Qualitative Disclosure About Market Risk” in Part II, Item 7A of this Annual Report on Form 10-K.

Manufacturing

We have completed construction of a manufacturing and development facility in Ireland and expect to begin commercial operations at the facility in 2016. Currently, however, other than the manufacturing plant in Italy where we produce some active pharmaceutical ingredients, including the defibrotide drug substance, we do not have our own commercial manufacturing capability for our products or product candidates, or their active pharmaceutical ingredients, or the capability to package our products. We have a single source of supply for each of our marketed products and our product candidates and for the active pharmaceutical ingredients used in these products and product candidates. Our ability to develop and deliver products in a timely and competitive manner depends on our third party suppliers being able to continue to meet our ongoing commercial and clinical trial needs (except with respect to the defibrotide drug substance, which we manufacture ourselves). Manufacturers of pharmaceutical products often encounter difficulties in production, including difficulties with production yields, process controls, quality control and quality assurance, including testing of stability, impurities and impurity levels and other product specifications by validated test methods, and compliance with strictly enforced U.S., state and non-U.S. regulations. These difficulties can be heightened when a supplier is required to scale up to produce increased quantities to meet growing demand. In addition, our suppliers are subject to the FDA’s current Good Manufacturing Practices, or cGMP, requirements, DEA regulations and other rules and regulations prescribed by non-U.S. regulatory authorities. We depend on our third party suppliers to comply with these requirements, and they may not be able to continue to do so.

Xyrem. In 2010, we entered into an agreement with Siegfried (USA) Inc., subsequently renamed Siegfried USA, LLC, or Siegfried, for the supply of sodium oxybate, the active pharmaceutical ingredient of Xyrem. Siegfried was approved by the FDA as our supplier in November 2011. Although Siegfried has been our only supplier of sodium oxybate since 2012, we have the right to purchase a portion of our worldwide requirements of sodium oxybate from other suppliers. Under our agreement, we provide periodic rolling forecasts to Siegfried, and a portion of each rolling forecast constitutes a firm purchase order. The agreement with Siegfried expires in April 2018, subject to automatic three-year extensions until either party provides notice to the other of its intent to terminate the agreement at least 18 months before the end of the then-current term. Either party has the right to terminate the agreement in the event of the other party's uncured material breach or insolvency. During the term of the agreement and, under certain circumstances for 18 months after the agreement terminates, Siegfried is not permitted to manufacture sodium oxybate for any other company.

Effective October 1, 2015, we entered into a Master Manufacturing Services Agreement, or the Master Agreement, with Patheon Pharmaceuticals Inc., which we refer to together with its affiliates as Patheon. The Master Agreement supersedes a prior agreement with Patheon for the manufacturing, supply and packaging of Xyrem and establishes the general terms and conditions pursuant to which Patheon will provide manufacturing services for drug products, including Xyrem, as specified by us in product agreements entered into from time to time. Although Patheon is currently our sole supplier of Xyrem, we are not required to purchase Xyrem exclusively from Patheon. The Master Agreement expires on December 31, 2020 and may be extended for additional two-year terms if Patheon is then providing manufacturing services for any product, unless either party provides 18 months prior notice of termination. In addition, we may terminate the Master Agreement for any reason upon 12 months prior written notice, and either party has the right to terminate the agreement in the event of the other party's uncured material breach.

Quotas from the DEA are required in order to manufacture and package sodium oxybate and Xyrem in the U.S. DEA quotas are required for Siegfried to supply us with sodium oxybate and for Patheon to obtain sodium oxybate from Siegfried in order to supply us with Xyrem. Because the DEA typically grants quotas on an annual basis and requires a detailed submission and justification for a quota request, obtaining sufficient DEA quotas can be a difficult and time-consuming process. The need for quotas has prevented us in the past, and may prevent us in the future, from building significant inventories. For information related to DEA quota requirements, see "Business—Government Regulation—Other Regulatory Requirements—Controlled Substance Regulations" in Part I, Item 1 of this Annual Report on Form 10-K.

Erwinaze. Erwinaze is exclusively licensed to us, and manufactured for us, by PBL, which is our sole supplier for Erwinaze. Our agreement with PBL expires in December 2020, subject to automatic five-year extensions unless terminated by either party in writing prior to a fixed date before the end of the then-current term. Either party has the right to terminate the agreement in the event of the other party's uncured material breach or insolvency. We provide periodic rolling forecasts to PBL, and a portion of each rolling forecast constitutes a firm purchase order. We are obligated to make tiered royalty payments to PBL based on worldwide net sales of Erwinaze and Erwinase. The BLA approving Erwinaze includes a number of post-marketing commitments related to the manufacture of Erwinaze by PBL.

The current manufacturing capacity for Erwinaze is nearly completely absorbed by demand for the product. We are working with PBL to evaluate potential expansion of its production capacity to increase the supply of Erwinaze over the longer term. As a consequence of constrained manufacturing capacity, we have had an extremely limited or no ability to build an excess level of product inventory that can be used to absorb disruptions to supply resulting from quality, regulatory or other issues, and we have experienced, and expect to continue to experience, manufacturing and inventory challenges that have resulted in disruptions in our ability to supply certain markets. If capacity constraints continue, whether as a result of continued quality or other manufacturing issues or otherwise, we may be unable to build a desired excess level of product inventory, and our ability to supply the market may continue to be compromised. Additional Erwinaze supply interruptions and/or our inability to expand production capacity could materially adversely affect our sales of and revenues from Erwinaze and our potential future maintenance and growth of the market for this product.

Defitelio/defibrotide. We are our sole supplier of, and we believe that we are currently the sole worldwide producer of, the defibrotide drug compound. We manufacture the defibrotide compound in a single facility located in Villa Guardia, near Como, Italy. Patheon currently processes the defibrotide compound into its finished vial form, and Patheon is the sole provider of our commercial supply of the finished product in the EU and of our clinical supply. We anticipate that Patheon will also be the sole provider of our commercial supply of the finished product for the U.S. market if the product is approved by the FDA. Part of the process to obtain FDA approval for defibrotide is to obtain certification from the FDA that the facilities we and Patheon operate are in compliance with the FDA's cGMP requirements. The FDA may deny approval if the FDA determines that either our facility or Patheon's facility does not meet applicable manufacturing and quality requirements. In December 2015, the FDA performed a pre-approval inspection of our manufacturing facility in connection with our NDA submission for defibrotide. The inspection passed, and the FDA did not issue a Form FDA 483 at the conclusion of the inspection. In 2015, the FDA issued a Form FDA 483 to Patheon Italia S.p.A., or Patheon Italia, that included observations related to the Ferentino, Italy facility that manufactures the defibrotide finished product. Failure by Patheon Italia to timely remediate the observations to the FDA's satisfaction or the discovery of issues that impact the defibrotide finished product could have an adverse impact on the potential approval of our NDA

for defibrotide, including the timing thereof. Even after a manufacturing facility is approved, the FDA will continue to inspect and evaluate facilities for ongoing compliance with applicable requirements. If Patheon does not or is not able to supply us with finished defibrotide product for any reason, it may take time and resources to implement and execute the necessary technology transfer to another processor, and such delay could negatively impact our product launch in the U.S. market if the product is approved by the FDA and our anticipated revenues from defibrotide and could potentially cause us to breach contractual obligations with customers or to violate local laws requiring us to deliver the product to those in need.

JZP-110. In order to conduct any of our clinical trials for JZP-110, we need to have sufficient quantities of clinical product manufactured. While we believe that we will be able to obtain sufficient supplies of JZP-110 for our clinical trials, there can be no assurance that our suppliers will be able to produce sufficient clinical supplies of JZP-110 in a timely manner. Any delay in receiving adequate supplies of JZP-110 for our clinical trials could negatively impact our development program.

For further discussion of the challenges we face with respect to supply of our products and product candidates, see the risk factor under the heading *"We depend on single source suppliers for each of our products and product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers, or delays or problems in the manufacture of our products for commercial sale or our product candidates for use in our clinical trials, could materially and adversely affect our business, financial condition, results of operations and growth prospects"* in Part I, Item 1A of this Annual Report on Form 10-K.

Patents and Proprietary Rights

We actively seek to patent, or to obtain licenses to or to acquire third party patents, to protect our products and related inventions and improvements that we consider important to our business. We own a portfolio of U.S. and non-U.S. patents and patent applications and have licensed rights to a number of issued patents and patent applications. Our owned and licensed patents and patent applications cover or relate to our products and product candidates, including certain formulations, uses to treat particular conditions, distribution methods and methods of administration, drug delivery technologies and delivery profiles and methods of production. Patents extend for varying periods according to the date of the patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. The patent laws of non-U.S. countries differ from those in U.S., and the degree of protection afforded by non-U.S. patents may be different from the protection offered by U.S. patents.

The patents and patent applications that relate to our lead marketed products include:

- *Xyrem.* Xyrem is covered by 20 U.S. patents that expire at various times from December 2019 to March 2033, of which 16 are listed in the FDA's publication "Approved Drug Products with Therapeutic Equivalence Evaluations," or Orange Book. These patents relate to Xyrem's stable and microbially resistant formulation, its manufacturing process, its method of use, including its restricted distribution system, and its method of administration. Of the patents listed in the Orange Book, four are formulation patents expiring between December 2019 and July 2020; seven are method of use patents covering the distribution of Xyrem expiring between December 2022 and June 2024; three are method of use patents covering Xyrem's use in narcolepsy, which expire in December 2019; and two are method of administration patents expiring in March 2033. Four patents are not listed in the Orange Book but also relate to Xyrem: two for methods for making the formulation expiring December 2019, one for a distribution system expiring June 2024 and one for method of administration expiring March 2033. A Xyrem formulation patent has issued in multiple non-U.S. countries and will expire in December 2019. In addition to our issued patents, we have patent applications relating to Xyrem pending in the U.S. and other countries.

Seven companies have sent us notices that they have filed ANDAs with the FDA seeking FDA approval to market a generic version of Xyrem. We have filed lawsuits against each of these companies seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, and the litigation proceedings are ongoing. Some of the ANDA filers have also filed petitions for IPR with respect to the validity of certain distribution, method of use and formulation patents covering Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to petitions related to certain patents covering the Xyrem distribution system, and we expect the PTAB to issue final decisions on the validity of those patents in July 2016. For a description of these matters, see "Legal Proceedings" in Part I, Item 3 of this Annual Report on Form 10-K.

- *Defitelio.* The unique process of deriving defibrotide from porcine DNA is extensive and uses both chemical and biological processes that rely on complex characterization methods. We have a portfolio of U.S. and non-U.S. patents and patent applications relating to various compositions, methods of use and methods of characterization, which will expire at various times between April 2017 and June 2035.

Erwinaze has no patent protection. It was awarded orphan drug exclusivity for the treatment of ALL in the U.S. until November 2018, and we believe that it is protected by exclusivity that prevents approval of a biosimilar in the U.S. through late 2023 under the BPCIA. For

more details, see “Business—Government Regulation—Orphan Drug and Other Exclusivities” in Part I, Item 1 of this Annual Report on Form 10-K.

The patents and patent applications that relate to our product candidates include:

- *JZP-110*. JZP-110 and its associated uses are claimed in multiple U.S. and non-U.S. patents and patent applications. We acquired rights to JZP-110 from Aerial in January 2014, including Aerial’s patent rights relating to JZP-110, other than in certain jurisdictions in Asia where SK retains rights. One of the U.S. composition of matter patents expired on September 2015. Two U.S. method of use patents covering treatment of sleep-related conditions will expire in June 2026 and August 2027, respectively, subject to any patent term extension.
- *JZP-386*. Two U.S. patents cover the composition of deuterated analogs of sodium oxybate, including JZP-386, and their methods for treating certain diseases and disorders, including narcolepsy. The first patent expires in August 2030, and the second patent expires in February 2032. A European patent that corresponds to the first U.S. patent expires in April 2030. Further, patent applications corresponding to the second U.S. patent were filed in the U.S., Europe and Japan, and, if issued, would expire in February 2032. We were granted exclusive licenses to these patent rights by Concert.

We cannot be certain that any of our patent applications, or those of our licensors, will result in issued patents, that the patents we own and license, or any additional patents we may own or license, will prevent other companies from developing similar or therapeutically equivalent products, or that others will not be issued patents that may prevent the sale of our products or require licensing and the payment of significant fees or royalties.

We also rely on our trade secrets and those of our licensors, as well as other unpatented proprietary information, to protect our products and commercial position, particularly with respect to our products with limited or no patent protection, such as Erwinaze and Defitelio. To the extent that our products have a competitive edge as a result of our reliance on trade secrets and unpatented know-how, our competitive position may be compromised if others independently develop products using the same or similar technologies or trade secrets.

We seek to protect our trade secrets and proprietary knowledge in part through confidentiality agreements with our employees, consultants, advisors and collaboration partners. Nevertheless, these agreements may not effectively prevent disclosure of our confidential information and may not provide us with an adequate remedy in the event of unauthorized disclosure of our confidential information. In addition, if our employees, consultants, advisors or collaboration partners develop inventions or processes independently or jointly with us that may be applicable to our products under development, disputes may arise about ownership or proprietary rights to those inventions and processes. Such inventions and processes will not necessarily become our property, but may remain the property of those third parties or their employers. Protracted and costly litigation could be necessary to enforce and determine the scope of our proprietary rights. In addition, courts outside of the United States are sometimes less willing to protect trade secrets.

Failure to obtain or maintain patent and trade secret protection, for any reason, could have a material adverse effect on our business. See the risk factors under the heading “Risks Related to Our Intellectual Property” in Part I, Item 1A of this Annual Report on Form 10-K.

In addition, we have a number of trademarks and service marks to further protect the proprietary position of our products. We also have pending trademark and service mark applications in the U.S. and elsewhere in the world.

Government Regulation

The manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, sale, distribution, record keeping, importing and exporting of our products and our research and development activities are subject to extensive regulation by the FDA, the EC, the competent authorities of the EU member states and other regulatory authorities. Regulations differ from country to country. As a result of these regulations, product development, approval and commercialization processes are expensive and time-consuming.

Approval of Pharmaceutical Products

We are not permitted to market a pharmaceutical product in the U.S. or in the EU member states until we receive approval from the FDA, the EC or the competent authorities of the EU member states, as applicable. An application for marketing approval must contain information demonstrating the quality, safety and efficacy of the pharmaceutical product, including data from preclinical and clinical trials, information pertaining to the preparation and manufacture of the drug or biologic, analytical methods, product formulation, details on the manufacture and stability of the finished pharmaceutical product, proposals concerning fulfillment of pharmacovigilance obligations, and proposed product packaging and labeling.

In the U.S., the FDA, under the Federal Food, Drug and Cosmetic Act, or FDCA, and its implementing regulations, regulates the review, approval, manufacturing and marketing of our products. Our failure, or the failure of any of our third party partners, to comply with applicable requirements could subject us to administrative or judicial sanctions or other negative consequences, such as delays in approval or refusal to approve a product candidate, withdrawal of product approval, notices of violation, untitled letters, warning letters, fines and other monetary penalties, unanticipated expenditures, product recall or seizure, total or partial suspension of production or distribution, interruption of manufacturing or clinical trials, operating restrictions, injunctions, suspension of licenses, civil penalties and/or criminal prosecution.

To obtain FDA approval of a product candidate, an applicant, also called a sponsor, must, among other things, submit the data and information described above in the form of an NDA or BLA, as applicable, and pay a user fee. The testing and collection of data and the preparation of necessary applications are expensive and time-consuming, and the outcomes are uncertain. The steps required before a drug or biologic may be approved for marketing in the U.S. generally include: preclinical laboratory tests and animal tests; submission to the FDA of an IND for human clinical testing, which must become effective before human clinical trials commence; adequate and well-controlled human clinical trials to establish the safety and efficacy of the drug or biologic for each indication; the submission to the FDA of the NDA or BLA; satisfactory completion of an FDA inspection of the manufacturing facilities at which the product is made, analyzed and stored to assess compliance with cGMP; potential FDA audit of the nonclinical and clinical trial sites that generated the data in support of the application; and FDA review and approval of the application.

Human clinical trials conducted before approval of a product for a specific indication generally proceed in three sequential phases, although the phases may overlap. Clinical trials must be conducted in accordance with general investigational plans and protocols, as well as the FDA's requirements, commonly referred to as good clinical practices, for conducting, recording and reporting the results of clinical trials to ensure that the data and results are credible and accurate and that the trial participants are adequately protected. The FDA enforces good clinical practices through periodic inspections of trial sponsors, principal investigators and trial sites. In Phase 1, the initial introduction of the drug into human subjects, frequently healthy volunteers, the drug is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses and, if possible, early evidence of effectiveness. Phase 2 usually involves clinical trials in a limited patient population to determine the effectiveness of the drug for a particular indication or indications, dosage tolerance and optimum dosage and to identify common adverse effects and safety risks. If a drug demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2, Phase 3 clinical trials are undertaken to obtain additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites. In addition, Phase 4, or post-approval, clinical trials may be required by the FDA and are used to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of products approved under accelerated approval regulations.

The FDA reviews a submitted NDA or BLA before it accepts it for filing and may refuse to file an application and/or request additional information before acceptance. Once an NDA or BLA submission is accepted for filing, the FDA begins an in-depth review of the application. Under the goals and policies agreed to by the FDA under the PDUFA, for a new molecular entity, the FDA has twelve months from submission in which to complete its initial review of a standard application and respond to the applicant, and eight months for a priority application for a new molecular entity. The FDA does not always meet its PDUFA goal dates, and in certain circumstances the PDUFA goal date may be extended. The FDA may not act quickly or favorably in reviewing applications, and we may encounter significant difficulties or costs in any efforts to obtain FDA approvals, which could delay or preclude us from marketing our product candidates.

If the FDA determines that a REMS is necessary to ensure that the benefits of the drug outweigh the risks, a sponsor may be required to include a proposed REMS (as part of the application or after approval), which may include a patient package insert or a medication guide to provide information to consumers about the product's risks and benefits; a plan for communication to healthcare providers; and restrictions on the product's distribution referred to as elements to assure safe use, or ETASU. For example, Xyrem is required to have a REMS. See the discussion regarding REMS, particularly in the context of potential generic competition, under "Business—Government Regulation—*The Hatch-Waxman Act*" below and in the risk factor in Part I, Item 1A of this Annual Report on Form 10-K under the heading "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem.*"

After the FDA evaluates a marketing application, including a REMS when applicable, it also evaluates any manufacturing and nonclinical and clinical trial facilities for the proposed product. When the FDA's evaluation is complete, it issues an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. If and when those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the application, the FDA will issue an approval letter. The FDA may also refer an application to the appropriate advisory committee, typically a panel of clinicians, for review, evaluation and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendations of the advisory committee.

The FDA has and has used various programs, including fast track, priority review, breakthrough therapy and accelerated approval (Subpart H and E), that are intended to expedite or simplify the process for reviewing certain applications and/or provide for approval on the basis of surrogate endpoints or restricted distribution. Generally, drugs and biologics may be eligible for one or more of these programs if they are intended for serious or life-threatening diseases or conditions, have potential to address unmet medical needs, or may provide meaningful benefit over existing treatments.

Outside of the U.S., our ability to market a medicinal product generally depends upon receiving a marketing authorization from the appropriate regulatory authority. The requirements governing the conduct of clinical trials, obtaining marketing authorization, fulfillment of pharmacovigilance obligations, obtaining pricing and reimbursement and related matters vary widely from country to country. In any country, however, we will generally be permitted to commercialize our products if the appropriate regulatory authority is satisfied that we have presented adequate evidence of safety, quality and efficacy. The time needed to secure approval for medicinal products may be longer or shorter than that required for FDA approval. The regulatory approval and oversight process in other countries includes all of the risks associated with regulation by the FDA and certain state regulatory agencies as described below.

In the EU, marketing authorization for medicinal products can be obtained through several different procedures. These are through a centralized, mutual recognition procedure, decentralized procedure, or national procedure (single country). The centralized procedure allows a company to submit a single application to the EMA, which will provide a positive opinion regarding the application if it meets certain safety, quality and efficacy requirements. The EC will, based on a positive opinion of the EMA, grant a centralized marketing authorization that is valid in all EU member states and three of the four European Free Trade Association, or EFTA, countries (Iceland, Liechtenstein and Norway). The centralized procedure is mandatory for certain medicinal products, including orphan medicinal products and biologic products, and optional for certain other products. The decentralized procedure allows companies to file identical applications for authorization to several EU member states simultaneously for medicinal products that have not yet been authorized in any EU member state. The competent authority of one EU member state, selected by the applicant, assesses the application for marketing authorization. The competent authorities of the other EU member states are subsequently required to grant marketing authorization for their territories on the basis of this assessment except where grounds of potential serious risk to public health require this authorization to be refused. The mutual recognition procedure allows companies that have a medicinal product already authorized in one EU member state to apply for this authorization to be recognized by the competent authorities in other EU member states.

The initial marketing authorization granted in the EU is valid for five years. Once renewed, the authorization is usually valid for an unlimited period unless the national competent authority or the EMA decides, on justified grounds relating to pharmacovigilance, which could include exposure of an insufficient number of patients to the product concerned, to proceed with one additional five-year renewal. The renewal of a marketing authorization is subject to a re-evaluation of the risk-benefit balance of the product by the national competent authorities or the EMA.

In addition, products may be eligible for grant of marketing authorization under exceptional circumstances if an applicant for marketing authorization can demonstrate that comprehensive data on the efficacy and safety of the product under normal conditions of use cannot be provided due to certain specified objective and verifiable reasons. A marketing authorization granted under exceptional circumstances is valid for five years, but is subject to an annual reassessment of conditions imposed by the competent authorities, including conditions relating to the safety of the product, notification to the national competent authorities of any incident relating to its use, and actions to be taken. In October 2013, the EC granted marketing authorization under exceptional circumstances for Defitelio for the treatment of severe VOD in adults and children undergoing HSCT.

The making available or placing on the EU market of unauthorized medicinal products is prohibited. However, the competent authorities of the EU member states may exceptionally and temporarily allow the supply of such products, either on a named patient basis or through a compassionate use process, to individual patients or a group of patients with a chronically or seriously debilitating disease or whose disease is considered to be life-threatening, and who cannot be treated satisfactorily by an authorized medicinal product.

Clinical studies must currently be conducted in accordance with the requirements of the EU Clinical Trials Directive and applicable good clinical practice standards, as implemented into national legislation by EU member states. All entities conducting clinical trials in the EU will be required to comply with the requirements of the new EU Clinical Trials Regulation, which will take effect after May 28, 2016. The new EU Clinical Trials Regulation, which will replace the EU Clinical Trials Directive, introduces a complete overhaul of the existing regulation of clinical trials for medicinal products in the EU, including a new coordinated procedure for authorization of clinical trials that is reminiscent of the mutual recognition procedure for marketing authorization of medicinal products, and an obligation on sponsors to publish clinical trial results.

The Hatch-Waxman Act

The approval process described above for the U.S. is premised on the applicant being the owner of, or having obtained a right of reference to, all of the data required to prove the safety and effectiveness of a drug product. This type of marketing application, sometimes referred to as a “full” or “stand-alone” NDA, is governed by Section 505(b)(1) of the FDCA. A Section 505(b)(1) NDA contains full reports of investigations of safety and effectiveness, which includes the results of preclinical and clinical trials, together with detailed information on the manufacture and composition of the product, in addition to other information as described above.

Alternatively, the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, which updated certain sections of the FDCA, establishes two abbreviated approval pathways for drug products that are in some way follow-on versions of products already covered by an approved NDA. The first path, under Section 505(b)(2), is for the approval of a product that is similar, but not identical, to a previously-approved brand-name product, which is referred to as the “referenced drug.” Under this path, the applicant is permitted to rely to some degree on the FDA’s finding that the referenced drug is safe and effective, and must submit its own product-specific data of safety and effectiveness to the extent necessary because of the differences between the products. The FDA may then approve the new drug product for all or some of the label indications for which the referenced product has been approved, or for a new indication sought by the Section 505(b)(2) applicant.

The second path established under the Hatch-Waxman Act is for the approval of generic drugs. Section 505(j) of the FDCA permits the submission of an ANDA for a generic version of an approved, brand-name drug. Generally, an ANDA must contain data and information showing that the proposed generic product and the approved referenced drug (1) have the same active ingredient, in the same strength and dosage form, to be delivered via the same route of administration, (2) are intended for the same uses, and (3) are bioequivalent. This data and information are provided instead of independently demonstrating the proposed generic product’s safety and effectiveness, which are inferred from the fact that the generic product is the same as the referenced drug the FDA previously found to be safe and effective. To date, seven potential generic drug manufacturers have filed ANDAs with the FDA requesting approval to market a generic version of Xyrem. Additional ANDAs may be filed seeking approval to market generic forms of Xyrem and/or other products. For a description of these matters, see “Legal Proceedings” in Part I, Item 3 of this Annual Report on Form 10-K.

To the extent that an ANDA or a Section 505(b)(2) NDA applicant is relying on the FDA’s findings for an already-approved product, the applicant is required to certify that there are no patents listed for that product in the Orange Book, or that for each Orange Book-listed patent the listed patent has expired, or will expire on a particular date and approval is sought after patent expiration, or the listed patent is invalid or will not be infringed by the manufacture, use or sale of the new product. A certification that the new product will not infringe the referenced product’s Orange Book-listed patents or that such patents are invalid is called a “Paragraph IV Patent Certification,” or Paragraph IV Certification. If the patent is for an approved method of use, an ANDA or Section 505(b)(2) applicant can also file a statement, called a “section viii statement,” that the application does not seek approval of the use covered by the listed patent. If the applicant does not challenge the listed patents, the ANDA or the Section 505(b)(2) NDA will not be approved until all the listed patents claiming the referenced product have expired, as well as any additional period of exclusivity that might be obtained for completing pediatric studies pursuant to the FDA’s written request. The ANDA or the Section 505(b)(2) NDA may also be subject to delay in review or approval based on applicable non-patent exclusivities, such as exclusivity that results from obtaining approval of a new chemical entity or of a new use of a previously approved active ingredient.

If the applicant has provided a Paragraph IV Certification to the FDA, the applicant must also send a notice of such certification to the holder of the NDA and the relevant patent holders once the ANDA or the Section 505(b)(2) NDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a legal challenge to the proposed generic product for infringing the patent. The filing of a patent infringement lawsuit within 45 days of receipt of a notice of Paragraph IV Certification automatically prevents the FDA from approving the ANDA or the Section 505(b)(2) NDA until the earliest of 30 months after the NDA holder’s receipt of the notice of Paragraph IV Certification, expiration of the patent, settlement of the lawsuit or a decision in the infringement case that is favorable to the ANDA applicant. The 30-month stay period may also be shortened or lengthened upon order of the court in the infringement lawsuit. For drugs with five-year exclusivity, if an action for patent infringement is initiated after year four of that exclusivity period, then the 30-month stay period is extended by such amount of time so that 7.5 years has elapsed since the approval of the NDA for the referenced drug. This period could be extended by six months if the NDA sponsor obtains pediatric exclusivity. Alternatively, if the listed patent holder does not file a patent infringement lawsuit within the required 45-day period, the applicant will not be subject to the 30-month stay. The FDA may issue tentative approval of an ANDA if the generic applicant meets all conditions for approval but cannot receive effective approval because the 30-month stay or a period of statutory exclusivity has not expired.

We intend to vigorously defend any patents for our approved products, including our Orange Book-listed patents. Seven companies have sent us notices of Paragraph IV Certification that they have filed ANDAs with the FDA seeking approval to market a generic version of Xyrem before the expiration of the Orange Book-listed patents relating to Xyrem. We have filed lawsuits seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents. For a description of these matters, see “Legal Proceedings” in Part I, Item 3

of this Annual Report on Form 10-K. If an ANDA is approved after the 30-month stay and before conclusion of any relevant patent litigation at the district, and potentially appellate, court, a generic manufacturer could nonetheless choose to commercialize the generic product, also known as a "launch at risk." In the event of such commercialization, the generic manufacturer generally would be liable to us for damages if we ultimately prevail in the patent litigation.

Section 505-1(i)(1) of the FDCA generally provides that (i) an ANDA with a referenced drug subject to the REMS requirements is required to have a REMS with the same elements as the referenced drug, such as a medication guide, a patient package insert and other ETASU, and (ii) the ANDA drug and the referenced drug shall use a single shared system to assure safe use. However, the FDA may waive this requirement for a single shared system and permit the ANDA holder to submit separate but comparable REMS documents if the FDA either determines that the burden of creating a single shared system outweighs its benefit, or if the ANDA applicant certifies that it has been unable to obtain a license to any aspects of the REMS for the referenced drug product that are covered by a patent or a trade secret. The FDCA provides that the FDA may seek to negotiate a license between the ANDA sponsor and the sponsor of the listed product before granting a waiver of the single shared system requirement. The FDCA further states that a REMS shall not be used by an NDA holder to block or delay generic drugs from entering the market.

The FDA has stated that it expects the negotiation of a single shared REMS between an NDA holder and any ANDA applicant or applicants to proceed concurrently with the FDA's review of the ANDAs. The FDA has further stated that it typically monitors the progress of industry working groups attempting to develop shared REMS, and that it has acted to help ensure that sponsors were cooperating and that there were no obstacles to developing a single shared system. In January 2014, the FDA held an initial meeting with us and the three then-current sodium oxybate ANDA applicants to facilitate the development of a single shared REMS for sodium oxybate. In October 2015, the FDA held a telephonic meeting with us and the seven current sodium oxybate ANDA applicants to discuss the status of the development of a single shared REMS for sodium oxybate. The parties had regular interactions with respect to developing a single shared REMS prior to this meeting, and we are seeking to continue the interactions with the goal of developing a single shared REMS. However, we are aware that, separate from the discussions with us, the FDA and ANDA applicants have exchanged communications regarding the potential development of a single shared REMS for sodium oxybate. We cannot predict whether, or to what extent, interactions among the parties will continue or whether we will develop a single shared REMS. If we do not develop a single shared REMS or license or share intellectual property pertinent to our Xyrem REMS with generic competitors within a time frame or on terms that the FDA considers acceptable, the FDA may assert that its waiver authority permits it to approve the ANDA of one or more generic competitors with a separate REMS that differs from our approved Xyrem REMS. We cannot predict the outcome or impact on our business of any future action that we may take with respect to the development of a single shared REMS for sodium oxybate, licensing or sharing intellectual property pertinent to our Xyrem REMS, or the FDA's response to a request by one or more ANDA applicants for a waiver of the requirement for a single shared REMS, including in connection with a certification that the applicant had been unable to obtain a license. For more information, see the risk factors under the headings "*We have incurred and expect to continue to incur substantial costs as a result of litigation or other proceedings relating to patents, other intellectual property rights and related matters, and we may be unable to protect our rights to, or commercialize, our products*" and "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem*" in Part I, Item 1A of this Annual Report on Form 10-K.

We expect that the approval of an ANDA that results in the launch of a generic version of Xyrem would have a material adverse effect on our business, financial condition, results of operations and growth prospects. For more information, see the risk factor under the heading "*We have incurred and expect to continue to incur substantial costs as a result of litigation or other proceedings relating to patents, other intellectual property rights and related matters, and we may be unable to protect our rights to, or commercialize, our products*" in Part I, Item 1A of this Annual Report on Form 10-K.

Under the Hatch-Waxman Act, newly approved drugs and indications may benefit from a statutory period of non-patent marketing exclusivity. The Hatch-Waxman Act provides five-year marketing exclusivity to the first applicant to gain approval of an NDA for a new chemical entity, meaning that the FDA has not previously approved any other new drug containing the same active moiety. The Hatch-Waxman Act prohibits the FDA from accepting for review an ANDA or a Section 505(b)(2) NDA for another version of such drug during the five-year exclusive period; however, as explained above, submission of an ANDA or Section 505(b)(2) NDA containing a Paragraph IV Certification is permitted after four years, which may trigger litigation leading to a 30-month stay of approval of the ANDA or Section 505(b)(2) NDA that could extend to 7.5 years after approval of the referenced drug. Protection under the Hatch-Waxman Act will not prevent the submission or approval of another "full" NDA; however, the applicant would be required to conduct its own preclinical and adequate and well-controlled clinical trials to demonstrate safety and effectiveness. The Hatch-Waxman Act also provides three years of marketing exclusivity for the approval of new and supplemental NDAs, including Section 505(b)(2) NDAs, for, among other things, new indications, dosages, or strengths of an existing drug, if new clinical investigations that were conducted or sponsored by the applicant are determined by the FDA to be essential to the approval of the application.

The Hatch-Waxman Act also permits a patent term extension of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years after the FDA approves a marketing application. The patent term extension period is generally equal to the sum of one-half the time between the effective date of an IND and the submission date of an NDA, and all of the time between the submission date of an NDA and the approval of that application, up to a total of five years. Only one patent applicable to a product or its use may be extended, and only if the regulatory review leads to the first commercial marketing of that drug, and the extension must be applied for prior to expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves applications for patent term extension. We will consider applying for a patent term extension for some of our patents to add patent life beyond the expiration date, if we meet the legal requirements permitting an extension and depending on the expected length of clinical trials and other factors involved in the submission of an NDA.

Orphan Drug and Other Exclusivities

Some jurisdictions, including the U.S., may designate drugs or biologics for relatively small patient populations as orphan drugs. The FDA grants orphan drug designation to drugs or biologics intended to treat a rare disease or condition that affects fewer than 200,000 individuals in the U.S., or more than 200,000 individuals in the U.S. if there is no reasonable expectation that the cost of developing and making available in the U.S. a drug or biologic for this type of disease or condition will be recovered from sales in the U.S. for that product. In the U.S., in order to obtain orphan drug designation, the designation must be requested before submitting an application for marketing approval. An orphan drug designation does not shorten the duration of the regulatory review and approval process. However, if a product that has orphan drug designation subsequently receives the first FDA approval for the indication for which it has such designation, the product is entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same product for the same indication for a period of seven years from the time of FDA approval, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Competitors may receive approval of different drugs or biologics for the indications for which the orphan product has exclusivity.

The FDA approved Xyrem as an orphan drug for the treatment of EDS and cataplexy in patients with narcolepsy, but those periods of orphan drug exclusivity have expired. Erwinaze has orphan drug exclusivity for the treatment of ALL until November 2018, seven years from its FDA approval. Defibrotide has orphan drug designation to treat and prevent VOD.

Separately, Erwinaze, as a biologic product approved under a BLA, is subject to the BPCIA. The BPCIA authorizes the FDA to license a biological product that is biosimilar to an FDA-licensed biologic through an abbreviated pathway. The BPCIA establishes criteria for determining whether a product is biosimilar to an already-licensed biologic, or reference product, and establishes a process for an abbreviated BLA for a biosimilar product to be submitted, reviewed and approved. The BPCIA provides periods of exclusivity that protect a reference product from competition by biosimilars. Under the BPCIA, the FDA may not accept a biosimilar application for review until four years after the date of first licensure of the reference product, and the biosimilar cannot be licensed until 12 years after the reference product was first licensed. Because the BPCIA is a relatively new law, we anticipate that its impact on both reference product sponsors and biosimilar applicants will evolve over a period of years. Its implementation likely will be shaped by a variety of factors, including FDA issuance of guidance documents, proposed regulations, and decisions in the course of considering specific applications. Erwinaze is expected to receive exclusivity that prevents approval of a biosimilar in the U.S. through late 2023 under the BPCIA.

Products also may be eligible for six months of additional exclusivity and patent protection if the sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within statutory time limits, whatever statutory or regulatory periods of exclusivity or listed patent protection cover the drug are extended by six months. This is not a patent term extension, but it effectively extends the period during which, because of regulatory exclusivity or listed patents, the FDA cannot approve an ANDA or 505(b)(2) NDA. We will consider seeking pediatric exclusivity if we meet the legal requirements and believe it will be commercially beneficial. For example, in the fourth quarter of 2014, in response to a written request from the FDA to generate additional data, we initiated a Phase 3 clinical trial to assess the safety and efficacy of Xyrem in children and adolescents aged seven to 17 who have narcolepsy with cataplexy.

In the EU, orphan drug designation may be granted to products that can be used to treat life-threatening diseases or chronically debilitating conditions with an incidence of no more than five in 10,000 people or that, for economic reasons, would be unlikely to be developed without incentives. In order to receive orphan drug designation, there must also be no satisfactory method of diagnosis, prevention or treatment of the condition, or if such a method exists, the medicine must potentially be of a significant benefit to those affected by the condition. Once authorized, orphan medicinal products are entitled to ten years of market exclusivity in all EU member states and a range of other benefits during the development and regulatory review process, including scientific assistance for study protocols, access to the centralized marketing authorization procedure and a reduction or elimination of registration and marketing

authorization fees. However, marketing authorization may be granted to a similar medicinal product with the same orphan indication during the ten-year period with the consent of the marketing authorization holder for the original orphan medicinal product or if the manufacturer of the original orphan medicinal product is unable to supply sufficient quantities. Marketing authorization may also be granted to a similar medicinal product with the same orphan indication if the similar product is deemed safer, more effective or otherwise clinically superior to the original orphan medicinal product. The period of market exclusivity may, in addition, be reduced to six years if it can be demonstrated on the basis of available evidence that the original orphan medicinal product is sufficiently profitable not to justify maintenance of market exclusivity. Defibrotide received orphan drug designation to treat and prevent VOD from the EMA prior to grant of marketing authorization in the EU and from the Korean Ministry of Food and Drug Safety. The Commonwealth of Australia-Department of Health has granted defibrotide orphan drug designation for the treatment of VOD. In addition, the EMA also granted orphan drug designation to defibrotide for the prevention of GvHD, another potentially fatal complication of HSCT.

Post-Approval Regulation

After approval, certain changes to the approved product, such as adding new indications, making certain manufacturing changes, modifying a REMS or making certain additional labeling claims, are subject to further regulatory review and approval. Obtaining approval for a new indication generally requires that additional clinical studies be conducted.

Often, even after a drug or biologic has been approved by the FDA for sale, the FDA may require that certain post-approval requirements be satisfied, including the conduct of additional clinical studies and trials. If such post-approval conditions are not satisfied, the FDA may impose civil monetary penalties, declare the product misbranded or prohibit the introduction of the drug in interstate commerce. Holders of an approved NDA or BLA are required to: report certain adverse reactions to the FDA; comply with certain requirements concerning advertising and promotional labeling for their products; submit drug safety or adverse event reports; and continue to have quality control and manufacturing procedures conform to cGMP after approval. For example, the FDA's approval of the BLA for Erwinaze includes a number of post-marketing commitments related to the manufacture of Erwinaze by us and PBL.

Similarly, outside of the U.S., we are subject to a variety of post-authorization regulations, including with respect to clinical studies, product manufacturing, advertising and promotion, distribution, and safety reporting. For example, the marketing authorization in the EU for Defitelio was granted under exceptional circumstances and requires us to comply with a number of post-marketing obligations, including obligations relating to the manufacturing of the drug substance and finished product, the submission of data concerning patients treated with the product collected through a third-party patient registry and the establishment of a multi-center, multinational and prospective observational patient registry.

We monitor adverse events resulting from the use of our commercial products, as do the regulatory authorities, and we file periodic reports with the authorities concerning adverse events. The FDA also periodically inspects our records related to safety reporting. Following such inspections, the FDA may issue notices on Form FDA 483 and warning letters that could cause us to modify certain activities. A Form FDA 483 notice, if issued at the conclusion of an FDA inspection, can list conditions the FDA investigators believe may have violated relevant FDA regulations or guidance. Failure to adequately and promptly correct the observation(s) can result in further regulatory enforcement action.

The authorities review these events and reports, and if they determine that any events and/or reports indicate a trend or signal, they can require a change in a product label, restrict sales and marketing and/or require or conduct other actions, potentially including withdrawal or suspension of the product from the market. From time to time, the FDA issues drug safety communications on its adverse event reporting system based on its review of reported adverse events. For example, we changed our Xyrem label in 2012 in connection with an FDA drug safety communication reminding physicians and patients that the use of Xyrem with alcohol or central nervous system depressants can impair consciousness and lead to severe breathing problems. For more information, see the risk factor under the heading *"The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem"* in Part I, Item 1A of this Annual Report on Form 10-K.

The holder of an EU marketing authorization for a medicinal product must also comply with the EU's recent pharmacovigilance legislation, which includes requirements for conducting pharmacovigilance, or the assessment and monitoring of the safety of medicinal products. This legislation enhanced the authority of the EMA and the competent authorities of the EU member states to require companies to conduct additional post-approval clinical efficacy and safety studies and increased the burden on companies with respect to additional monitoring, adverse event management and reporting. As part of the legislation and its related regulations and guidelines, marketing authorization holders may be required to conduct a labor intensive collection of data regarding the risks and benefits of marketed products and may be required to engage in ongoing assessments of those risks and benefits, including the possible requirement to conduct

additional clinical studies, which may be time consuming and expensive and could impact profitability. The EMA reviews periodic safety update reports submitted by marketing authorization holders. If the EMA has concerns that the risk benefit profile of a product has varied, it can adopt an opinion advising that the existing marketing authorization for the product be varied and requiring the marketing authorization holder to conduct post-authorization safety studies. The opinion is then submitted for approval by the EC. Non-compliance with such obligations can lead to the variation, suspension or withdrawal of marketing authorization or imposition of financial penalties or other enforcement measures.

The manufacturing process for pharmaceutical products is highly regulated, and regulators may shut down manufacturing facilities that they believe do not comply with regulations. We and our third party suppliers are subject to cGMP, which are extensive regulations governing manufacturing processes, stability testing, record keeping and quality standards as defined by the FDA, the EMA, the competent authorities of EU member states and other regulatory authorities. The FDA also periodically inspects the sponsor's records related to manufacturing facilities, which effort includes assessment of compliance with cGMP. Following such inspections, the FDA may also issue notices on Form FDA 483 and warning letters. We and our third party suppliers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. In addition to Form FDA 483 notices and warning letters, failure to comply with the statutory and regulatory requirements may result in suspension of manufacturing, product seizure, withdrawal of the product from the market and criminal penalties, among other enforcement remedies.

In addition, various requirements apply to the manufacturing and placing on the EU market of medicinal products. The manufacturing of medicinal products in the EU requires a manufacturing authorization, and the manufacturing authorization holder must comply with various requirements set out in the applicable EU laws, regulations and guidance. These requirements include compliance with EU equivalent cGMP standards when manufacturing medicinal products and active pharmaceutical ingredients, including the manufacture of active pharmaceutical ingredients outside of the EU with the intention to import the active pharmaceutical ingredients into the EU. Similarly, the distribution of medicinal products into and within the EU is subject to compliance with the applicable EU laws, regulations and guidelines, including the requirement to hold appropriate authorizations for distribution granted by the competent authorities of the EU member states. Marketing authorization holders may be subject to civil, criminal or administrative sanctions, including suspension of manufacturing authorization, in case of non-compliance with the EU or EU member states' requirements applicable to the manufacturing of medicinal products.

U.S. Healthcare Reform

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, together the Healthcare Reform Act, is a sweeping measure intended to expand healthcare coverage within the U.S., primarily through the imposition of health insurance mandates on employers and individuals and expansion of the Medicaid program. This law substantially changes the way healthcare is financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, benefits for patients within a coverage gap in the Medicare Part D prescription drug program (commonly known as the "donut hole"), rules regarding prescription drug benefits under the health insurance exchanges, changes to the Medicaid Drug Rebate program, expansion of the Public Health Service's 340B drug pricing discount program, or 340B program, fraud and abuse and enforcement. These changes impact existing government healthcare programs and are resulting in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program. Details of the changes to the Medicaid Drug Rebate program and the 340B program are discussed under the risk factor *"If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate program or other governmental pricing programs, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects"* in Part I, Item 1A of this Annual Report on Form 10-K.

Some states have elected not to expand their Medicaid programs by raising the income limit to 133% of the federal poverty level, as is permitted under the Healthcare Reform Act. For each state that does not choose to expand its Medicaid program, there may be fewer insured patients overall, which could impact our sales, business and financial condition. Where Medicaid patients receive insurance coverage under any of the new options made available through the Healthcare Reform Act, the possibility exists that manufacturers may be required to pay Medicaid rebates on drugs used under these circumstances, a decision that could impact manufacturer revenues. In addition, the federal government has announced delays in the implementation of key provisions of the Healthcare Reform Act, including the employer mandate. The implications of these delays for our sales, business and financial condition, if any, are not yet clear.

Legislative changes to the Healthcare Reform Act remain possible. We expect that the Healthcare Reform Act, as currently enacted or as it may be amended, and other healthcare reform measures that may be adopted in the future, could have a material adverse effect on our industry generally and on our ability to maintain or increase sales of our existing products or to successfully commercialize our product candidates, if approved.

Other Regulatory Requirements

We are also subject to regulation by other regional, national, state and local agencies, including the DEA, the U.S. Department of Justice, or DOJ, the Federal Trade Commission, or FTC, the U.S. Department of Commerce, or DOC, the Office of Inspector General, or OIG, of the U.S. Department of Health and Human Services, or HHS, and other regulatory bodies. In addition to the FDCA, other statutes and regulations govern to varying degrees the research, development, manufacturing and commercial activities relating to prescription pharmaceutical products, including preclinical testing, approval, production, labeling, sale, distribution, import, export, post-market surveillance, advertising, dissemination of information, promotion, marketing, and pricing to government purchasers and government healthcare programs. Our partners, including our suppliers and distributors and the central pharmacy for Xyrem, are subject to many of the same requirements.

Controlled Substance Regulations

The DEA imposes various quota, registration, record keeping and reporting requirements, labeling and packaging requirements, importing, exporting, security controls and a restriction on prescription refills on certain pharmaceutical products that meet the definition of a controlled substance of listed chemical under the CSA. The states also impose similar requirements for handling controlled substances. Sodium oxybate, in the form of an active pharmaceutical ingredient, is regulated by the DEA as a Schedule I controlled substance, a category reserved for products believed to present the highest risk of substance abuse and with no approved medicinal use. When contained in Xyrem, sodium oxybate is regulated as a Schedule III controlled substance.

The DEA limits the quantity of certain Schedule I controlled substances that may be produced in the U.S. in any given calendar year through a quota system. DEA quotas are required for our sodium oxybate supplier to supply us with sodium oxybate and for our Xyrem supplier to obtain sodium oxybate in order to supply us with Xyrem. Because the DEA typically grants quotas on an annual basis, our sodium oxybate supplier and our Xyrem supplier are required to request and justify allocation of sufficient annual DEA quotas as well as additional DEA quotas if our commercial or clinical requirements exceed the allocated quotas throughout the year. In the past, we have had to engage in lengthy efforts to obtain the needed quotas after the original annual quotas had first been allocated. For 2016, both our active pharmaceutical ingredient supplier and our Xyrem supplier have been allocated most, but not all, of their respective requested quotas. If, in the future, we and our third party suppliers cannot obtain the quotas that are needed on a timely basis, or at all, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

As a Schedule III drug, Xyrem is also subject to DEA and state regulations relating to manufacturing, storage, distribution and physician prescription procedures, including limitations on prescription refills.

The third parties who perform our clinical and commercial manufacturing, distribution, dispensing and clinical studies for Xyrem are required to maintain necessary DEA registrations and state licenses. The DEA periodically inspects facilities for compliance with its rules and regulations. Failure to comply with current and future regulations of the DEA or relevant state authorities could lead to a variety of sanctions, including revocation or denial of renewal of DEA registrations, fines, injunctions, or civil or criminal penalties, and could have an adverse effect on our business and financial condition.

The U.S. and the EU member states are parties to the Convention on Psychotropic Substances (1971), or the 1971 Convention. Sodium oxybate is a derivative of GHB. GHB is controlled in Schedule II under the 1971 Convention. While the DEA imposes its own scheduling requirements in the U.S. under the CSA, the U.S. is obligated as a signatory to the 1971 Convention to ensure that drug scheduling in the U.S. is consistent with its obligations under the international treaties. Failure by us or any of our partners, including suppliers and distributors, to comply with international or domestic requirements could result in, among other things, additional operating costs to us, delays in shipments outside or into the U.S. and adverse regulatory actions. For more information, see the risk factor under the heading *"We are subject to significant ongoing regulatory obligations and oversight, which may result in significant additional expense and limit our ability to commercialize our products"* in Part I, Item 1A of this Annual Report on Form 10-K.

Sales and Marketing Regulations

We are also subject to various U.S. federal and state laws restricting certain marketing practices in the pharmaceutical industry, including anti-kickback laws and false claims laws. The federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce or in return for purchasing, leasing, ordering or arranging for or recommending the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. Liability under the federal anti-kickback statute may be established without a person or entity having actual knowledge of the statute or specific intent to violate it. Violations of the federal anti-kickback statute may be punished by civil and criminal fines, imprisonment, and/or exclusion from participation in federal healthcare programs. The federal civil False Claims Act, or

the False Claims Act, prohibits, among other things, any person from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment of federal funds, or knowingly making, or causing to be made, a false statement to get a false claim paid. Violations of the False Claims Act may result in significant financial penalties and damages. In addition, the Physician Payment Sunshine provisions of the Healthcare Reform Act require extensive tracking of payments and transfers of value to physicians and teaching hospitals and public reporting of the data collected, and government agencies and private entities may inquire about our marketing practices or pursue other enforcement activities based on the disclosures in those public reports.

The majority of states also have statutes or regulations similar to the federal anti-kickback law and the False Claims Act, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. A number of states now require pharmaceutical companies to report expenses relating to the marketing and promotion of pharmaceutical products and to report gifts and payments to individual physicians in the states. Other states restrict when pharmaceutical companies may provide meals to prescribers or engage in other marketing related activities. Some states require the posting of information relating to clinical studies and their outcomes. In addition, California, Connecticut, Massachusetts and Nevada require pharmaceutical companies to implement compliance programs or marketing codes of conduct. Outside the U.S., we are also subject to similar regulations in those countries where we market and sell products.

The number and complexity of both U.S. federal and state laws continue to increase, and additional governmental resources are being added to enforce these laws and to prosecute companies and individuals who are believed to be violating them. For more information regarding these laws and regulations, see the risk factor under the heading *"We are subject to significant ongoing regulatory obligations and oversight, which may result in significant additional expense and limit our ability to commercialize our products—Other Regulatory Authorities"* in Part I, Item 1A of this Annual Report on Form 10-K.

The FDA, the competent authorities of the EU member states and other governmental authorities require advertising and promotional labeling to be truthful and not misleading, and products to be marketed only for their approved indications and in accordance with the provisions of the approved label. The FDA routinely provides its interpretations of that authority in informal communications and also in more formal communications such as untitled letters or warning letters, and although such communications may not be considered final agency decisions, companies may decide not to contest the agency's interpretations so as to avoid disputes with the FDA, even if they believe the claims to be truthful, not misleading and otherwise lawful.

The FDA, the competent authorities of the EU member states and other governmental authorities also actively investigate allegations of off-label promotion activities in order to enforce regulations prohibiting these types of activities. A company that is found to have promoted an approved product for off-label uses may be subject to significant liability, including civil and administrative financial penalties and other remedies as well as criminal financial penalties and other sanctions. Even when a company is not determined to have engaged in off-label promotion, the allegation from government authorities or market participants that a company has engaged in such activities could have a significant impact on the company's sales, business and financial condition. The U.S. government has also required companies that have engaged in such activities to enter into complex corporate integrity agreements and deferred- or non-prosecution agreements that impose significant reporting and other burdens on the affected companies. For all of our products, it is important that we maintain a comprehensive compliance program. Failure to maintain a comprehensive and effective compliance program, and to integrate the operations of acquired businesses into a combined comprehensive and effective compliance program on a timely basis, could subject us to a range of regulatory actions that could affect our ability to commercialize our products and could harm or prevent sales of the affected products, or could substantially increase the costs and expenses of commercializing and marketing our products.

In the EU, the advertising and promotion of our products are subject to EU member states' laws governing promotion of medicinal products, interactions with physicians, misleading and comparative advertising and unfair commercial practices. In addition, other legislation adopted by individual EU member states may apply to the advertising and promotion of medicinal products. These laws require that promotional materials and advertising in relation to medicinal products comply with the product's Summary of Product Characteristics, or SmPC, as approved by the competent authorities. The SmPC is the document that provides information to physicians concerning the safe and effective use of the medicinal product. It forms an intrinsic and integral part of the marketing authorization granted for the medicinal product. Promotion of a medicinal product that does not comply with the SmPC is considered to constitute off-label promotion. The off-label promotion of medicinal products is prohibited in the EU. The applicable laws at EU level and in the individual EU member states also prohibit the direct-to-consumer advertising of prescription-only medicinal products. Violations of the rules governing the promotion of medicinal products in the EU could be penalized by administrative measures, fines and imprisonment. These laws may further limit or restrict the advertising and promotion of our products to the general public and may also impose limitations on our promotional activities with health care professionals.

To help patients afford our products, we have various programs to assist them, including patient assistance programs, a Xyrem free product voucher program and co-pay coupon programs for certain products. These programs and related risks are discussed in greater

detail in the risk factor under the heading “*Changes in healthcare law and implementing regulations, including those based on recently enacted legislation, as well as changes in healthcare policy, may impact our business in ways that we cannot currently predict and these changes could have a material adverse effect on our business and financial condition*” in Part I, Item 1A of this Annual Report on Form 10-K.

Anti-Corruption Legislation

Our business activities outside of the U.S. are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery or anti-corruption laws, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct or rules of other countries in which we operate, including the U.K. Bribery Act of 2010, or the UK Bribery Act. The FCPA and similar anti-corruption laws in foreign countries generally prohibit the offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to U.S. or non-U.S. government officials in order to improperly influence any act or decision, secure an improper advantage, or obtain or retain business. Excepted from the FCPA are payments to facilitate or expedite routine government action and bona fide, reasonable reimbursement of expenses. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the company and to devise and maintain an adequate system of internal accounting controls. The UK Bribery Act prohibits giving, offering, or promising bribes to any person, including U.K. and non-U.K. government officials and private persons, as well as requesting, agreeing to receive, or accepting bribes from any person. In addition, under the UK Bribery Act, companies which carry on a business or part of a business in the U.K. may be held liable for bribes given, offered or promised to any person, including U.K. and non-U.K. government officials and private persons in any country, by employees and persons associated with the company in order to obtain or retain business or a business advantage for the company. Liability is strict, with no element of a corrupt state of mind, but a defense of having in place adequate procedures designed to prevent bribery is available. Furthermore, under the UK Bribery Act there is no exception for facilitation payments. As described above, our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers may be subject to the FCPA. Recently the Securities and Exchange Commission, or SEC, and the DOJ have increased their FCPA enforcement activities with respect to pharmaceutical companies. In addition, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, private individuals who report to the SEC original information that leads to successful enforcement actions may be eligible for a monetary award. We are engaged in ongoing efforts that are designed to ensure our compliance with these laws, including due diligence, training, policies, procedures, and internal controls. However, there is no certainty that all employees and third party business partners (including our distributors, wholesalers, agents, contractors, and other partners) will comply with anti-bribery laws. In particular, we do not control the actions of our suppliers and other third party agents, although we may be liable for their actions. Violation of these laws may result in civil or criminal sanctions, which could include monetary fines, criminal penalties, and disgorgement of past profits, which could have a material adverse impact on our business and financial condition.

Data Privacy and Protection

We are also subject to laws and regulations covering data privacy and the protection of health-related and other personal information. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues which may affect our business. Numerous federal and state laws and regulations, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use, disclosure, and protection of personal information. Failure to comply with such laws and regulations could create liability for us (including the imposition of significant penalties), result in adverse publicity and negatively affect our business. In addition, healthcare providers who prescribe our products and research institutions we collaborate with are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, or HIPAA. Although we are not directly subject to HIPAA other than with respect to providing certain employee benefits, we could potentially be subject to criminal penalties if we knowingly obtain or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

EU member states and other jurisdictions where we operate have adopted data protection laws and regulations, which impose significant compliance obligations. For example, the EU Data Protection Directive, as implemented into national laws by the EU member states, imposes strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting. The EU Data Protection Directive prohibits the transfer of personal data to countries outside of the European Economic Area, or EEA, such as the U.S., which are not considered by the EC to provide an adequate level of data protection. Switzerland has adopted similar restrictions. Although there are legal mechanisms to allow for the transfer of personal data from the EEA and Switzerland to the U.S., a recent decision of the European Court of Justice that invalidated the safe harbor framework on which we have relied has increased uncertainty around compliance with EU privacy law requirements. As a result of the decision, it will no

longer be possible to rely on safe harbor certification as a legal basis for the transfer of personal data from the EU to entities in the U.S. In addition, data protection authorities from the different EU member states may interpret the EU Data Protection Directive and national laws differently, and guidance on implementation and compliance practices are often updated or otherwise revised, which adds to the complexity of processing personal data in the EU. If we or our vendors fail to comply with applicable data privacy laws, or if the legal mechanisms we or our vendors rely upon to allow for the transfer of personal data from the EEA or Switzerland to the U.S. (or other countries not considered by the EC to provide an adequate level of data protection) are not considered adequate, we could be subject to government enforcement actions and significant penalties against us, and our business could be adversely impacted if our ability to transfer personal data outside of the EEA or Switzerland is restricted, which could adversely impact our operating results. In December 2015, a proposal for an EU General Data Protection Regulation, intended to replace the current EU Data Protection Directive, was agreed between the European Parliament, the Council of the European Union and the EC. The EU General Data Protection Regulation, which will be officially adopted in early 2016, will introduce new data protection requirements in the EU, as well as substantial fines for breaches of the data protection rules. The EU General Data Protection Regulation, which will be applicable two years after the date of its publication in the Official Journal for the European Union, will increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules.

Additional requirements and restrictions regarding, among other things, the export and importation of products, intellectual property rights, the environment, taxation and work safety apply in individual countries, and non-compliance with such requirements may result in civil, criminal or administrative sanctions.

Pharmaceutical Pricing and Reimbursement

Our ability to commercialize our products successfully, and to attract commercialization partners for our products, depends in significant part on the availability of adequate financial coverage and reimbursement from third party payors, including, in the U.S., governmental payors such as the Medicare and Medicaid programs, managed care organizations and private health insurers.

Political, economic and regulatory influences are subjecting the healthcare industry in the U.S. to fundamental changes. There have been, and we expect there will continue to be, legislative and regulatory proposals to change the healthcare system in ways that could impact our ability to sell our products profitably. We expect to experience pricing pressure in the U.S. in connection with the sale of our products due to managed healthcare, the increasing influence of health maintenance organizations, additional legislative proposals to curb healthcare costs and negative publicity regarding pricing and price increases generally, which could limit the prices that we charge for our products, including Xyrem, limit our commercial opportunity and/or negatively impact revenues from sales of our products. We anticipate that the U.S. Congress, state legislatures and the private sector will continue to consider and may adopt healthcare policies intended to curb rising healthcare costs, particularly given the current atmosphere of mounting criticism of prescription costs in the U.S. These cost containment measures include controls on government-funded reimbursement for drugs; new or increased requirements to pay prescription drug rebates to government health care programs; pharmaceutical cost transparency bills that aim to require drug companies to justify their prices; controls on healthcare providers; challenges to the pricing of drugs or limits or prohibitions on reimbursement for specific products through other means; requirements to try less expensive products or generics before a more expensive branded product; changes in drug importation laws; expansion of use of managed care systems in which healthcare providers contract to provide comprehensive healthcare for a fixed cost per person; and public funding for cost effectiveness research, which may be used by government and private third party payors to make coverage and payment decisions. For example, much attention has been paid to legislation proposing federal rebates on Medicare Part D and Medicare Advantage utilization for drugs issued to certain groups of lower income beneficiaries and the desire to change the provisions that treat these dual-eligible patients differently from traditional Medicare patients. Any such changes could have a negative impact on revenues from sales of our products.

In addition, beginning April 1, 2013, Medicare payments for all items and services, including drugs and biologics, were reduced by 2% under the sequestration (i.e., automatic spending reductions) required by the Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012. Subsequent legislation extended the 2% reduction, on average, to 2025. These cuts reduce reimbursement payments related to our products, which could potentially negatively impact our revenue.

Third party payors decide which drugs they will pay for and establish reimbursement and co-pay levels. Third party payors are increasingly challenging the prices charged for medical products and services and examining their cost effectiveness, in addition to their safety and efficacy. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost effectiveness of our products. Even with studies, our products may be considered less safe, less effective or less cost-effective than other products, and third party payors may not provide coverage and reimbursement for our products or any of our product candidates that we commercialize, in whole or in part. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third party payors may limit coverage to specific products on an approved list, or formulary, which might not include all of the approved products for a particular

indication. For example, third party payors have started to require discounts and/or exclusivity arrangements with some drug manufacturers in exchange for including a specific product on their formularies. Any such requirements could have a negative impact on revenues from sales of our products.

Payors also are increasingly considering new metrics as the basis for reimbursement rates, such as average sales price, average manufacturer price and actual acquisition cost. The existing data for reimbursement based on these metrics is relatively limited, although certain states have begun to survey acquisition cost data for the purpose of setting Medicaid reimbursement rates. Both Medicare and Medicaid are administered by the Centers for Medicare and Medicaid Services, or CMS. CMS surveys and publishes retail community pharmacy acquisition cost information in the form of National Average Drug Acquisition Cost to provide state Medicaid agencies with a basis of comparison for their own reimbursement and pricing methodologies and rates. It is difficult to project the impact of these evolving reimbursement mechanics on the willingness of payors to cover our products.

We participate in and have certain price reporting obligations to the Medicaid Drug Rebate program, several state Medicaid supplemental rebate programs and other governmental pricing programs, and we have obligations to report the average sales price for the Medicare program. Under the Medicaid Drug Rebate program, we are required to pay a rebate to each state Medicaid program for our covered outpatient drugs that are dispensed to Medicaid beneficiaries and paid for by a state Medicaid program as a condition of having federal funds being made available to the states for our drugs under Medicaid and Part B of the Medicare program. Those rebates are based on pricing data reported by us on a monthly and quarterly basis to CMS. These data include the average manufacturer price and, in the case of innovator products, the best price for each drug which, in general, represents the lowest price available from the manufacturer to any entity in the U.S. in any pricing structure, calculated to include all sales and associated rebates, discounts and other price concessions. The status of price reporting submissions and potential liability for two radiopharmaceutical products that we divested in December 2013 and May 2015, respectively, is discussed in the risk factor under the heading *“If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate program or other governmental pricing programs, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects”* in Part I, Item 1A of this Annual Report on Form 10-K. In addition, a significant portion of our revenue from sales of Erwinaze is obtained through government payors, including Medicaid, and any failure to qualify for reimbursement for Erwinaze under those programs would have a material adverse effect on revenues from sales of Erwinaze.

Federal law also requires that a company that participates in the Medicaid rebate program report the average sales price information each quarter to CMS for certain categories of drugs that are paid under Part B of the Medicare program. Manufacturers calculate the average sales price based on a statutorily defined formula and interpretations of the statute by CMS. CMS uses these submissions to determine payment rates for drugs under Medicare Part B for our products and the resulting Medicare payment rate, and could negatively impact our results of operations.

Federal law requires that any company that participates in the Medicaid rebate program also participate in the Public Health Service’s 340B drug pricing discount program in order for federal funds to be available for the manufacturer’s drugs under Medicaid and Medicare Part B. The 340B pricing program requires participating manufacturers to agree to charge statutorily defined covered entities no more than the 340B “ceiling price” for the manufacturer’s covered outpatient drugs. These 340B covered entities include a variety of community health clinics and other entities that receive health services grants from the Public Health Service, as well as hospitals that serve a disproportionate share of low-income patients. The 340B ceiling price is calculated using a statutory formula, which is based on the average manufacturer price and rebate amount for the covered outpatient drug as calculated under the Medicaid rebate program. Any changes to the definition of average manufacturer price and the Medicaid rebate amount under the Healthcare Reform Act could affect our 340B ceiling price calculations and negatively impact our results of operations. In January 2016, CMS issued a final rule to implement the changes to the Medicaid rebate program under the Healthcare Reform Act, and we are evaluating the impact of the final rule. We do not currently expect any material change to our calculations under the Medicaid rebate program or our 340B liability based on the recently released final rule. However, our business could be adversely affected if and to the extent our implementation of the final rule impacts our calculations under the Medicaid rebate program or our 340B liability, or if CMS challenges the approach we take in our implementation of the final rule.

In order to be eligible to have our products paid for with federal funds under the Medicaid and Medicare Part B programs and purchased by certain federal agencies, we participate in the U.S. Department of Veterans Affairs, or VA, Federal Supply Schedule, or FSS, pricing program. Under this program, we are obligated to make our product available for procurement on an FSS contract and charge a price to four federal agencies—the VA, U.S. Department of Defense, or DoD, Public Health Service and U.S. Coast Guard—that is no higher than the statutory Federal Ceiling Price, or FCP. The FCP is based on the non-federal average manufacturer price, or Non-FAMP, which we calculate and report to the VA on a quarterly and annual basis. We also participate in the Tricare Retail Pharmacy program, under which we pay quarterly rebates on utilization of innovator products that are dispensed through the Tricare Retail Pharmacy network to Tricare beneficiaries. The rebates are calculated as the difference between the annual Non-FAMP and FCP.

Outside of the U.S., political, economic and regulatory developments are also subjecting the healthcare industry to fundamental changes and challenges. Pressure by governments and other stakeholders on prices and reimbursement levels continue to exist. In various EU member states we expect to be subject to continuous cost-cutting measures, such as lower maximum prices, lower or lack of reimbursement coverage and incentives to use cheaper, usually generic, products as an alternative. Health Technology Assessment, or HTA, of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU member states. These EU member states include the U.K., France, Germany, Ireland, Italy, Spain, and Sweden. The HTA process, which is governed by the national laws of these countries, is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. HTA generally focuses on the clinical efficacy and effectiveness, safety, cost and cost-effectiveness of individual medicinal products, as well as their potential implications for the healthcare system. Those elements of medicinal products are compared with other treatment options available on the market. The outcome of HTA regarding specific medicinal products will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU member states.

In the EU, our products are marketed through various channels and within different legal frameworks. In certain EU member states, reimbursement for unauthorized products is provided through national named patient or compassionate use programs. Such reimbursement may no longer be available if authorization for named patient or compassionate use programs expire or are terminated or if marketing authorization is granted for the product. In other EU member states, authorization and reimbursement policies may also delay commercialization of our products, or may adversely affect our ability to sell our products on a profitable basis. After initial price and reimbursement approvals, reductions in prices and changes in reimbursement levels can be triggered by multiple factors, including reference pricing systems and publication of discounts by third party payors or authorities in other countries. In the EU, prices can be reduced further by parallel distribution and parallel trade, or arbitrage between low-priced and high-priced member states.

We are unable to predict what additional legislation, regulations or policies, if any, relating to the healthcare industry or third party coverage and reimbursement may be enacted in the future or what effect such legislation, regulations or policies would have on our business. Any cost containment measures, including those listed above, or other healthcare system reforms that are adopted, could have a material adverse effect on our ability to operate profitably in the EU.

Employees

As of February 17, 2016, we had approximately 910 employees worldwide. We consider our employee relations to be good.

Environment, Health and Safety

Our operations are subject to complex and increasingly stringent environmental, health and safety laws and regulations in the countries where we operate and, in particular, in Italy and Ireland where we have manufacturing facilities. Our manufacturing activities in Italy and Ireland involve the controlled storage, use and disposal of chemicals and solvents. Environmental and health and safety authorities in the relevant jurisdictions administer laws that implement EU directives and regulations governing, among other matters, the emission of pollutants into the air (including the workplace), the discharge of pollutants into bodies of water, the storage, use, handling and disposal of hazardous substances, the exposure of persons to hazardous substances, and the general health, safety and welfare of employees and members of the public. In certain cases, such laws, directives and regulations may impose strict liability for pollution of the environment and contamination resulting from spills, disposals or other releases of hazardous substances or waste or any migration of such hazardous substances or waste. Costs, damages and/or fines may result from the presence, investigation and remediation of such contamination at properties currently or formerly owned, leased or operated by us or at off-site locations, including where we have arranged for the disposal of hazardous substances or waste. In addition, we may be subject to third party claims, including for natural resource damages, personal injury and property damage, in connection with such contamination.

About Jazz Pharmaceuticals plc

Jazz Pharmaceuticals plc was formed under the laws of Ireland (registered number 399192) as a private limited liability company in March 2005 under the name Azur Pharma Limited and was subsequently re-registered as a public limited company under the name Azur Pharma Public Limited Company, or Azur Pharma, in October 2011. On January 18, 2012, the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma were combined in a merger transaction, in connection with which Azur Pharma was re-named Jazz Pharmaceuticals plc and we became the parent company of and successor to Jazz Pharmaceuticals, Inc. We refer to this transaction as the Azur Merger.

Our predecessor, Jazz Pharmaceuticals, Inc., was incorporated in California in March 2003 and was reincorporated in Delaware in January 2004. In the Azur Merger, all outstanding shares of Jazz Pharmaceuticals, Inc.'s common stock were canceled and converted into the right to receive, on a one-for-one basis, our ordinary shares.

In June 2012, we acquired EUSA Pharma Inc., or EUSA Pharma, which we refer to as the EUSA Acquisition, and in January 2014, we completed the Gentium Acquisition.

Available Information

We file or furnish pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or Exchange Act, as applicable, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports, proxy statements and other information electronically with the SEC. Further copies of these reports are located at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy statements and other information regarding our filings at www.sec.gov.

The mailing address of our headquarters is Fourth Floor, One Burlington Road, Dublin 4, Ireland, and our telephone number at that location is 353-1-634-7800. Our website is www.jazzpharmaceuticals.com. Through a link on our website, we make copies of our periodic and current reports, proxy statements and other information available, free of charge, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Annual Report on Form 10-K.

Item 1A. Risk Factors

We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition or results of operations. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations. Our business could be harmed by any of these risks. The trading price of our ordinary shares could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks, you should also refer to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and accompanying notes.

Risks Related to Xyrem and the Significant Impact of Xyrem Sales

Xyrem is our largest selling product, and our inability to maintain or increase sales of Xyrem would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Xyrem is our largest selling product and our financial results are significantly influenced by sales of Xyrem, which accounted for 72.5% and 67.0% of our net product sales for the years ended December 31, 2015 and 2014. Our future plans assume that sales of Xyrem will increase. While Xyrem product sales grew from 2014 to 2015, we cannot assure you that we can maintain sales of Xyrem at or near current levels, or that Xyrem sales will continue to grow. We have periodically increased the price of Xyrem, most recently in February 2016, and we cannot assure you that price adjustments we have taken or may take in the future will not negatively affect Xyrem sales volumes.

In addition to other risks described herein, our ability to maintain or increase Xyrem product sales is subject to a number of risks and uncertainties, the most important of which are discussed in more detail below, including those related to:

- the potential introduction of a generic version of Xyrem or an alternative sodium oxybate product for treating cataplexy and/or EDS in narcolepsy;
- changed or increased regulatory restrictions, including changes to our Xyrem REMS, the development of a single shared REMS for sodium oxybate with potential generic competitors or other regulatory actions by the FDA;
- our suppliers' ability to obtain sufficient quotas from the DEA to satisfy our needs for Xyrem;
- any supply, manufacturing or distribution problems arising with any of our suppliers or distributors, all of whom are sole source providers for us;
- any increase in pricing pressure from or restrictive conditions for reimbursement required by, and the availability of reimbursement from, third party payors;
- changes in healthcare laws and policy, including changes in requirements for rebates, reimbursement and coverage by federal healthcare programs;
- continued acceptance of Xyrem by physicians and patients, even in the face of negative publicity that surfaces from time to time;
- changes to our label, including new safety warnings or changes to our boxed warning, that further restrict how we market and sell Xyrem; and
- operational disruptions at the central pharmacy or any failure to comply with our REMS obligations to the satisfaction of the FDA.

These and the other risks described below related to Xyrem product sales and protection of our proprietary rights could have a material adverse effect on our ability to maintain or increase sales of Xyrem.

If sales of Xyrem were to decline significantly, we might need to reduce our operating expenses or seek to raise additional funds, which would have a material adverse effect on our business, financial condition, results of operations and growth prospects, or we might not be able to acquire, in-license or develop new products in the future to grow our business.

If generic versions of Xyrem or other sodium oxybate products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected.

Although Xyrem is covered by patents covering its manufacture, formulation, distribution system and method of use, seven third parties have filed ANDAs seeking FDA approval of generic versions of Xyrem, and additional third parties may also seek to introduce

generic versions of Xyrem or other sodium oxybate products for treatment of cataplexy and/or EDS in narcolepsy. If one or more companies receive FDA approval of an ANDA for a generic version of Xyrem or an NDA for other sodium oxybate products, it is possible that such company or companies could introduce generic versions of Xyrem or other sodium oxybate products before our patents expire if they do not infringe our patents, if it is determined that our patents are invalid or unenforceable, or if such company or companies decide, before applicable ongoing patent litigation is concluded, to launch a sodium oxybate product at risk of potentially being held liable for damages for patent infringement.

Seven companies have sent us notices that they have filed ANDAs with the FDA seeking approval to market a generic version of Xyrem. We have filed lawsuits against each of these companies seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, but we cannot assure you that any of the lawsuits will prevent the introduction of a generic version of Xyrem for any particular length of time, or at all. Additional ANDAs could also be filed requesting approval to market generic versions of Xyrem. If any of these applications is approved, and a generic version of Xyrem is introduced, our sales of Xyrem would be adversely affected. Although no trial date has been set in any of the ANDA suits, we anticipate that trial on some of the patents in the Roxane case could occur as early as the second quarter of 2016. However, the actual timing of events may be significantly earlier or later than we currently anticipate, and we cannot predict the timing or outcome of events in this or the other ANDA litigation.

In January 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of six patents covering the distribution system for Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to these petitions, and we expect the PTAB to issue final decisions on the validity of the patents in July 2016. In September and October 2015, certain of the ANDA filers filed petitions for IPR by the PTAB with respect to the validity of an additional patent covering the distribution system for Xyrem and with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium. In December 2015, one of the ANDA filers filed a petition for IPR with respect to the validity of a patent covering the formulation of Xyrem. In February 2016, one of the ANDA filers filed a petition for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business.

In accordance with the Hatch-Waxman Act, as a result of our having filed a timely lawsuit against Roxane, FDA approval of Roxane's ANDA was stayed until April 18, 2013, but that stay has expired. We do not know the status of Roxane's ANDA and cannot predict what actions the FDA or Roxane may take with respect to Roxane's ANDA. If Roxane's ANDA is approved by the FDA, Roxane may seek to launch a generic version of Xyrem prior to a District Court, or potential appellate court, decision in our ongoing patent litigation. While, in the event of such commercialization, Roxane would be liable to us for damages in the event we ultimately prevail in the patent litigation, we expect that the introduction of generic competition for Xyrem would have a material adverse effect on our business, financial condition, results of operations and growth prospects. For more information, see the risk factor under the heading "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem*" in Part I, Item 1A of this Annual Report on Form 10-K.

Other companies could also develop products that are similar, but not identical, to Xyrem, such as an alternative formulation or an alternative formulation combined with a different delivery technology, and seek approval in the U.S. by referencing Xyrem and relying, to some degree, on the FDA's approval of Xyrem and related determinations of safety and efficacy. For example, a company that is using its proprietary technology for delivery of a sodium oxybate formulation to eliminate second nighttime dosing for narcolepsy patients has stated that it anticipates commencing a Phase 3 pivotal trial in 2016 that is expected to run through early 2017. If this company is successful in developing a sodium oxybate formulation that could be effectively used with its delivery technology and is able to obtain FDA or other regulatory approval for its product to treat narcolepsy patients, we expect the launch of such a product would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

A generic manufacturer or manufacturer of an alternative sodium oxybate product would need to obtain quotas from the DEA in order to manufacture in the U.S. both the active pharmaceutical ingredient and the finished product to compete with Xyrem. The DEA limits the quantity of certain Schedule I controlled substances that may be produced in the U.S. in any given calendar year through a quota system. DEA quotas are required for our sodium oxybate supplier to supply us with sodium oxybate and for our Xyrem supplier to obtain sodium oxybate in order to supply us with Xyrem. Because the DEA typically grants quotas on an annual basis, our sodium oxybate supplier and our Xyrem supplier are required to request and justify allocation of sufficient annual DEA quotas as well as additional DEA quotas if our commercial or clinical requirements exceed the allocated quotas throughout the year. For the last few years, our suppliers were allocated only a portion of the published annual aggregate quota for the active pharmaceutical ingredient. Consequently, a generic manufacturer or

manufacturer of an alternative sodium oxybate product may be able to obtain a portion of the annual aggregate active pharmaceutical ingredient quota. In the past, we have also had to engage in lengthy efforts to obtain the needed quotas after the original annual quotas had first been allocated. For 2016, both our active pharmaceutical ingredient supplier and our Xyrem supplier have been allocated most, but not all, of their respective requested quotas. If, in the future, we and our suppliers cannot obtain the quotas that are needed on a timely basis, or at all, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

After any introduction of a generic competitor, a significant percentage of the prescriptions written for Xyrem may be filled with the generic version, resulting in a loss in sales of Xyrem. Generic competition often also results in decreases in the prices at which branded products can be sold, particularly when there is more than one generic available in the marketplace. In addition, certain U.S. state laws allow for, and in a few instances in the absence of specific instructions from the prescribing physician mandate, the dispensing of generic products rather than branded products where a generic version is available. We expect that generic competition for Xyrem would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem.

As a condition of approval of Xyrem, the FDA mandated that we maintain a risk management and controlled distribution system, or Xyrem Risk Management Program, in conjunction with Xyrem's approval by the FDA to ensure the safe distribution of Xyrem and minimize the risk of misuse, abuse and diversion of sodium oxybate. The Xyrem Risk Management Program included a number of elements, including patient and physician education, a database of information to track and report certain information, and the use of a single central pharmacy to distribute Xyrem. The Xyrem Risk Management Program, adopted in 2002 before the FDA had authority to require REMS, was deemed to be an approved REMS pursuant to the FDAAA. The FDAAA, which amended the FDCA, required that deemed REMS and related documents be updated to comply with the current requirements for REMS documents. Pursuant to the FDCA, we engaged with the FDA starting in 2008 to finalize our REMS documents for Xyrem, including initiating dispute resolution procedures with the FDA in February 2014. On February 27, 2015, the FDA notified Jazz Pharmaceuticals, Inc., our wholly owned subsidiary, of (i) the FDA's approval of the REMS for Xyrem in the form submitted by us in November 2014, which includes provisions requiring distribution through a single pharmacy, and (ii) the FDA's denial of our dispute resolution appeal as moot as a result of approval of the Xyrem REMS.

The Xyrem REMS approval notice included statements from the FDA that (i) the approval action should not be construed or understood as agreement with us that dispensing through a single pharmacy is the only way to ensure that the benefits of Xyrem outweigh its risks, and that the FDA has continuing concerns that limiting the distribution of Xyrem to one pharmacy imposes burdens on patient access and the healthcare delivery system, and (ii) as with all REMS, the FDA intends to evaluate the Xyrem REMS on an ongoing basis and will require modifications as may be appropriate. We cannot predict whether the FDA will seek to require or ultimately require modifications to the Xyrem REMS, including with respect to the distribution system, or seek to otherwise impose or ultimately impose additional requirements to the Xyrem REMS, or the potential timing, terms or propriety thereof. Any such modifications or additional requirements could potentially make it more difficult or expensive for us to distribute Xyrem, make it easier for future generic competitors, and/or negatively affect sales of Xyrem.

In late August 2015, we implemented the final approved Xyrem REMS. The process under which enrolled patients receive Xyrem is complex and includes multiple mandatory steps taken by the central pharmacy. The transition to the final approved REMS necessitated significant operational changes at the central pharmacy and revised documentation requirements for patients and prescribers. In the third quarter of 2015, Xyrem product sales were impacted by operational disruption and resulting delays in prescription fills and refills. As physicians and patients familiarized themselves with the new REMS process and documentation requirements, the central pharmacy experienced a significantly increased volume of calls from patients and physicians' offices that the pharmacy was not able to timely address, resulting in a backlog of prescription fills and refills that were delayed. We may experience further disruptions and resulting adverse impacts on Xyrem product sales. In addition, we cannot guarantee that our implementation of the Xyrem REMS will meet FDA requirements, that the ongoing assessments that we submit in accordance with the FDA's Xyrem REMS approval will be satisfactory to the FDA, or that the Xyrem REMS will satisfy the FDA's expectations in its anticipated evaluation of the Xyrem REMS on an ongoing basis. Any failure to comply with the REMS obligations could result in enforcement action by the FDA; lead to changes in our Xyrem REMS obligations; continue to negatively affect sales of Xyrem; result in additional costs and expenses for us; and/or take a significant amount of time, any of which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

While we have an exclusive agreement with Express Scripts, the central pharmacy for Xyrem, through June 2017, if the central pharmacy does not fulfill its contractual obligations to us, fails to meet the requirements of the Xyrem REMS applicable to the central pharmacy, provides timely notice that it wants to terminate our agreement, refuses or fails to adequately serve patients, or fails to promptly

and adequately address operational challenges, whether expected or unexpected, the fulfillment of Xyrem prescriptions and our sales would be adversely affected. If we change to a new central pharmacy, new contracts might be required with government and other insurers who pay for Xyrem, and the terms of any new contracts could be less favorable to us than current agreements. In addition, any new central pharmacy would need to be registered with the DEA and would also need to implement the particular processes, procedures and activities necessary to distribute Xyrem under the Xyrem REMS. Transitioning to a new pharmacy could result in product shortages, which would negatively affect sales of Xyrem, result in additional costs and expenses for us and/or take a significant amount of time, any of which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Section 505-1(i)(1) of the FDCA generally provides that (i) an ANDA that references a drug subject to a REMS with elements to assure safe use, or ETASU, is required to have a REMS with the same elements as the referenced drug, and (ii) the ANDA drug and the referenced drug shall use a single shared system to assure safe use. However, the FDA may waive this requirement for a single shared system and permit the ANDA holder to submit a separate but comparable REMS if the FDA either determines that the burden of creating a single shared system outweighs its benefit, or if the ANDA applicant certifies that it has been unable to obtain a license to any aspects of the REMS for the referenced drug that are covered by a patent or a trade secret. The FDCA provides that the FDA may seek to negotiate a license between the ANDA applicant and the sponsor of the referenced drug before granting a waiver of the single shared system requirement. Accordingly, we may face pressure to develop a single shared REMS with potential generic competitors for Xyrem that is different from the approved Xyrem REMS or to license or share intellectual property pertinent to the Xyrem REMS, or elements of the Xyrem REMS, including proprietary data required for safe distribution of sodium oxybate, with generic competitors.

The FDA has stated that it expects the negotiation of a single shared REMS between an NDA holder and any ANDA applicant or applicants to proceed concurrently with the FDA's review of the ANDAs. The FDA has further stated that it typically monitors the progress of industry working groups attempting to develop shared REMS, and that it has acted to help ensure that sponsors were cooperating and that there were no obstacles to developing a single shared system. In January 2014, the FDA held an initial meeting with us and the three then-current sodium oxybate ANDA applicants to facilitate the development of a single shared REMS for sodium oxybate. In October 2015, the FDA held a telephonic meeting with us and the seven current sodium oxybate ANDA applicants to discuss the status of the development of a single shared REMS for sodium oxybate. The parties had regular interactions with respect to developing a single shared REMS prior to this meeting, and we are seeking to continue the interactions with the goal of developing a single shared REMS. However, we are aware that, separate from the discussions with us, the FDA and ANDA applicants have exchanged communications regarding the potential development of a single shared REMS for sodium oxybate. We cannot predict whether, or to what extent, interactions among the parties will continue or whether we will develop a single shared REMS. If we do not develop a single shared REMS or license or share intellectual property pertinent to our Xyrem REMS with generic competitors within a time frame or on terms that the FDA considers acceptable, the FDA may assert that its waiver authority permits it to approve the ANDA of one or more generic competitors with a separate REMS that differs from our approved Xyrem REMS. The FDA has exercised this waiver authority in two instances of which we are aware, including most recently in connection with the May 2015 approval of Roxane Laboratories' ANDA for alosetron hydrochloride tablets as generic versions of Lotronex tablets. This waiver was subject to the condition that the waiver-granted REMS system be open to all current and future sponsors of ANDAs or NDAs for alosetron hydrochloride products, and the FDA limited the grant of the waiver to a term of three years, subject to potential extension by the FDA. We cannot predict the outcome or impact on our business of any future action that we may take with respect to the development of a single shared REMS for sodium oxybate, licensing or sharing intellectual property pertinent to our Xyrem REMS or elements of the Xyrem REMS, or the FDA's response to a request by one or more ANDA applicants for a waiver of the requirement for a single shared REMS, including in connection with a certification that the applicant had been unable to obtain a license. For more information, see the risk factor under the heading "*We have incurred and expect to continue to incur substantial costs as a result of litigation or other proceedings relating to patents, other intellectual property rights and related matters, and we may be unable to protect our rights to, or commercialize, our products*" in Part I, Item 1A of this Annual Report on Form 10-K.

The FTC has been paying increasing attention to the use of REMS by companies selling branded products, in particular to whether a REMS may be deliberately being used to reduce the risk of competition from generic drugs in a way that may be deemed to be anticompetitive. It is possible that the FTC, other governmental authorities or others could claim or determine that we are using the Xyrem REMS in an anticompetitive manner (including in light of the FDA's statement in the Xyrem REMS approval notice that the Xyrem REMS could be used in an anticompetitive manner inconsistent with applicable provisions of the FDCA) or have engaged in other anticompetitive practices. The FDCA further states that a REMS shall not be used by an NDA holder to block or delay generic drugs from entering the market. Several of the ANDA applicants have asserted that our patents covering the distribution system for Xyrem should not have been listed in the Orange Book and that the Xyrem REMS is blocking competition. We cannot predict the outcome of these claims in the ongoing litigation, or the impact of any similar claims that may be made in the future.

As required by the FDA and other regulatory agencies, the adverse event information that we collect for Xyrem is regularly reported to the FDA and could result in the FDA requiring changes to the Xyrem label or taking or requiring us to take other actions that could have an

adverse effect on Xyrem's commercial success. Our Xyrem REMS includes unique features that provide more extensive information about adverse events, including deaths, than is generally available for other products that are not subject to similar REMS requirements.

Any failure to demonstrate our substantial compliance with applicable regulatory requirements to the satisfaction of the FDA or any other regulatory authority could result in such regulatory authorities taking actions in the future, which could have a material adverse effect on Xyrem sales and therefore on our business, financial condition, results of operations and growth prospects. For more information, see the risk factor under the heading "*We are subject to significant ongoing regulatory obligations and oversight, which may result in significant additional expense and limit our ability to commercialize our products*" in Part I, Item 1A of this Annual Report on Form 10-K.

The FDA has required that Xyrem's label include a boxed warning regarding the risk of central nervous system depression and misuse and abuse. A boxed warning is the strongest type of warning that the FDA can require for a drug product and warns prescribers that the drug carries a significant risk of serious or even life-threatening adverse effects. A boxed warning also means, among other things, that the product cannot be advertised through reminder ads, or ads that mention the pharmaceutical brand name but not the indication or medical condition it treats. We cannot predict whether the FDA will require additional warnings, including boxed warnings, to be included on Xyrem's label. Warnings in the Xyrem label and any limitations on our ability to advertise and promote Xyrem may have affected, and could in the future negatively affect, Xyrem sales and therefore our business, financial condition, results of operations and growth prospects.

Risks Related to Our Business

While Xyrem remains our largest product, our success also depends on our ability to effectively commercialize our other products. Our inability to do so could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition to Xyrem, we are commercializing a portfolio of products, including our other lead marketed products, Erwinaze and Defitelio.

Erwinaze (called Erwinase in markets outside the U.S.), a biologic product, is used in conjunction with chemotherapy to treat patients with ALL with hypersensitivity to *E. coli*-derived asparaginase. Erwinaze was approved by the FDA under a BLA and was launched in the U.S. in November 2011. It is also being sold under marketing authorizations, named patient programs, temporary use authorizations or similar authorizations in multiple countries in Europe and elsewhere.

Erwinaze represents an important part of our strategy to grow sales of our existing products. However, our ability to successfully and sustainably maintain or grow sales of Erwinaze is subject to a number of challenges, including the limited population of patients with ALL and the incidence of hypersensitivity reactions to *E. coli*-derived asparaginase within that population and our need to apply for and receive marketing authorizations, through the EU's mutual recognition procedure or otherwise, in certain additional countries so we can launch promotional efforts in those countries. Another significant challenge to our ability to maintain the current sales level and to increase sales is our limited inventory of Erwinaze and our need to avoid supply interruptions of Erwinaze due to capacity constraints, production delays, quality or regulatory challenges or other manufacturing difficulties. See the discussion regarding Erwinaze supply issues in the risk factor under the heading "*We depend on single source suppliers for each of our products, product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers, or delays or problems in the supply of our products for commercial sale or our product candidates for use in our clinical trials, could materially and adversely affect our business, financial condition, results of operations and growth prospects*" in Part I, Item 1A of this Annual Report on Form 10-K.

We also face numerous other risks that may impact Erwinaze sales, including regulatory risks, the development of new asparaginase treatments or treatment protocols that could reduce the rate of hypersensitivity in patients with ALL, the development of new treatment protocols for ALL that may not include asparaginase-containing regimens, difficulties with obtaining and maintaining favorable pricing and reimbursement arrangements, and potential competition from future biosimilar products. In addition, if we fail to comply with our obligations under our agreement with the licensor and supplier of Erwinaze or lose exclusive rights to Erwinaze, or otherwise fail to maintain or grow sales of Erwinaze, our growth prospects could be negatively affected.

We made a significant investment in Defitelio/defibrotide in 2014, adding the product to our portfolio as a result of the Gentium Acquisition, and then securing worldwide rights to the product by acquiring rights to defibrotide in the Americas in August 2014. Our ability to realize the anticipated benefits from this investment is subject to a number of risks and uncertainties, including our ability to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval of defibrotide in other countries, including the U.S., so that we can commercialize the product in those countries. For more information, see the risk factor under the heading "*We may not be able to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval of defibrotide in other countries, including the U.S., which could have a material adverse effect on our business, financial condition, results of operations and growth prospects*" in Part I, Item 1A of this Annual Report on Form 10-K.

In the event we are able to obtain U.S. marketing approval, we will also face other challenges that could impact the anticipated value of Defitelio/defibrotide, including the limited size of the population of VOD patients who are indicated for treatment with Defitelio/defibrotide (particularly if the FDA requires more narrow or restricted labeling than we have proposed or if changes in HSCT treatment protocols reduce the incidence of VOD); U.S. market acceptance of defibrotide at its commercial price, particularly in light of past access to defibrotide free of charge through an expanded access treatment protocol; the need to establish U.S. pricing and reimbursement support for defibrotide, including through acceptance by hospital pharmacy and therapeutics committees; the possibility that we may be required to conduct time-consuming and costly clinical trials as a condition of any U.S. marketing approval for the product; the lack of experience of U.S. physicians in diagnosing and treating VOD; and challenges to our ability to develop the product for additional indications. If sales of Defitelio/defibrotide do not reach the levels we expect, our anticipated revenue from the product would be negatively affected, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Failure to maintain or increase prescriptions and revenue from sales of our products, including Erwinaze and Defitelio, could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We may choose to increase the price of our products, and we cannot assure you that price adjustments will not negatively affect our sales volumes. In addition, sales of Erwinaze may fluctuate significantly from quarter to quarter, depending on the number of patients receiving treatment, the availability of supply to meet the demand for the product, the dosing requirements of treated patients and other factors. The market price of our ordinary shares may decline if sales of our products do not continue or grow at the rates anticipated by financial analysts or investors.

In addition, if we fail to obtain approvals for certain of our products in new indications or formulations, we will be unable to commercialize our products in new indications or formulations, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We may not be able to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval of defibrotide in other countries, including the U.S., which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We launched Defitelio in certain European countries in 2014 and continued to launch in additional European countries on a rolling basis through 2015. We are in the process of making pricing and reimbursement submissions with respect to Defitelio in those European countries where Defitelio is not yet launched, including in countries where pricing and reimbursement approvals are required for launch. We cannot predict the timing of Defitelio's launch in countries where we are engaged in pricing and reimbursement submissions. If we experience delays or unforeseen difficulties in obtaining favorable pricing and reimbursement approvals, planned launches in the affected countries would be delayed, which could negatively impact anticipated revenue from Defitelio. The process for obtaining pricing and reimbursement approvals is complex and can vary from country to country. In addition, orphan products that have significant impact on patient survival, such as Defitelio, may be budgeted on a local rather than national level. The balance of all of these factors will determine our ability to ultimately obtain favorable pricing and reimbursement approvals. In addition, many European countries periodically review their reimbursement classes, which could have an adverse impact on the reimbursement status of Defitelio. If we are unable to obtain and maintain favorable pricing and reimbursement approvals in countries that represent significant markets, especially where a country's reimbursed price influences other countries, our growth prospects in Europe could be negatively affected.

We have developed estimates of anticipated pricing, which are based on our research and understanding of the product and target market. However, due to efforts to provide for containment of health care costs, one or more countries may not support our estimated level of governmental pricing and reimbursement for Defitelio, particularly in light of the budget crises faced by a number of countries in Europe, which would negatively impact anticipated revenue from Defitelio. Furthermore, after initial pricing and reimbursement approvals, reductions in prices and changes in reimbursement levels can be triggered by multiple factors, including reference pricing systems and publication of discounts by third party payors or authorities in other countries. In the EU, prices can be reduced further by parallel distribution and parallel trade, or arbitrage between low-priced and high-priced countries. If any of these events occurs, our anticipated revenue from Defitelio would be negatively affected.

Due to the limited amount of historical sales data from commercialization of Defitelio in Europe, our Defitelio sales will be difficult to predict from period to period, particularly since we may experience delays and unforeseen difficulties in obtaining favorable pricing and reimbursement approvals in additional countries. As a result, you should not rely on Defitelio sales results or trends in any period as being indicative of future performance. In addition, if sales of Defitelio do not reach the levels we expect, our anticipated revenue from Defitelio would be negatively affected, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Defitelio was authorized under "exceptional circumstances" because it was not possible to obtain complete information about the product due to the rarity of the disease and because ethical considerations prevented conducting a study directly comparing Defitelio with

best supportive care or a placebo. A marketing authorization granted under exceptional circumstances is subject to approval conditions and an annual reassessment of the risk-benefit balance by EMA. As a result, if we fail to meet the approval condition for Defitelio, which requires that we set up a patient registry to investigate the long-term safety, health outcomes and patterns of utilization of Defitelio during normal use, or if it is determined that the balance of risks and benefits of using Defitelio changes materially, the EMA could vary, suspend or withdraw the marketing authorization for Defitelio. This could negatively impact our anticipated revenue from Defitelio and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The marketing authorization application that Gentium initially filed with the EMA in 2011 sought approval for defibrotide for the treatment and prevention of VOD in adults and children. The approval Gentium received in October 2013 was for the narrower indication of treatment of severe VOD in adults and children undergoing HSCT. The scope of any future approvals we receive may negatively affect defibrotide's growth prospects.

At the time of the Gentium Acquisition, Gentium had licensed to Sigma-Tau the rights to defibrotide for the treatment and prevention of VOD in North America, Central America and South America. We acquired these rights from Sigma-Tau in August 2014. Defibrotide has been, and continues to be, made available as an investigational drug to patients diagnosed with VOD in the U.S. through an expanded access treatment protocol open under an investigational new drug application. We are engaged in activities related to the potential approval of defibrotide in the U.S. In September 2015, the FDA accepted for filing with priority review our NDA for defibrotide for the treatment of VOD with evidence of multi-organ dysfunction following HSCT. Based on timelines established by the PDUFA, we expect FDA review of the NDA to be completed by March 31, 2016. However, the FDA does not always meet the timelines established by PDUFA, and it is possible that the FDA's review of our NDA will not be completed by the PDUFA date, in which case our plans for commercialization of defibrotide in the U.S. may be delayed. Even if the FDA approves our NDA, the FDA may require more narrow or restricted labeling than we have proposed, and/or we may be required to conduct time-consuming and costly clinical trials as a condition of approval, which could negatively affect our business, financial condition, results of operations and growth prospects. In addition, approval of our NDA is dependent on our and our supplier's ability to obtain FDA certification of cGMP in connection with the manufacturing of the defibrotide drug compound and the processing of defibrotide into finished product for the U.S. market and on the outcome of FDA inspections of clinical sites and potentially other entities involved in the development of defibrotide. In 2015, the FDA issued a Form FDA 483 to Patheon Italia that included observations related to the Ferentino, Italy facility that manufactures the defibrotide finished product. Failure by Patheon Italia to timely remediate the observations to the FDA's satisfaction or the discovery of issues that impact the defibrotide finished product could have an adverse impact on the potential approval of our NDA for defibrotide, including the timing thereof. Also, although the FDA has granted Fast Track designation to defibrotide to treat severe VOD in HSCT recipients, this designation does not increase the likelihood that defibrotide will receive marketing approval. In any event, we cannot predict whether our NDA will be approved in a timely manner, if at all.

We are also assessing the potential for approval of defibrotide in other countries and for development of defibrotide in additional indications. We cannot know when, if ever, defibrotide will be approved in any other country or under what circumstances, and what, if any, additional clinical or other development activities will be required in order to potentially obtain such regulatory approval and the cost associated with such required activities, if any. If we fail to obtain approval for defibrotide in other countries or for new indications, our anticipated revenue from defibrotide and our growth prospects would be negatively affected.

We cannot predict whether historical revenues from named patient programs for our hematology/oncology products will continue or whether we will be able to continue to distribute those products on a named patient basis.

In certain European countries, reimbursement for products that have not yet received marketing authorization may be provided through national named patient programs. Erwinase and defibrotide are available on a named patient basis in many countries where they are not commercially available. Such reimbursement may cease to be available if authorization for a named patient program expires or is terminated. While we generate revenue from the distribution of these products through named patient programs, we cannot predict whether historical revenues from these programs will continue, whether we will be able to continue to distribute our products on a named patient basis in these countries, whether we will be able to commercialize our products in countries where the products have historically been available on a named patient basis, or whether commercial revenues will exceed revenues historically generated from sales on a named patient basis. Any failure to maintain revenues from sales of Erwinase and/or defibrotide on a named patient basis and/or to generate revenues from commercial sales of these products exceeding historical sales on a named patient basis could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We depend on single source suppliers for each of our products, product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers, or delays or problems in the supply of our products for commercial sale or our product candidates for use in our clinical trials, could materially and adversely affect our business, financial condition, results of operations and growth prospects.

The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of process controls required to consistently produce the active pharmaceutical ingredient and the finished product in sufficient quantities while meeting detailed product specifications on a repeated basis. Manufacturers of pharmaceutical products often encounter difficulties in production, including difficulties with production costs and yields, process controls, quality control and quality assurance, including testing of stability, impurities and impurity levels and other product specifications by validated test methods, and compliance with strictly enforced U.S., state and non-U.S. regulations. If we or any of our third party suppliers encounter these or any other manufacturing, quality or compliance difficulties with respect to any of our products, particularly Xyrem and Erwinaze since we maintain limited inventories for these products, we may be unable to meet commercial demand for such products, which could adversely affect our business, financial condition, results of operations and growth prospects.

We have completed construction of a manufacturing and development facility in Ireland and expect to begin commercial operations at the facility in 2016. Currently, however, other than the manufacturing plant in Italy where we produce some active pharmaceutical ingredients, including the defibrotide drug substance, we do not currently have our own commercial manufacturing capability for our products or product candidates, or their active pharmaceutical ingredients, or the capability to package our products. The availability of our products for commercial sale depends upon our ability to procure the ingredients, raw materials, packaging materials and finished products we need from third parties. In part due to the limited market size for our products and product candidates, we have entered into supply and manufacturing agreements with suppliers, each of which is currently our single source for each of our marketed products and for the active pharmaceutical ingredients used in some of these products. These single source arrangements put us at risk of interruption in supply in the event of manufacturing, quality or compliance difficulties at our suppliers.

We maintain limited inventories of Xyrem and Erwinaze, as well as the ingredients or raw materials used to make them. Our limited inventory puts us at significant risk of not being able to meet product demand. In addition, the DEA limits the quantity of certain Schedule I controlled substances that may be produced in the U.S. in any given calendar year through a quota system. The active pharmaceutical ingredient of Xyrem, sodium oxybate, is a Schedule I controlled substance, production quantities of which are limited by the DEA through a quota system. The DEA limits the quantity of certain Schedule I controlled substances that may be produced in the U.S. in any given calendar year through a quota system. DEA quotas are required for our sodium oxybate supplier to supply us with sodium oxybate and for our Xyrem supplier to obtain sodium oxybate in order to supply us with Xyrem. Because the DEA typically grants quotas on an annual basis, our sodium oxybate supplier and our Xyrem supplier are required to request and justify allocation of sufficient annual DEA quotas as well as additional DEA quotas if our commercial or clinical requirements exceed the allocated quotas throughout the year. In the past, we have had to engage in lengthy efforts to obtain the needed quotas after the original annual quotas had first been allocated. For 2016, both our active pharmaceutical ingredient supplier and our Xyrem supplier have been allocated most, but not all, of their respective requested quotas. If, in the future, we and our third party suppliers cannot obtain the quotas that are needed on a timely basis, or at all, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

Siegfried (USA) Inc., subsequently renamed Siegfried USA, LLC, or Siegfried, has been our sole supplier of sodium oxybate since 2012. We expect that Siegfried will continue to be our sole supplier of sodium oxybate for the foreseeable future, and we cannot assure you that Siegfried can or will continue to supply on a timely basis, or at all, sufficient quantities of active pharmaceutical ingredient to enable the manufacture of the quantities of Xyrem that we need.

Erwinaze is licensed from and manufactured by a single source, which was Public Health England, or PHE, through March 31, 2015. As of April 1, 2015, the facility at which Erwinaze is manufactured was transferred to PBL, which is wholly owned by the U.K. Secretary of State for Health. The FDA's approval of the BLA for Erwinaze includes a number of post-marketing commitments related to the manufacture of Erwinaze. Inability to comply with regulatory requirements, including compliance with manufacturing-related post-marketing commitments that are part of the BLA approval, as well as other requirements monitored by the FDA, could adversely affect Erwinaze supply and could result in FDA approval being revoked or product recalls, either of which could have a material adverse effect on our sales of and revenues from Erwinaze and limit our potential future maintenance and growth of the market for this product. In addition, if the FDA or any non-U.S. regulatory authority mandates any changes to the specifications for Erwinaze, we may face challenges having product produced to meet such specifications, and our supplier may increase its price to supply Erwinaze meeting such specifications, which may result in additional costs to us and may decrease any profit we would otherwise achieve with Erwinaze.

The current manufacturing capacity for Erwinaze is nearly completely absorbed by demand for the product. We are working with PBL to evaluate potential expansion of its production capacity to increase the supply of Erwinaze over the longer term. As a consequence of

constrained manufacturing capacity, we have had an extremely limited or no ability to build an excess level of product inventory that can be used to absorb disruptions to supply resulting from quality, regulatory or other issues, and we have experienced, and expect to continue to experience, manufacturing and inventory challenges that have resulted in disruptions in our ability to supply certain markets. If capacity constraints continue, whether as a result of continued quality or other manufacturing issues or otherwise, we may be unable to build a desired excess level of product inventory, and our ability to supply the market may continue to be compromised. If production difficulties occur and result in a disruption to supply or capacity constraints, we do not have the right to engage a backup supplier for Erwinaze except in very limited circumstances, such as following the termination of the agreement by us due to the uncured material breach or the cessation of manufacturing by our supplier. If we are required to engage a backup or alternative supplier, the transfer of technical expertise and manufacturing process to the backup or alternative supplier would be difficult, costly and time-consuming, might not be successful and would increase the likelihood of a delay or interruption in manufacturing or a shortage of supply of Erwinaze. If we fail to obtain a sufficient supply of Erwinaze, our sales of and revenues from Erwinaze, our potential future maintenance and growth of the market for this product, and/or our business, financial condition, results of operations and growth prospects could be materially adversely affected.

We are our sole supplier of, and we believe that we are currently the sole worldwide producer of, the defibrotide drug compound. We manufacture the defibrotide drug compound in a single facility located in Villa Guardia, near Como, Italy. Patheon currently processes the defibrotide compound into its finished vial form, and Patheon is the sole provider of our commercial supply of the finished product in the EU and of our clinical supply. We anticipate that Patheon will also be the sole provider of our commercial supply of the finished defibrotide product for the U.S. market if the product is approved by the FDA. Part of the process to obtain FDA approval for defibrotide is to obtain certification from the FDA that the facilities we and our third party provider operate are in compliance with the FDA's cGMP requirements. The FDA may deny approval to manufacture defibrotide if the FDA determines that either our facility or our third party provider's facility does not meet applicable manufacturing and quality requirements. In 2015, the FDA issued a Form FDA 483 to Patheon Italia that included observations related to the Ferentino, Italy facility that manufactures the defibrotide finished product. Failure by Patheon Italia to timely remediate the observations to the FDA's satisfaction or the discovery of issues that impact the defibrotide finished product could have an adverse impact on the potential approval of our NDA for defibrotide, including the timing thereof. Even after a manufacturing facility is approved, the FDA will continue to inspect and evaluate facilities for ongoing compliance with applicable requirements. If Patheon does not or is not able to supply us with finished defibrotide product for any reason, it may take time and resources to implement and execute the necessary technology transfer to another processor, and such delay could negatively impact our planned product launch in the U.S. market if the product is approved by the FDA and our anticipated revenues from defibrotide and could potentially cause us to breach contractual obligations with customers or to violate local laws requiring us to deliver the product to those in need.

In addition, defibrotide is derived from porcine DNA. Our supplier of porcine materials may also be evaluated and inspected by the FDA in connection with our application for approval of defibrotide in the U.S. If our supplier experiences safety or other issues that impact its ability to supply porcine materials to us as needed, we may not be able to find alternative suppliers in a timely fashion, which could negatively impact our supply of defibrotide.

In order to conduct and complete our clinical program for JZP-110 or to potentially conduct future clinical trials for other product candidates, if any, we need to have sufficient quantities of clinical product manufactured and available for use. There can be no assurance that our suppliers will be able to produce or provide sufficient clinical supplies of JZP-110 or other product candidates in a timely manner. Any delay in receiving adequate supplies of JZP-110 or other product candidates for our studies could negatively impact our development programs.

Failure by us or our third party suppliers to comply with regulatory requirements could adversely affect our or their ability to supply products or ingredients. All facilities and manufacturing techniques used for the manufacture of pharmaceutical products must be operated in conformity with applicable current cGMP requirements. DEA regulations also govern facilities where controlled substances such as Xyrem's active pharmaceutical ingredient are manufactured. Our manufacturing facilities and manufacturing facilities of our suppliers have been and are subject to periodic unannounced inspection by the FDA, the EMA, the DEA, the Italian Health Authority and other regulatory authorities, including state authorities and similar authorities in other jurisdictions, to confirm compliance with cGMP and other requirements. We and our third party suppliers must continually expend time, money and effort in production, record keeping and quality assurance and control to ensure that our products and product candidates meet applicable specifications and other requirements for product safety, efficacy and quality. Failure to comply with applicable legal and regulatory requirements subjects us and our suppliers to possible legal or regulatory action, including restrictions on supply or shutdown, which may adversely affect our or a supplier's ability to supply the ingredients or finished products we need. Moreover, our or our third party suppliers' facilities could be damaged by fire, flood, earthquake, power loss, telecommunication and information system failure, terrorism or similar events. Any of these events could cause a delay or interruption in manufacturing and potentially a supply shortage of our products, which could negatively impact our anticipated revenues.

If, for any reason, our suppliers, including any new suppliers, do not continue to supply us with our products or product candidates in a timely fashion and in compliance with applicable quality and regulatory requirements, or otherwise fail or refuse to comply with their obligations to us under our supply and manufacturing arrangements, we may not have adequate remedies for any breach, and their failure to supply us could result in a shortage of our products or product candidates, which could adversely affect our business, financial condition, results of operations and growth prospects.

In addition, if one of our suppliers fails or refuses to supply us for any reason, it would take a significant amount of time and expense to qualify a new supplier. The FDA and similar international regulatory bodies must approve manufacturers of the active and inactive pharmaceutical ingredients and certain packaging materials used in our products. The loss of one of our suppliers could require us to obtain regulatory clearance in the form of a "prior approval supplement" and to incur validation and other costs associated with the transfer of the active pharmaceutical ingredient or product manufacturing process. We believe that it could take up to two years, or longer in certain cases, to qualify a new supplier, and we may not be able to obtain active pharmaceutical ingredients or finished products from new suppliers on acceptable terms and at reasonable prices, or at all. If there are delays in qualifying new suppliers or facilities or a new supplier is unable to obtain a sufficient quota from the DEA, if required, or to otherwise meet FDA or similar international regulatory body's requirements for approval, there could be a shortage of the affected products for the marketplace or for use in clinical studies, or both, particularly since we do not have secondary sources for supply and manufacture of the active pharmaceutical ingredients for our products or backup suppliers for our finished products.

Our ability to develop and deliver products in a timely and competitive manner depends on our third party suppliers being able to continue to meet our ongoing commercial needs. Any delay in supplying, or failure to supply, products or product candidates by any of our suppliers could result in our inability to meet the commercial demand for our products, or our needs for use in clinical trials, and could adversely affect our business, financial condition, results of operations and growth prospects.

We have substantially expanded our international footprint and operations, and we may expand further in the future, but we do not yet have substantial historical experience in international markets and may not achieve the results that we, our shareholders or analysts who cover our business expect.

We are headquartered in Dublin, Ireland and have multiple offices in the U.S., the United Kingdom, Italy and other countries in Europe. Our headcount has grown to approximately 910 in February 2016. This includes employees in 14 countries in North America and Europe, a European commercial presence, a complex distribution network for products in Europe and additional territories, and manufacturing facilities in Italy and Ireland. In addition, we may expand our international operations into other countries in the future, either organically or by acquisition. While we have acquired significant management and other personnel with substantial international experience, conducting our business in multiple countries subjects us to a variety of risks and complexities that may materially and adversely affect our business, results of operations, financial condition and growth prospects, including, among other things:

- the increased complexity and costs inherent in managing international operations;
- diverse regulatory, financial and legal requirements, and any future changes to such requirements, in one or more countries where we are located or do business;
- country-specific tax, labor and employment laws and regulations;
- applicable trade laws, tariffs, export quotas, custom duties or other trade restrictions and any changes to them;
- challenges inherent in efficiently managing employees in diverse geographies, including the need to adapt systems, policies, benefits and compliance programs to differing labor and other regulations, as well as maintaining positive interactions with unionized employees in one of our international locations;
- liabilities for activities of, or related to, our international operations, products or product candidates;
- changes in currency rates; and
- regulations relating to data security and the unauthorized use of, or access to, commercial and personal information.

As a result of our rapid growth, our business and corporate structure has become substantially more complex. There can be no assurance that we will effectively manage the increased complexity without experiencing operating inefficiencies or control deficiencies. Significant management time and effort is required to effectively manage the increased complexity of our company, and our failure to successfully do so could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In recent years, the global economy has been impacted by the effects of an ongoing global financial crisis, including the European sovereign debt crisis, which has caused extreme disruption in the financial markets, including severely diminished liquidity and credit

availability. In addition, we expect to continue to grow our product sales in Europe. Continuing worldwide economic instability, including challenges faced by the Eurozone and certain of the countries in Europe and the ongoing budgetary difficulties faced by a number of EU member states, including Greece and Spain, has led and may continue to lead to substantial delays in payment and payment partially with government bonds rather than cash for medicinal drug products, which could negatively impact our revenues and profitability.

The commercial success of our products depends upon their market acceptance by physicians, patients, third party payors and the medical community.

Physicians may not prescribe our products, in which case we would not generate the revenues we anticipate from product sales. Market acceptance of any of our products by physicians, patients, third party payors and the medical community depends on:

- the clinical indications for which a product is approved, including any restrictions placed upon the product in connection with its approval, such as a REMS, patient registry or labeling restrictions;
- the prevalence of the disease or condition for which the product is approved and the severity of side effects;
- acceptance by physicians and patients of each product as a safe and effective treatment;
- perceived advantages over alternative treatments;
- relative convenience and ease of administration;
- physician and patient assessment of the burdens associated with obtaining or maintaining the certifications required under the Xyrem REMS;
- the cost of treatment in relation to alternative treatments, including generic products;
- the extent to which the product is approved for inclusion on formularies of hospitals and managed care organizations; and
- the conditions for reimbursement required by, and appropriate pricing and availability of reimbursement from, third party payors.

Because of our dependence upon market acceptance of our products, any adverse publicity associated with harm to patients or other adverse events resulting from the use or misuse of our products or any similar products distributed by other companies, including generic versions of our products, could materially and adversely affect our business, financial condition, results of operations and growth prospects. For example, from time to time, there is negative publicity about illicit GHB and its effects, including with respect to illegal use, overdoses, serious injury and death. Because sodium oxybate, the active pharmaceutical ingredient in Xyrem, is a derivative of GHB, Xyrem sometimes also receives negative mention in publicity relating to GHB. Patients, physicians and regulators may therefore view Xyrem as the same as or similar to illicit GHB. In addition, there are regulators and some law enforcement agencies that oppose the prescription and use of Xyrem generally because of its connection to GHB. Xyrem's label includes information about adverse events from GHB.

In addition, we have periodically increased the price of Xyrem and may do so again in the future. We also have made and may in the future make similar price increases on our other products. Price increases on our products and negative publicity regarding pricing and price increases generally, whether on our products or products distributed by other pharmaceutical companies, could negatively affect market acceptance of our products.

For additional discussion about payor acceptance, see the risk factor under the heading "*Price approvals and reimbursement may not be available for our products, which could diminish our sales or affect our ability to sell our products profitably*" in Part I, Item 1A of this Annual Report on Form 10-K.

We may not be able to successfully identify and acquire, in-license or develop additional products or product candidates to grow our business, and, even if we are able to do so, we may not be able to successfully manage the risks associated with integrating any products or product candidates we may acquire in the future into our product portfolio, or we may otherwise fail to realize the anticipated benefits of these acquisitions.

We intend to grow our business over the long term by acquiring or in-licensing and developing additional products and product candidates that we believe have significant commercial potential. Future growth through acquisition or in-licensing will depend upon the availability of suitable products and product candidates for acquisition or in-licensing on acceptable prices, terms and conditions. Any growth through development will depend upon our identifying and obtaining product candidates, our ability to develop those product candidates and the availability of funding to complete the development of, obtain regulatory approval for and commercialize these product candidates. Even if appropriate opportunities are available, we may not be able to successfully identify them, or we may not have the financial resources necessary to pursue them. Other companies, many of which may have substantially greater financial, marketing and sales resources, compete with us for these opportunities. In order to compete successfully to acquire attractive products or product

candidates in the current business climate, we may have to pay higher prices for assets than may have been paid historically, which may make it more difficult for us to realize an adequate return on any acquisition.

Even if we are able to successfully identify and acquire, in-license or develop additional products or product candidates, we cannot assure you that we will be able to successfully manage the risks associated with integrating any products or product candidates or the risks arising from anticipated and unanticipated problems in connection with an acquisition or in-licensing. In any event, we may not be able to realize the anticipated benefits of any acquisition or in-licensing for a variety of reasons, including the possibility that a product candidate proves not to be safe or effective in later clinical trials, a product fails to reach its forecasted commercial potential as a result of pricing pressures, negative publicity regarding actual or potential future price increases for that product or otherwise, or the integration of a product or product candidate gives rise to unforeseen difficulties and expenditures. Any failure in identifying and managing these risks and uncertainties effectively would have a material adverse effect on our business.

In addition, product and product candidate acquisitions create other uncertainties and risks, particularly when the acquisition takes the form of a merger or other business consolidation. Our business acquisitions have required, and any similar future transactions will also require, significant efforts and expenditures, including with respect to transition activities and integrating the acquired business with our historical business. We may encounter unexpected difficulties, or incur unexpected costs, in connection with potential acquisitions and similar transactions, which include:

- high acquisition costs;
- the need to incur substantial debt or engage in dilutive issuances of equity securities to pay for acquisitions;
- the potential disruption of our historical core business;
- the strain on, and need to continue to expand, our existing operational, technical, financial and administrative infrastructure;
- the difficulties in assimilating employees and corporate cultures;
- the failure to retain key managers and other personnel;
- the challenges in controlling additional costs and expenses in connection with and as a result of any acquisition;
- the need to write down assets or recognize impairment charges;
- the diversion of our management's attention to integration of operations and corporate and administrative infrastructures; and
- any unanticipated liabilities for activities of or related to the acquired business or its operations, products or product candidates.

If any of these or other factors impair our ability to integrate any acquired business efficiently and successfully, we may be required to spend time or money on integration activities that otherwise would be spent on the development and expansion of our business. If we fail to integrate or otherwise manage an acquired business successfully and in a timely manner, resulting operating inefficiencies could increase costs and expenses more than we planned, could negatively impact the market price of our ordinary shares and could otherwise distract us from execution of our strategy. Failure to maintain effective financial controls and reporting systems and procedures during and after integration of an acquired business could also impact our ability to produce timely and accurate financial statements.

Conducting clinical trials is costly and time-consuming, and the outcomes are uncertain. A failure to prove that our product candidates are safe and effective in clinical trials, or to generate data in clinical trials to support expansion of the therapeutic uses for our existing products, could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Since 2014, we have made significant investments into expanding our product development pipeline and expect to continue to increase our research and development organization. Significant clinical, development and financial resources will be required to progress product candidates through clinical trials and the regulatory approval process to develop them into commercially viable products. We have a number of product candidates under development. We also intend to pursue clinical development of other product candidates that we may acquire or in-license in the future. Any failure or delay in completing clinical trials for our product candidates would prevent or delay the commercialization of our product candidates, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

As a condition to regulatory approval, each product candidate must undergo extensive and expensive preclinical studies and clinical trials to demonstrate to a statistically significant degree that the product candidate is safe and effective. The results at any stage of the development process may lack the desired safety, efficacy or pharmacokinetic characteristics. Results of limited preclinical studies, including studies of our product candidates in animal models, may not predict the results of human clinical trials of those product

candidates. Similarly, results from early clinical trials may not be predictive of results obtained in later and larger clinical trials, and product candidates in later clinical trials may fail to show the desired safety and efficacy despite having progressed successfully through initial clinical testing. In that case, the FDA or any equivalent non-U.S. regulatory agency may determine our data is not sufficiently compelling to warrant marketing approval and may require us to engage in additional clinical trials or provide further analysis which may be costly and time-consuming. A number of companies in the pharmaceutical industry, including us, have suffered significant setbacks in clinical trials, even in advanced clinical trials after showing positive results in preclinical studies or earlier clinical trials. For example, in the second quarter of 2015, we initiated patient enrollment in three Phase 3 clinical trials for JZP-110, a late-stage investigational compound being developed for potential treatment of EDS in patients with narcolepsy and EDS in patients with OSA. We expect to receive preliminary data results from these trials in the fourth quarter of 2016. However, these results may not be positive, and we may be unable to complete these clinical trials in a timely manner, or at all. If a product candidate, including JZP-110, fails at any stage of development, it will not receive regulatory approval, we will not be able to commercialize it, and we will not receive any return on our investment in that product candidate.

Our development pipeline projects may not be successful, and any adverse events or other information generated during the course of studies related to existing products could result in action by the FDA or any non-U.S. regulatory agency which may restrict our ability to sell, or sales of, currently marketed products, or such events or other information could otherwise have a material adverse effect on a related commercial product. Any failure or delay in completing clinical trials for line extensions or the generation of additional clinical data could materially and adversely affect the maintenance and growth of the markets for the related marketed products, which could adversely affect our business, financial condition, results of operations and overall growth prospects.

In addition to issues relating to the results generated in clinical trials, clinical trials can be delayed or halted for a variety of reasons, including:

- delays or failures in obtaining regulatory authorization to commence a trial because of safety concerns of regulators relating to our product candidates or similar product candidates of our competitors or failure to follow regulatory guidelines;
- delays or failures in obtaining clinical materials and manufacturing sufficient quantities of the product candidate for use in trials;
- delays or failures in reaching agreement on acceptable terms with prospective study sites;
- delays or failures in obtaining approval of our clinical trial protocol from an institutional review board, also known as Ethics Committees in Europe, to conduct a clinical trial at a prospective study site;
- delays or failures in recruiting patients to participate in a clinical trial;
- failure of our clinical trials and clinical investigators to be in compliance with the FDA and other regulatory agencies' good clinical practice guidelines;
- unforeseen safety issues, including negative results from ongoing preclinical studies and clinical trials and adverse events associated with product candidates;
- inability to monitor patients adequately during or after treatment;
- difficulty monitoring multiple study sites;
- failure of our third party clinical trial managers to satisfactorily perform their contractual duties, comply with regulations or meet expected deadlines; or
- insufficient funds to complete the trials.

We rely on third parties to conduct our clinical trials, and if they do not properly and successfully perform their legal and regulatory obligations, as well as their contractual obligations to us, we may not be able to obtain regulatory approvals for our product candidates.

We rely on contract research organizations and other third parties to assist us in designing, managing, monitoring and otherwise carrying out our clinical trials, including with respect to site selection, contract negotiation and data management. We do not control these third parties and, as a result, they may not treat our clinical studies as a high priority, or in the manner in which we would prefer, which could result in delays. We are responsible for confirming that each of our clinical trials is conducted in accordance with its general investigational plan and protocol, as well as the FDA's and non-U.S. regulatory agencies' requirements, commonly referred to as good clinical practices, for conducting, recording and reporting the results of clinical trials to ensure that the data and results are credible and accurate and that the trial participants are adequately protected. The FDA and non-U.S. regulatory agencies enforce good clinical practices through periodic inspections of trial sponsors, principal investigators and trial sites. If we, contract research organizations or other third parties assisting us or our study sites fail to comply with applicable good clinical practices, the clinical data generated in our clinical trials

may be deemed unreliable and the FDA or its non-U.S. counterparts may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, the FDA or non-U.S. regulatory agencies will determine that any of our clinical trials comply with good clinical practices. In addition, our clinical trials must be conducted with product produced under the FDA's cGMP regulations and similar regulations outside of the U.S. Our failure, or the failure of our product suppliers, to comply with these regulations may require us to repeat or redesign clinical trials, which would delay the regulatory approval process.

If third parties do not successfully carry out their duties under their agreements with us, if the quality or accuracy of the data they obtain is compromised due to failure to adhere to our clinical protocols, including dosing requirements, or regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, our clinical trials may not meet regulatory requirements. If our clinical trials do not meet regulatory requirements or if these third parties need to be replaced, our clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates or succeed in our efforts to create approved line extensions for certain of our existing products or generate additional useful clinical data in support of these products.

We face substantial competition from other companies, including companies with greater resources, including larger sales organizations and more experience working with large and diverse product portfolios, than we have.

The commercial potential of our current products and any future products may be reduced or eliminated if our competitors develop or acquire and commercialize generic or branded products that are safer or more effective, have fewer side effects, are easier to administer or are less expensive than our products. The pharmaceutical industry is highly competitive and dominated by a number of large, established pharmaceutical companies, as well as specialty pharmaceutical companies that market products and develop product candidates in sleep, hematology/oncology, pain and other therapeutic areas. Many of our competitors, particularly large pharmaceutical and life sciences companies, have substantially greater financial, operational and human resources than we do. They can spend more on, and have more expertise in, research and development, regulatory, manufacturing, distribution and sales activities. As a result, our competitors may obtain FDA or other regulatory approvals for their product candidates more rapidly than we may and may market their products more effectively than we do. Smaller or earlier stage companies may also prove to be significant competitors, particularly through focused development programs and collaborative arrangements with large, established companies. While there is currently no direct competition to Erwinaze to treat ALL patients with hypersensitivity to *E. coli*-derived asparaginase, other companies have developed or are developing new treatments for ALL, including new asparaginase treatments that could reduce the rate of hypersensitivity in patients with ALL, and new treatment protocols are being developed for ALL that may not include asparaginase-containing regimens. For example, a number of companies are developing new immunotherapy treatments for relapsed or refractory ALL patients, including one treatment that was recently approved, and a company recently announced positive efficacy and safety results from its completed Phase 2/3 pivotal trial in Europe for an alternative asparaginase treatment consisting of L-asparaginase encapsulated inside donor-derived red blood cells. The development of these new treatments could negatively impact our ability to maintain and grow sales of Erwinaze in patient populations where the benefit of an asparaginase-containing regime is not well established.

In addition, many of our competitors are able to deploy more personnel to market and sell their products than we do. We currently have a relatively small number of sales representatives compared with the number of sales representatives of most other pharmaceutical companies with marketed products. Each of our sales representatives is responsible for a territory of significant size. The continued growth of our current products and the launch of any future products may require expansion of our sales force and sales support organization, and we may need to commit significant additional funds, management and other resources to the growth of our sales organization. We may not be able to achieve any necessary growth in a timely or cost-effective manner or realize a positive return on our investment, and we may not have the financial resources to achieve the necessary growth in a timely manner or at all. In particular, we compete with a significant number of pharmaceutical and life sciences companies with extensive sales, marketing and promotional experience in hematology/oncology markets, and our failure to compete effectively in this area could negatively affect our sales of Erwinaze, Defitelio and other products. We also have to compete with other pharmaceutical and life sciences companies to recruit, hire, train and retain sales and marketing personnel, and turnover in our sales force and marketing personnel could negatively affect sales of our products. If our specialty sales force and sales organization are not appropriately sized to adequately promote any current or potential future products, the commercial potential of our current products and any future products may be diminished.

We also face competition, and may in the future face additional competition, from manufacturers of generic drugs. Generic competition often results in decreases in the prices at which branded products can be sold, particularly when there is more than one generic available in the marketplace. In addition, legislation enacted in the U.S. allows for, and in a few instances in the absence of specific instructions from the prescribing physician mandates, the dispensing of generic products rather than branded products where a generic version is available. Other companies could also develop products that are similar, but not identical, to our marketed products, such as an alternative formulation of our product or an alternative formulation combined with a different delivery technology, and seek approval in the U.S. by referencing our products and relying, to some degree, on the FDA's finding that our products are safe and effective. For more

information, see the risk factor under the heading “*If generic versions of Xyrem or other sodium oxybate products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected*” in Part I, Item 1A of this Annual Report on Form 10-K.

Our products and product candidates may also compete in the future with new products currently under development by others. Any products that we develop are likely to be in a highly competitive market, and many of our competitors may succeed in developing products that may render our products obsolete or noncompetitive.

Our ability to continue to grow further requires that we compete successfully with specialty pharmaceutical companies for product and product candidate acquisition and in-licensing opportunities. These competitors include established companies that may have a competitive advantage over us due to their size and financial resources.

If we fail to attract, retain and motivate key personnel or to retain the members of our executive management team, our operations and our future growth may be adversely affected.

Our success and our ability to grow depend in part on our continued ability to attract, retain and motivate highly qualified personnel and on our ability to develop and maintain important relationships with leading academic institutions, clinicians and scientists. We are highly dependent upon our executive management team and other critical personnel, all of whom work on many complex matters that are essential to our success. We do not carry “key person” insurance. The loss of services of one or more members of our executive management team or other key personnel could delay or prevent the successful completion of some of our vital activities. Any employee may terminate his or her employment at any time without notice or with only short notice and without cause or good reason. The resulting loss of institutional knowledge may negatively impact our operations and future growth.

In addition, to grow our company we will need additional personnel. Competition for qualified personnel in the pharmaceutical industry is very intense. If we are unable to attract, retain and motivate quality individuals, including in our research and development operations, which are continuing to expand, our business, financial condition, results of operations and growth prospects could be adversely affected.

We also depend on the unique abilities, industry experience and institutional knowledge of the members of our board of directors to efficiently set company strategy and effectively guide our executive management team. We cannot be certain that future board turnover will not negatively affect our business.

Significant disruptions of information technology systems or data security breaches could adversely affect our business.

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information and personal information. It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We have also outsourced elements of our operations (including elements of our information technology infrastructure) to third parties, and as a result we manage a number of third party vendors who may or could have access to our confidential information. The size and complexity of our information technology systems, and those of third party vendors with whom we contract, and the large amounts of confidential information stored on those systems, make such systems potentially vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees, third party vendors, and/or business partners, or from cyber-attacks by malicious third parties. Cyber-attacks are increasing in their frequency, sophistication and intensity. Cyber-attacks could include the deployment of harmful malware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information. From time to time, our systems have been subject to cyber-attacks.

Significant disruptions of our information technology systems or security breaches could adversely affect our business operations and/or result in the loss, misappropriation, and/or unauthorized access, use or disclosure of, or the prevention of access to, confidential information (including trade secrets or other intellectual property, proprietary business information and personal information), and could result in financial, legal, business and reputational harm to us. Any such event that leads to unauthorized access, use or disclosure of personal information, including personal information regarding our patients or employees, could harm our reputation, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information, which could disrupt our business, result in increased costs or loss of revenue, and/or result in significant legal and financial exposure. In addition, security breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Moreover, the prevalent use of mobile devices to access confidential information increases the risk of security breaches. While we have implemented security measures to protect our information technology systems and infrastructure, there can be no assurance that such measures will prevent service interruptions or security breaches that could adversely affect our business.

Risks Related to Our Intellectual Property

It is difficult and costly to protect our proprietary rights, and we may not be able to ensure their protection.

Our commercial success depends in part on obtaining and maintaining patent protection of our products and product candidates and their use and the methods used to manufacture and distribute them, as well as successfully defending these patents against third party challenges, and successfully protecting our trade secrets. Our ability to protect our products and product candidates from unauthorized making, using, selling, offering to sell or importation by third parties depends on the extent to which we have rights under valid and enforceable patents or have trade secrets that cover these activities. We cannot be certain that any of our patent applications, or those of our licensors, will result in issued patents, that the patents we own and license, or any additional patents we may own or license, will prevent other companies from developing similar or therapeutically equivalent products, or that others will not be issued patents that may prevent the sale of our products or require licensing and the payment of significant fees or royalties.

The patent position of pharmaceutical companies can be highly uncertain and involve complex legal, regulatory and factual questions. We own a portfolio of U.S. and non-U.S. patents and patent applications and have licensed rights to a number of issued patents and patent applications that cover or relate to our products and product candidates, including Xyrem and Defitelio. Changes in either the patent laws or in interpretations of patent laws in the U.S. and other countries may diminish the value of our intellectual property. Even if we are able to obtain patents covering our products and product candidates, any patent may be challenged, invalidated, held unenforceable or circumvented, potentially including by FDA approval of an ANDA that avoids infringement of our intellectual property.

On September 16, 2011, the Leahy-Smith America Invents Act, or the America Invents Act, was signed into law. The final substantive provisions of the America Invents Act, including the first to file system, became effective on March 16, 2013. The America Invents Act includes a number of significant changes to U.S. patent law. These changes include provisions that affect the way patent applications are being filed, prosecuted and litigated. For example, the America Invents Act enacted proceedings involving post-issuance patent review procedures, such as IPR and other post grant reviews. These proceedings are conducted before the PTAB. Each proceeding has different eligibility criteria and different patentability challenges that can be raised. The IPR process permits any person (except a party who has sued on the patent for more than a year) to challenge the validity of the patent on the grounds that it was anticipated or made obvious by prior art. The America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We cannot predict what impact, if any, amendments to the America Invents Act or other patent-related legislation, or judicial decisions interpreting such legislation, will have on such uncertainties and costs.

Although Xyrem is covered by patents covering its formulation, distribution system and method of use, third parties are seeking to introduce generic versions of Xyrem, and additional third parties may also attempt to invalidate or design around the patents, or assert that they are invalid or otherwise unenforceable, and seek to introduce generic versions of Xyrem or other sodium oxybate products for treatment of cataplexy and/or EDS in narcolepsy. If one or more companies receive FDA approval of an ANDA for generic versions of Xyrem or an NDA for other sodium oxybate products, it is possible that such company or companies could introduce generic versions of Xyrem or other sodium oxybate products before our patents expire, if it is determined that our patents are invalid, unenforceable or non-infringed, or if such company or companies decide, before applicable ongoing patent litigation is concluded, to launch competition to Xyrem at risk of potentially being held liable for damages for patent infringement.

Seven ANDAs have been filed with the FDA by third parties seeking to market generic versions of Xyrem. We have filed lawsuits seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, but we cannot assure you that any of the lawsuits will prevent the introduction of a generic version of Xyrem for any particular length of time, or at all. Additional ANDAs could also be filed requesting approval to market generic versions of Xyrem. If any of these applications is approved, and a generic version of Xyrem is introduced, our sales of Xyrem would be adversely affected. Although no trial date has been set in any of the ANDA suits, we anticipate that trial on some of the patents in the Roxane case could occur as early as the second quarter of 2016. However, the actual timing of events may be significantly earlier or later than we currently anticipate, and we cannot predict the timing or outcome of events in this or the other ANDA litigation.

In addition, certain of the ANDA filers have challenged the validity of six patents covering the distribution system for Xyrem by filing petitions for IPR. In July 2015, the PTAB issued decisions instituting IPR trials with respect to these petitions, and we expect the PTAB to issue final decisions on the validity of the patents by July 2016. In September and October 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of an additional patent covering the distribution system for Xyrem and with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium. In December 2015, one of the ANDA filers filed a petition for IPR with respect to the validity of a patent covering the formulation of Xyrem. In February 2016, one of the ANDA filers filed a petition for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is

being co-administered with divalproex sodium. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business.

A company that is using its proprietary technology for delivery of a sodium oxybate formulation to eliminate second nighttime dosing for narcolepsy patients has stated that it anticipates commencing a Phase 3 pivotal trial in 2016 that is expected to run through early 2017. For more information, see the risk factor under the heading *“If generic versions of Xyrem or other sodium oxybate products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected”* in Part I, Item 1A of this Annual Report on Form 10-K.

The existence of a patent will not necessarily prevent other companies from developing similar or therapeutically equivalent products or protect us from claims of third parties that our products infringe their issued patents, which may require licensing and the payment of significant fees or royalties. Competitors may successfully challenge our patents, produce similar products that do not infringe our patents, or manufacture products in countries where we have not applied for patent protection or that do not respect our patents. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents, our licensed patents or in third party patents.

The degree of future protection to be afforded by our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- others may be able to make products that are similar to our product candidates but that are not covered by the claims of our patents, or for which we are not licensed under our license agreements;
- we or our licensors or partners might not have been the first to invent or file, as appropriate, subject matters covered by our issued patents or pending patent applications or the pending patent applications or issued patents of our licensors or partners;
- others may independently develop similar or alternative products without infringing our intellectual property rights;
- our pending patent applications may not result in issued patents;
- our issued patents and the issued patents of our licensors or partners may not provide us with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges by third parties;
- our issued patents may not cover our competitors' products;
- our issued patents and the issued patents of our licensors or partners may be vulnerable to legal challenges as a result of changes in applicable law;
- we may not develop additional proprietary products that are patentable; or
- the patents of others may have an adverse effect on our business.

We also may rely on trade secrets and other unpatented proprietary information to protect our technology, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets and other unpatented proprietary information, our employees, consultants, advisors and partners may unintentionally or willfully disclose our proprietary information to competitors, and we may not have adequate remedies for such disclosures.

If our employees, consultants, advisors and partners develop inventions or processes independently, or jointly with us, that may be applicable to our products under development, disputes may arise about ownership or proprietary rights to those inventions and processes. Enforcing a claim that a third party illegally obtained and is using any of our inventions or trade secrets is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside of the U.S. are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

Certain of the products we sell have no patent protection and, as a result, potential competitors face fewer barriers in introducing competing products. We rely on trade secrets and other unpatented proprietary information to protect our commercial position with respect to such products, which we may be unable to do. In some instances, we also rely on regulatory exclusivity. For example, Erwinaze has no patent protection. In addition to protection using trade secrets, Erwinaze has orphan drug exclusivity in the U.S. for a seven-year period from its FDA approval, which precludes approval of another product with the same principal molecular structure for the same indication until November 2018. Erwinaze, as a biologic product approved under a BLA, is also subject to the BPCIA. We believe that Erwinaze is protected by exclusivity that prevents approval of a biosimilar in the U.S. through late 2023 under the BPCIA. Because the BPCIA is a relatively new law, we anticipate that its impact on both reference product sponsors and biosimilar applicants will evolve over a period of

years. Its implementation likely will be shaped by a variety of factors, including FDA issuance of guidance documents, proposed regulations, and decisions in the course of considering specific applications. As a result, it is possible that a potential competing drug product might obtain FDA approval before the orphan drug and expected BCPIA exclusivity periods have expired, which would adversely affect sales of Erwinaze. In the EU, the regulatory data protection and thus regulatory exclusivity period for Erwinase has lapsed. This also means that any new marketing authorizations for Erwinase in other EU member states will not receive any regulatory data protection. If a biosimilar product to Erwinaze is approved as interchangeable to Erwinaze in the U.S. or in other countries where Erwinaze is sold, a significant percentage of the prescriptions that would have been written for Erwinaze may be filled with the biosimilar version, resulting in a loss in sales of Erwinaze, and there may be a decrease in the price at which Erwinaze can be sold. Competition from a biosimilar product to Erwinaze could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our research and development collaborators may have rights to publish data and other information to which we have rights. In addition, we sometimes engage individuals or entities to conduct research that may be relevant to our business. While the ability of these individuals or entities to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to contractual limitations, these contractual provisions may be insufficient or inadequate to protect our trade secrets and may impair our patent rights. If we do not apply for patent protection prior to such publication, or if we cannot otherwise maintain the confidentiality of our innovations and other confidential information, then our ability to obtain patent protection or protect our proprietary information may be jeopardized. Moreover, a dispute may arise with our research and development collaborators over the ownership of rights to jointly developed intellectual property. Such disputes, if not successfully resolved, could lead to a loss of rights and possibly prevent us from pursuing certain new products or product candidates.

We have incurred and expect to continue to incur substantial costs as a result of litigation or other proceedings relating to patents, other intellectual property rights and related matters, and we may be unable to protect our rights to, or commercialize, our products.

Our ability, and that of our partners, to commercialize any approved products will depend, in part, on our ability to obtain patents, enforce those patents and operate without infringing the proprietary rights of third parties. The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. We have filed multiple U.S. patent applications and non-U.S. counterparts, and may file additional U.S. and non-U.S. patent applications. There can be no assurance that any issued patents we own or control will provide sufficient protection to conduct our business as presently conducted or as proposed to be conducted. Moreover, for a variety of reasons, including the existence of relevant prior research performed and the existence of conflicting patent applications submitted in the same manner or similar fields, there can be no assurance that any patents will issue from the patent applications owned by us, or that we will remain free from infringement claims by third parties.

If we choose to go to court to stop a third party from infringing our patents, our licensed patents or our partners' patents, that third party has the right to ask the court, or to argue in front of an administrative agency, to rule that these patents are invalid and/or should not be enforced. These lawsuits and administrative proceedings are expensive and consume time and other resources, and we may not be successful in these proceedings or in stopping infringement. There is also a risk that a court will decide that these patents are not valid or infringed, or that the PTAB will decide that certain patents are not valid, and that we do not have the right to stop a third party from using the patented subject matter. Litigation involving patent matters is frequently settled between the parties, rather than continuing to a court ruling. If we were to settle a patent lawsuit with a generic pharmaceutical company, we could be subject to investigations by the FTC or other antitrust enforcement agencies or government or private-party lawsuits. The FTC has publicly stated that, in its view, certain types of agreements between brand and generic pharmaceutical companies related to the settlement of patent litigation or the manufacture, marketing and sale of generic versions of branded drugs violate the antitrust laws and has commenced investigations and brought actions against some companies that have entered into such agreements. In particular, the FTC has expressed its intention to take aggressive action to challenge settlements that include an alleged transfer of value from the brand company to the generic company (so-called "pay for delay" patent litigation settlements) and to call on legislators to pass stronger laws prohibiting such settlements. Because there is currently no precise legal standard with respect to the lawfulness of such settlements, there could be extensive litigation over whether any settlement that we might enter into constitutes a reasonable and lawful patent settlement. Any such investigations or lawsuits, and the outcome thereof, could have a material adverse effect on our business.

Seven companies have sent us notices that they have filed ANDAs with the FDA seeking approval to market a generic version of Xyrem. We have filed lawsuits seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, and the litigation proceedings are ongoing. In addition, certain of the ANDA filers have challenged the validity of six patents covering the distribution system for Xyrem by filing petitions for IPR. In July 2015, the PTAB issued decisions instituting IPR with respect to these six petitions, and we expect the PTAB to issue final decisions on the validity of the patents by July 2016. In September and October 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of an additional patent covering the distribution system for Xyrem and with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex

sodium. In December 2015, one of the ANDA filers filed a petition for IPR with respect to the validity of a patent covering the formulation of Xyrem. In February 2016, one of the ANDA filers filed a petition for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium. In addition, the IPR process under the America Invents Act permits any person, whether they are accused of infringing the patent at issue or not, to challenge the validity of certain patents. As a result, entities associated with hedge funds have challenged valuable pharmaceutical patents through the IPR process. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business. For more information, see the risk factor under the heading *"It is difficult and costly to protect our proprietary rights, and we may not be able to ensure their protection"* in Part I, Item 1A of this Annual Report on Form 10-K. We cannot assure you that our pending lawsuits, other lawsuits or proceedings we may file in the future, or our defense against any lawsuits or other proceeding that have been or will be brought against us will be successful in stopping the infringement of our patents, that any such litigation or other proceedings will be cost-effective, or that any of them will have a satisfactory result for us.

A third party may claim that we or our manufacturing or commercialization partners are using inventions covered by the third party's patent rights, or that we or such partners are infringing, misappropriating or otherwise violating other intellectual property rights, and may go to court to stop us from engaging in our normal operations and activities, including making or selling our products. Such lawsuits are costly and could affect our results of operations and divert the attention of management and development personnel. There is a risk that a court could decide that we or our partners are infringing, misappropriating or otherwise violating third party patent or other intellectual property rights, which could be very costly to us and have a material adverse effect on our business.

In the pharmaceutical and life sciences industry, like other industries, it is not always clear to industry participants, including us, which patents cover various types of products or methods. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our products or methods do not infringe the patent claims of the relevant patent and/or that the patent claims are invalid or unenforceable, which we may not be able to do.

Because some patent applications in the U.S. may be maintained in secrecy until the patents are issued, because patent applications in the U.S. and many non-U.S. jurisdictions are typically not published until 18 months after their priority date, and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for inventions covered by our or our licensors' issued patents or pending applications, or that we or our licensors were the first inventors. Our competitors may have filed, and may in the future file, patent applications covering subject matter similar to ours. Any such patent application may have priority over our or our licensors' patents or applications and could further require us to obtain rights to issued patents covering such subject matter. If another party has filed a U.S. patent application on inventions similar to ours, we may have to participate in an interference proceeding declared by the USPTO to determine priority of invention in the U.S. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of our U.S. patent position with respect to such inventions. Patent interferences are limited or unavailable for patent applications filed after March 16, 2013.

Some of our competitors may be able to sustain the costs of complex patent and other intellectual property litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

We own patents that cover, among other things, the formulation and method of use covering the administration for Xyrem. In July 2014, the USPTO issued us a new method of use patent relating to the safe and effective use of Xyrem by decreasing the dose of Xyrem when used concomitantly with divalproex sodium. In June 2015, the USPTO issued us another new method of use patent relating to decreasing the dose of Xyrem when used concomitantly with divalproex sodium. Both of these patents have been listed in the Orange Book. We have filed lawsuits against each of the Xyrem ANDA filers alleging infringement of these patents and seeking a permanent injunction to prevent these Xyrem ANDA filers from introducing a generic version of Xyrem that would infringe these patents. In April 2015, Roxane moved to dismiss claims involving the July 2014 patent on the grounds that it does not cover patentable subject matter. In October 2015, the District Court administratively terminated this motion to dismiss (without prejudice) pending the outcome of IPR proceedings before the PTAB relating to the patent that was the subject of Roxane's motion. While we believe the additional safety information is critical for the safe use of Xyrem and should be required to be included in the label for any proposed generic form of Xyrem, we do not know whether the FDA will require any proposed generic form of Xyrem to include this information in its product label or whether we will be successful in maintaining the validity of the applicable patents and protecting the patents from infringement.

We also own method of use patents and trade secrets that cover elements of the Xyrem REMS, including patents that cover the use of a single central pharmacy to distribute Xyrem. The Xyrem REMS approval notice includes statements from the FDA that (i) the approval

action should not be construed or understood as agreement with us that dispensing through a single pharmacy is the only way to ensure that the benefits of Xyrem outweigh its risks, and that the FDA has continuing concerns that limiting the distribution of Xyrem to one pharmacy imposes burdens on patient access and the healthcare delivery system and (ii) as with all REMS, the FDA intends to evaluate the Xyrem REMS on an ongoing basis and will require modifications as may be appropriate. We cannot predict whether the FDA will seek to require or ultimately require modifications to the Xyrem REMS, including with respect to the Xyrem distribution system, or seek to otherwise impose or ultimately impose additional requirements to the Xyrem REMS, or the potential timing, terms or propriety thereof. Any such modifications or additional requirements could potentially make it easier for future generic competitors, make it more difficult or expensive for us to distribute Xyrem and/or negatively affect sales of Xyrem. In particular, depending on the nature of any such modifications or additional requirements, the ability of our existing patents to protect our Xyrem distribution system from generic competitors may be reduced. In addition, the extent of protection provided by our method of use patents covering the distribution of Xyrem depends on the nature of the distribution system that may be used by any generic competitor, including whether the distribution system is as restricted as the distribution system set forth in the Xyrem REMS. If a generic competitor is able to obtain ANDA approval for a generic version of Xyrem based on a REMS that does not fall within the scope of any of the claims of our distribution patents, those patents will not be a barrier to the generic version's entry into the market. We cannot be certain whether our existing distribution patents or patents that may be granted in the future will be construed to cover any generic REMS or risk management plan that might be approved by the FDA. The interpretation of intellectual property protections and the effect of these protections are extremely complex, and we cannot predict the impact of any of these matters on our business.

Risks Related to Our Industry

The regulatory approval process is expensive, time-consuming and uncertain and may prevent us or our partners from obtaining approvals for the commercialization of some or all of our product candidates.

The manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, sale, distribution, record keeping, importing and exporting of our products and our research and development activities are subject to extensive regulation by the FDA, the EC the competent authorities of the EU member states and other regulatory authorities. Regulations differ from country to country. As a result of these regulations, product development, approval and commercialization processes are expensive and time-consuming. For example, we are not permitted to market a pharmaceutical product in the U.S. or in the EU member states until we receive approval from the FDA, the EC or the competent authorities of the EU member states, as applicable. An application for marketing approval must contain information demonstrating the quality, safety and efficacy of the pharmaceutical product, including data from preclinical and clinical trials, information pertaining to the preparation and manufacture of the active pharmaceutical ingredient, analytical methods, product formulation, details on the manufacture and stability of the finished pharmaceutical product and proposed product packaging and labeling. Submission of an application for marketing authorization does not assure approval for marketing in any jurisdiction, and we may encounter significant difficulties or costs in our efforts to obtain approval to market products. If we are unable to obtain regulatory approval of our product candidates, we will not be able to commercialize them and recoup our research and development costs. Any delay or failure in obtaining approval of a drug candidate, or receipt of approval for narrower indications than sought, can have a negative impact on our financial performance.

If the FDA, the EC or the competent authorities of the EU member states determine that a REMS or the imposition of post-marketing obligations is necessary to ensure that the benefits of the drug outweigh the risks, we may be required to include a proposed REMS as part of an NDA or BLA or to propose post-marketing obligations to be included in the marketing authorization for our products in the EU. We may also be required to include a patient package insert or a medication guide to provide information to consumers about the product's risks and benefits, a plan for communication to healthcare providers, and restrictions on the product's distribution. For example, the FDA requires a REMS for Xyrem, discussed in detail in the risk factor under the heading "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk evaluation and mitigation strategy, and these restrictions and requirements, as well as the potential impact of changes to these restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem*" in Part I, Item 1A of this Annual Report on Form 10-K, and other products that we sell are or may become subject to a REMS specific to our product or shared with other products in the same class of drug. We cannot predict the impact that any new REMS requirements applicable to any of our products would have on our business.

As another example, the marketing authorization in the EU for Defitelio requires us to comply with a number of post-marketing obligations, including obligations relating to the establishment of a patient registry to investigate the long-term safety, health outcomes and patterns of utilization of Defitelio during normal use. If we fail to meet the post-marketing obligations imposed as part of the marketing authorization for Defitelio or if it is determined that the balance of risks and benefits of using Defitelio changes materially, the EMA could propose to the EC that the marketing authorization for Defitelio be varied, suspended or withdrawn.

Changes in healthcare law and implementing regulations, including those based on recently enacted legislation, as well as changes in healthcare policy, may impact our business in ways that we cannot currently predict, and these changes could have a material adverse effect on our business and financial condition.

The Healthcare Reform Act is a sweeping measure intended to expand healthcare coverage within the U.S., primarily through the imposition of health insurance mandates on employers and individuals and expansion of the Medicaid program. This law substantially changes the way healthcare is financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, benefits for patients within a coverage gap in the Medicare Part D prescription drug program (commonly known as the “donut hole”), rules regarding prescription drug benefits under the health insurance exchanges, changes to the Medicaid Drug Rebate program, expansion of the Public Health Service’s 340B drug pricing discount program, fraud and abuse and enforcement. These changes will impact existing government healthcare programs and will result in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program.

Details of the changes to the Medicaid Drug Rebate program and the 340B program are discussed in the risk factor under the heading “*If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate program or other governmental pricing programs, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects*” in Part I, Item 1A of this Annual Report on Form 10-K. Congress could enact additional legislation that further increases Medicaid drug rebates or other costs and charges associated with participating in the Medicaid Drug Rebate program. The issuance of regulations and coverage expansion by various governmental agencies relating to the Medicaid Drug Rebate program has and will continue to increase our costs and the complexity of compliance, has been and will be time-consuming, and could have a material adverse effect on our results of operations.

Some states have elected not to expand their Medicaid programs by raising the income limit to 133% of the federal poverty level, as is permitted under the Healthcare Reform Act. For each state that does not choose to expand its Medicaid program, there may be fewer insured patients overall, which could impact our sales, business and financial condition. Where Medicaid patients receive insurance coverage under any of the new options made available through the Healthcare Reform Act, the possibility exists that manufacturers may be required to pay Medicaid rebates on drugs used under these circumstances, a decision that could impact manufacturer revenues. In addition, the federal government has also announced delays in the implementation of key provisions of the Healthcare Reform Act, including the employer mandate. The implications of these delays for our sales, business and financial condition, if any, are not yet clear.

Moreover, legislative changes to the Healthcare Reform Act remain possible. We expect that the Healthcare Reform Act, as currently enacted or as it may be amended in the future, and other healthcare reform measures that may be adopted in the future, could have a material adverse effect on our industry generally and on our ability to maintain or increase sales of our existing products or to successfully commercialize our product candidates, if approved.

In addition to the Healthcare Reform Act, there will continue to be proposals by legislators at both the federal and state levels, regulators and third party payors to keep healthcare costs down while expanding individual healthcare benefits. Likewise, in the countries in the EU, legislators, policymakers and healthcare insurance funds continue to propose and implement cost-containing measures to keep healthcare costs down, due in part to the attention being paid to healthcare cost containment and other austerity measures in the EU. Certain of these changes could impose limitations on the prices we will be able to charge for our products and any approved product candidates or the amounts of reimbursement available for these products from governmental agencies or third party payors, may increase the tax obligations on pharmaceutical companies such as ours, or may facilitate the introduction of generic competition with respect to our products. Further, an increasing number of EU member states and other foreign countries use prices for medicinal products established in other countries as “reference prices” to help determine the price of the product in their own territory. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere. In addition, the ongoing budgetary difficulties faced by a number of EU member states, including Greece and Spain, have led and may continue to lead to substantial delays in payment and payment partially with government bonds rather than cash for medicinal drug products, which could negatively impact our revenues and profitability. Moreover, in order to obtain reimbursement for our products in some countries, including some EU member states, we may be required to conduct clinical trials that compare the cost-effectiveness of our products to other available therapies. There can be no assurance that our products will obtain favorable reimbursement status in any country.

To help patients afford our products, we have various programs to assist them, including patient assistance programs, a Xyrem free product voucher program and co-pay coupon programs for Xyrem and certain other products. Additionally, we make grants to independent charitable foundations that help financially needy patients with their premium, co-pay, and co-insurance obligations. Co-pay coupon programs, including our program for Xyrem, have received some negative publicity related to their use to promote branded pharmaceutical products over other less costly alternatives. In recent years, other pharmaceutical manufacturers were named in class action lawsuits

challenging the legality of their co-pay programs under a variety of federal and state laws. In addition, at least one insurer has directed its network pharmacies to no longer accept co-pay coupons for certain specialty drugs the insurer identified. Our co-pay coupon programs could become the target of similar lawsuits or insurer actions. In addition, in November 2013, CMS issued guidance to the issuers of qualified health plans sold through the Healthcare Reform Act's marketplaces encouraging such plans to reject patient cost-sharing support from third parties and indicating that CMS intends to monitor the provision of such support and may take regulatory action to limit it in the future. In September 2014, the OIG of the HHS issued a Special Advisory Bulletin warning manufacturers that they may be subject to sanctions under the federal anti-kickback statute and/or civil monetary penalty laws if they do not take appropriate steps to exclude Medicare Part D beneficiaries from using co-pay coupons. In 2015, the OIG refined existing guidance with respect to manufacturer grants to independent charitable foundations that provide financial support to financially needy patients, and has issued new or revised advisory opinions containing updated guidance on the government's view of such programs. It is possible that changes in insurer policies regarding co-pay coupons and/or the introduction and enactment of new legislation or regulatory action could restrict or otherwise negatively affect these patient support programs, which could result in fewer patients using affected products, including Xyrem, and therefore could have a material adverse effect on our sales, business and financial condition.

We are subject to significant ongoing regulatory obligations and oversight, which may result in significant additional expense and limit our ability to commercialize our products.

Oversight by FDA and Equivalent Non-U.S. Regulatory Authorities

We are subject to significant ongoing regulatory obligations with respect to our marketed products, such as safety reporting requirements and additional post-marketing obligations, including regulatory oversight of the promotion and marketing of our products. In addition, research, testing, manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, sale, distribution, record keeping, importing and exporting of our products are, and any of our product candidates that may be approved by the FDA, the EC, the competent authorities of the EU member states and other non-U.S. regulatory authorities will be, subject to extensive and ongoing regulatory requirements. These requirements apply both to us and to third parties we contract with to perform services and supply us with products. Failure by us or any of our third party partners, including suppliers, distributors and our respective central pharmacies for Xyrem and for Prialt, to comply with applicable requirements could subject us to administrative or judicial sanctions or other negative consequences, such as delays in approval or refusal to approve a product candidate, withdrawal, suspension or variation of product approval, untitled letters, warning letters, fines and other monetary penalties, unanticipated expenditures, product recall, withdrawal or seizure, total or partial suspension of production or distribution, interruption of manufacturing or clinical trials, operating restrictions, injunctions; suspension of licenses, civil penalties and/or criminal prosecution, any of which could have a significant impact on our sales, business and financial condition.

We monitor adverse events resulting from the use of our commercial products, as do the regulatory authorities, and we file periodic reports with the authorities concerning adverse events. The authorities review these events and reports, and if they determine that any events and/or reports indicate a trend or signal, they can require a change in a product label, restrict sales and marketing and/or require or conduct other actions, potentially including withdrawal or suspension of the product from the market, any of which could result in reduced market acceptance and demand for our products, could harm our reputation and our ability to market our products in the future, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The FDA and the EMA's Pharmacovigilance Risk Assessment Committee, or the PRAC, also periodically inspects the company records related to safety reporting. Following such inspections, the FDA may issue notices on Form FDA 483 and warning letters that could cause us to modify certain activities. The PRAC may propose to the Committee on Human Medicinal Products, or the CHMP, that the marketing authorization holder be required to take specific steps or advise that the existing marketing authorization be varied, suspended, or withdrawn. A Form FDA 483 notice, if issued at the conclusion of an FDA inspection, can list conditions the FDA investigators believe may have violated relevant FDA regulations or guidance. Failure to adequately and promptly correct the observation(s) can result in further regulatory enforcement action. For example, in April 2014, we received a Form FDA 483 at the conclusion of a pharmacovigilance inspection conducted by the FDA. The Form FDA 483 included observations relating to certain aspects of our adverse drug experience, or ADE, reporting system for all of our products, including Xyrem. We responded to the Form FDA 483 with a description of the corrective actions and improvements we had implemented before or shortly following the inspection and additional improvements that we planned to implement, and have now implemented, to address the observations in the Form FDA 483. In August 2014, the FDA issued an Establishment Inspection Report to us, which indicates that the inspection is closed. Although we have implemented improvements to our ADE reporting system, there can be no assurance that the FDA or other regulatory agencies will not identify additional matters in future pharmacovigilance inspections or that we will be able to adequately address any matters identified by the FDA or other regulatory agencies in the future, and the failure to do so could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

If we receive regulatory approvals to sell our products, the FDA, the EC, the competent authorities of the EU member states and other non-U.S. regulatory authorities where our products are approved may impose significant restrictions on the indicated uses or marketing of our products, or impose requirements for burdensome post-approval study commitments. The terms of any product approval, including labeling, may be more restrictive than we desire and could affect the commercial potential of the product. If we become aware of problems with any of our products in the U.S., the EU or elsewhere in the world or at our third party suppliers' facilities, a regulatory agency may impose restrictions on our products, our suppliers, our other partners or us. In such an instance, we could experience a significant drop in the sales of the affected products, our product revenues and reputation in the marketplace may suffer, and we could become the target of lawsuits. For example, in April 2015, Medtronic Inc., or Medtronic, announced a consent decree with the FDA related to Medtronic's SynchroMed® II implantable infusion pump systems. Our product Prialt is approved for administration to patients via that pump. While the Medtronic consent decree does not impact existing patients with the pump, physicians who want to implant the pump in new patients are required to complete a certification process to document medical necessity. While the approved indication for Prialt is one of the conditions eligible to support a showing of medical necessity provided by the consent decree, we cannot predict the impact of this new certification requirement on sales of Prialt.

The EU has adopted new legislation related to pharmacovigilance, or the assessment and monitoring of the safety of medicinal products, and this new legislation enhanced the authority of the EMA and the competent authorities of the EU member states to require companies to conduct additional post-approval clinical efficacy and safety studies and increased the burden on companies with respect to additional monitoring, adverse event management and reporting. Under the legislation and its related regulations and guidelines, we may be required to conduct a labor intensive collection of data regarding the risks and benefits of marketed products and may be required to engage in ongoing assessments of those risks and benefits, including the possible requirement to conduct additional clinical studies, which may be time-consuming and expensive and could impact our profitability. Non-compliance with such obligations can lead to the variation, suspension or withdrawal of marketing authorization or imposition of financial penalties or other enforcement measures.

The FDA approved the BLA for Erwinaze in the U.S. in November 2011, subject to certain post-marketing requirements, which have been completed, and compliance with multiple post-marketing commitments, including certain commitments that must be met by the product's manufacturer with respect to product manufacturing, which are outside of our control. While activities are underway to complete the post-marketing commitments, any inability to comply with regulatory requirements, including compliance with manufacturing-related post-marketing commitments that are part of the BLA approval, as well as other requirements monitored by the FDA, could adversely affect Erwinaze supply and could result in FDA approval being revoked or product recalls, either of which could have a material adverse effect on our sales of and revenues from Erwinaze and limit our potential future maintenance and growth of the market for this product.

The marketing authorization in the EU for Defitelio requires us to comply with a number of post-marketing obligations. These include obligations relating to the establishment of a patient registry. We may be unable to comply with this or other post-marketing obligations imposed as part of the marketing authorization for Defitelio. Failure to comply with these requirements may lead to the suspension, variation or withdrawal of the marketing authorization for Defitelio in the EU.

Erwinase and defibrotide are available on a named patient basis in many countries where they are not commercially available. While we believe we have satisfied the regulations regarding our communications and medical affairs activities in those countries, if any such country's regulatory authorities determine that we are promoting Erwinase or defibrotide without proper authorization, we could be found to be in violation of pharmaceutical advertising law or the regulations permitting sales under named patient programs. In that case, we may be subject to financial or other penalties.

The FDA, the competent authorities of the EU member states and other governmental authorities require advertising and promotional labeling to be truthful and not misleading, and products to be marketed only for their approved indications and in accordance with the provisions of the approved label. The FDA routinely provides its interpretations of that authority in informal communications and also in more formal communications such as untitled letters or warning letters, and although such communications may not be considered final agency decisions, companies may decide not to contest the agency's interpretations so as to avoid disputes with the FDA, even if they believe the claims to be truthful, not misleading and otherwise lawful.

The FDA, the competent authorities of the EU member states and other governmental authorities also actively investigate allegations of off-label promotion activities in order to enforce regulations prohibiting these types of activities. A company that is found to have promoted an approved product for off-label uses may be subject to significant liability, including civil and administrative financial penalties and other remedies as well as criminal financial penalties and other sanctions. Even when a company is not determined to have engaged in off-label promotion, the allegation from government authorities or market participants that a company has engaged in such activities could have a significant impact on the company's sales, business and financial condition. The U.S. government has also required companies to enter into complex corporate integrity agreements and/or non-prosecution agreements that impose significant reporting and other burdens on the affected companies. For all of our products, it is important that we maintain a comprehensive compliance program.

Failure to maintain a comprehensive and effective compliance program, and to integrate the operations of acquired businesses into a combined comprehensive and effective compliance program on a timely basis, could subject us to a range of regulatory actions that could affect our ability to commercialize our products and could harm or prevent sales of the affected products, or could substantially increase the costs and expenses of commercializing and marketing our products.

Other Regulatory Authorities

We are also subject to regulation by other regional, national, state and local agencies, including the DEA, the DOJ, the FTC, the DOC, the OIG and other regulatory bodies, as well as governmental authorities in those non-U.S. countries in which we commercialize our products. In addition to the FDCA, other federal, state and non-U.S. statutes and regulations govern to varying degrees the research, development, manufacturing and commercial activities relating to prescription pharmaceutical products, including preclinical testing, approval, production, labeling, sale, distribution, import, export, post-market surveillance, advertising, dissemination of information, promotion, marketing, and pricing to government purchasers and government healthcare programs. Our partners, including our suppliers and distributors and the central pharmacy for Xyrem, are subject to many of the same requirements.

These requirements include obtaining sufficient quotas from the DEA each year to manufacture sodium oxybate and Xyrem in the U.S. In addition to quota requirements, the DEA imposes various registration, importing, exporting, record keeping and reporting requirements, labeling and packaging requirements, security controls and a restriction on prescription refills on certain pharmaceutical products under the CSA. The states also impose similar requirements for handling controlled substances. The U.S. and the EU member states are parties to the Convention on Psychotropic Substances (1971), or the 1971 Convention. In October 2012, the World Health Organization sent a recommendation to the United Nations Commission on Narcotic Drugs, or CND, to reschedule GHB under the 1971 Convention from Schedule IV status to Schedule II status. In March 2013, the CND voted to reschedule GHB from Schedule IV to Schedule II under the 1971 Convention. While the DEA imposes its own scheduling requirements in the U.S. under the CSA, the U.S. is obligated as a signatory to the 1971 Convention to ensure that drug scheduling in the U.S. is consistent with its obligations under the international treaties. The change in international scheduling did not result in a change in the U.S. control of GHB. Failure by us or any of our partners, including suppliers and distributors, to comply with the requirements of the CSA and other regulatory bodies could result in, among other things, additional operating costs to us, delays in shipments outside or into the U.S. and adverse regulatory actions.

The U.S. federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration to induce or in return for purchasing, leasing, ordering or arranging for or recommending the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. Liability may be established without a person or entity having actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it. This statute has been interpreted to apply to arrangements between pharmaceutical companies on one hand and prescribers, purchasers and formulary managers on the other. The Healthcare Reform Act amended the Social Security Act to provide that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common manufacturer business arrangements and activities from prosecution and administrative sanction, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchases or recommendations of our products may be subject to scrutiny if they do not qualify for an exemption or safe harbor. We seek to comply with the exemptions and safe harbors whenever possible, but our practices may not in all cases meet all of the criteria for safe harbor protection from anti-kickback liability, and therefore would be subject to a facts and circumstances analysis.

The False Claims Act prohibits, among other things, any person from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment of federal funds, or knowingly making, or causing to be made, a false statement to get a false claim paid. The False Claims Act also permits a private individual acting as a “whistleblower” to bring actions on behalf of the federal government alleging violations of the statute and to share in any monetary recovery. Many pharmaceutical and other healthcare companies have been investigated or subject to lawsuits by whistleblowers and have reached substantial financial settlements with the federal government under the False Claims Act for a variety of alleged improper marketing activities, including providing free product to customers with the expectation that the customers would bill federal programs for the product; providing consulting fees, grants, free travel, and other benefits to physicians to induce them to prescribe the company’s products; and inflating prices reported to private price publication services, which are used to set drug reimbursement rates under government healthcare programs. In addition, in recent years the government and private whistleblowers have pursued False Claims Act cases against a number of pharmaceutical companies for causing false claims to be submitted as a result of the marketing of their products for unapproved uses. Pharmaceutical and other healthcare companies also are subject to other federal false claim laws, including federal criminal healthcare fraud and false statement statutes that extend to non-government health benefit programs.

In addition, the Sunshine provisions require extensive tracking of payments and transfers of value to physicians and teaching hospitals and public reporting of the data collected. On September 30, 2014, CMS published the first set of data collected under the Sunshine provisions. On or before the 90th day of each calendar year starting in 2015, manufacturers covered under the Sunshine provisions are required to submit a report disclosing payments and transfers of value made in the preceding calendar year, and CMS then will publish the reported data on or before June 30 of the reporting year. It is widely anticipated that public reporting under the Sunshine provisions will result in increased scrutiny of the financial relationships between industry, teaching hospitals and physicians, and such scrutiny may negatively impact our ability to engage with physicians on matters of importance to us. In addition, if the data reflected in our reports are found to be in violation of any of the Sunshine provisions or any other U.S. federal, state or local laws or regulations that may apply, we may be subject to significant civil, criminal and administrative penalties, damages or fines.

The majority of states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. A number of states require pharmaceutical companies to report expenses relating to the marketing and promotion of pharmaceutical products and to report gifts and payments to individual physicians in the states. Other states restrict when pharmaceutical companies may provide meals to prescribers or engage in other marketing related activities. Still other states require the posting of information relating to clinical studies and their outcomes. In addition, California, Connecticut, Massachusetts and Nevada require pharmaceutical companies to implement compliance programs or marketing codes of conduct. Outside the U.S., we are subject to similar regulations in those countries where we market and sell products.

In the EU, the advertising and promotion of our products are subject to EU member states' laws governing promotion of medicinal products, interactions with physicians, misleading and comparative advertising and unfair commercial practices. In addition, other legislation adopted by individual EU member states may apply to the advertising and promotion of medicinal products. These laws require that promotional materials and advertising in relation to medicinal products comply with the product's Summary of Product Characteristics, or SmPC, as approved by the competent authorities. The SmPC is the document that provides information to physicians concerning the safe and effective use of the medicinal product. It forms an intrinsic and integral part of the marketing authorization granted for the medicinal product. Promotion of a medicinal product that does not comply with the SmPC is considered to constitute off-label promotion. The off-label promotion of medicinal products is prohibited in the EU. The applicable laws at EU level and in the individual EU member states also prohibit the direct-to-consumer advertising of prescription-only medicinal products. Violations of the rules governing the promotion of medicinal products in the EU could be penalized by administrative measures, fines and imprisonment. These laws may further limit or restrict the advertising and promotion of our products to the general public and may also impose limitations on our promotional activities with health care professionals.

Interactions between pharmaceutical companies and physicians are also governed by strict laws, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct in the individual EU member states. The provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is prohibited in the EU. The provision of benefits or advantages to physicians is also governed by the national anti-bribery laws of the EU member states. One example is the U.K. Bribery Act. As further discussed below, the U.K. Bribery Act applies to any company incorporated in or "carrying on business" in the U.K., irrespective of where in the world the alleged bribery activity occurs, which could have implications for our interactions with physicians both in and outside of the U.K. Violation of these laws could result in substantial fines and imprisonment. Certain EU member states require that payments made to physicians must be publicly disclosed. Moreover, agreements with physicians must often be the subject of prior notification and approval by the physician's employer, his/her competent professional organization, and/or the competent authorities of the individual EU member states. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

Our business activities outside of the U.S. are subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate, including the U.K. Bribery Act. The FCPA and similar anti-corruption laws generally prohibit the offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to non-U.S. government officials in order to improperly influence any act or decision, secure any other improper advantage, or obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the company and to devise and maintain an adequate system of internal accounting controls. The U.K. Bribery Act prohibits giving, offering, or promising bribes to any person, including both U.K. and non-U.K. government officials and private persons, as well as requesting, agreeing to receive, or accepting bribes from any person. In addition, under the U.K. Bribery Act, companies which carry on a business or part of a business in the U.K. may be held liable for bribes given, offered or promised to any person, including non-U.K. government officials and private persons, in another country by employees and persons associated with the company in order to obtain or retain business or a business advantage for the company. Liability is strict, with no element of a corrupt state of mind, but having in place adequate procedures designed to prevent bribery is an available defense. Furthermore, under the U.K. Bribery Act there is no exception for facilitation payments. As described above, our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S.

governments. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers may be subject to regulation under the FCPA. Recently the U.S. Securities and Exchange Commission, or SEC, and the DOJ have increased their FCPA enforcement activities with respect to pharmaceutical companies. In addition, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, private individuals who report to the SEC original information that leads to successful enforcement actions may be eligible for a monetary award. We are engaged in ongoing efforts that are designed to ensure our compliance with these laws, including due diligence, training, policies, procedures and internal controls. However, there is no certainty that all employees and third party business partners (including our distributors, wholesalers, agents, contractors, and other partners) will comply with anti-bribery laws. In particular, we do not control the actions of suppliers and other third party agents, although we may be liable for their actions. Violation of these laws may result in civil or criminal sanctions, which could include monetary fines, criminal penalties, and disgorgement of past profits, which could have a material adverse impact on our business and financial condition.

We are also subject to laws and regulations covering data privacy and the protection of health-related and other personal information. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues which may affect our business. Numerous federal and state laws and regulations, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use, disclosure, and protection of personal information. Failure to comply with such laws and regulations, could create liability for us (including the imposition of significant penalties), result in adverse publicity and negatively affect our business. In addition, healthcare providers who prescribe our products and research institutions we collaborate with are subject to privacy and security requirements under HIPAA. Although we are not directly subject to HIPAA other than with respect to providing certain employee benefits, we could potentially be subject to criminal penalties if we knowingly obtain or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA. In addition, EU member states and other jurisdictions where we operate have adopted data protection laws and regulations, which impose significant compliance obligations. For example, the EU Data Protection Directive, as implemented into national laws by the EU member states, imposes strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting. The EU Data Protection Directive prohibits the transfer of personal data to countries outside of the European Economic Area, or EEA, such as the U.S., which are not considered by the EC to provide an adequate level of data protection. Switzerland has adopted similar restrictions. Although there are legal mechanisms to allow for the transfer of personal data from the EEA and Switzerland to the U.S., a recent decision of the European Court of Justice that invalidated the safe harbor framework on which we have relied has increased uncertainty around compliance with EU privacy law requirements. As a result of the decision, it will no longer be possible to rely on safe harbor certification as a legal basis for the transfer of personal data from the EU to entities in the U.S. In addition, data protection authorities from the different EU member states may interpret the EU Data Protection Directive and national laws differently, and guidance on implementation and compliance practices are often updated or otherwise revised, which adds to the complexity of processing personal data in the EU. If we or our vendors fail to comply with applicable data privacy laws, or if the legal mechanisms we or our vendors rely upon to allow for the transfer of personal data from the EEA or Switzerland to the U.S. (or other countries not considered by the EC to provide an adequate level of data protection) are not considered adequate, we could be subject to government enforcement actions and significant penalties against us, and our business could be adversely impacted if our ability to transfer personal data outside of the EEA or Switzerland is restricted, which could adversely impact our operating results. In December 2015, a proposal for an EU General Data Protection Regulation, intended to replace the current EU Data Protection Directive, was agreed between the European Parliament, the Council of the European Union and the European Commission. The EU General Data Protection Regulation, which will be officially adopted in early 2016, will introduce new data protection requirements in the EU, as well as substantial fines for breaches of the data protection rules. The EU General Data Protection Regulation, which will be applicable two years after the date of its publication in the Official Journal for the European Union, will increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules.

The number and complexity of both U.S. federal and state laws continue to increase, and additional governmental resources are being added to enforce these laws and to prosecute companies and individuals who are believed to be violating them. In addition, we expect private plaintiffs to continue to file lawsuits against pharmaceutical manufacturers under the whistleblower provisions of the False Claims Act and state equivalents and to seek out new theories of liability under those statutes. We also expect government enforcement agencies to continue to “intervene” in private whistleblower lawsuits, effectively converting the private lawsuit into a lawsuit by the government, which typically increases the likelihood that the lawsuit will result in increased expense for the company and/or a burdensome settlement. For example, federal enforcement agencies recently have shown interest in pharmaceutical companies’ product and patient assistance programs, including manufacturer reimbursement support services and relationships with specialty pharmacies. Some of these investigations have resulted in government enforcement authorities intervening in related whistleblower lawsuits and obtaining significant civil and criminal settlements. Other private whistleblowers have proceeded without government invention, causing considerable expense to targeted companies.

Recent changes in the law have reinforced and facilitated these trends. In particular, the Healthcare Reform Act includes a number of provisions aimed at strengthening the government's ability to pursue anti-kickback and false claims cases against pharmaceutical manufacturers and other healthcare entities, including substantially increased funding for healthcare fraud enforcement activities, enhanced investigative powers, and amendments to the False Claims Act that make it easier for the government and whistleblowers to pursue cases for alleged kickback and false claim violations, such as defining a "false" claim to include any claim based on a violation of the anti-kickback statute. While we cannot say with certainty what effect these changes have had or will have on our business, we anticipate that increased enforcement and litigation, including through government intervention in whistleblower lawsuits and private whistleblowers proceeding on their own, will continue for the foreseeable future. Responding to a whistleblower lawsuit, government investigation or enforcement action, defending any claims raised, and paying any resulting fines, damages, penalties or settlement amounts would be expensive and time-consuming, and could have a material adverse effect on our reputation, business, financial condition, results of operations and growth prospects.

Compliance with U.S. federal and state, EU and EU member state national laws that apply to pharmaceutical manufacturers is difficult and time-consuming, and companies that violate these laws may face substantial penalties. The potential sanctions include civil monetary penalties, exclusion of a company's products from reimbursement under government programs, criminal fines and imprisonment. Because of the breadth of these laws and, in some cases, the lack of extensive legal guidance in the form of regulations or court decisions, it is possible that some of our business activities could be subject to challenge under one or more of these laws. For example, the FTC has been paying increasing attention to the use of REMS by companies selling branded products, in particular to whether REMS may be being deliberately used to reduce the risk of competition from generic drugs in a way that may be deemed to be anticompetitive. It is possible that the FTC, other governmental authorities or others could claim or determine that we are using the Xyrem REMS in an anticompetitive manner (including in light of the FDA's statement in the Xyrem REMS approval notice that the Xyrem REMS could be used in an anticompetitive manner inconsistent with applicable provisions of the FDCA) or have engaged in other anticompetitive practices. The FDCA further states that a REMS shall not be used by an NDA holder to block or delay generic drugs from entering the market. Several of the ANDA applicants have asserted that our patents covering the distribution system for Xyrem should not have been listed in the Orange Book, and that the Xyrem REMS is blocking competition. We cannot predict the outcome of these claims in the ongoing litigation, or the impact of any similar claims that may be made in the future. Such a challenge or any other challenge that we or our business partners have failed to comply with applicable laws and regulations could have a material adverse effect on our business, financial condition, results of operations and growth prospects. If we or the other parties with whom we work fail to comply with applicable regulatory requirements, we or they could be subject to a range of regulatory actions that could affect our ability to commercialize our products and could harm or prevent sales of the affected products, or could substantially increase the costs and expenses of commercializing and marketing our products. Any threatened or actual government enforcement action could also generate adverse publicity and require that we devote substantial resources that could otherwise be used in other aspects of our business.

We manufacture certain active pharmaceutical ingredients, including the defibrotide drug substance, at our manufacturing facilities in Italy. In addition, we have engaged a third party supplier to process defibrotide into the finished product in Italy. Our manufacturing facilities and those of our third party manufacturer are subject to continuing regulation by the Italian Health Authority and other Italian regulatory authorities with respect to the manufacturing of active pharmaceutical ingredients and drug products, including the defibrotide drug substance and its finished form. These facilities are also subject to inspection and regulation by the EMA. Also, part of the process to obtain approval for defibrotide is to pass a pre-approval inspection by the EMA, Italian Health Authority and the FDA to ensure that these facilities are in compliance with cGMP. Following initial approval in a jurisdiction, the applicable authorities will continue to inspect our manufacturing facilities and those of our third party supplier, in some cases, unannounced, to confirm ongoing compliance with cGMP. The cGMP requirements govern quality control of the manufacturing process and documentation policies and procedures, and we and our third party suppliers will need to ensure that all of our processes, methods and equipment are compliant with cGMP. If these authorities determine that either our facilities or our third party supplier's facility in Italy do not meet the standards of compliance required under applicable regulations, they may deny approval to manufacture our products, require us to stop manufacturing our products, deny approval to the sale of our products or suspend the sale of our products.

If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate program or other governmental pricing programs, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We participate in and have certain price reporting obligations to the Medicaid Drug Rebate program, several state Medicaid supplemental rebate programs and other governmental pricing programs, and we have obligations to report average sales price under the Medicare program.

Under the Medicaid Drug Rebate program, we are required to pay a rebate to each state Medicaid program for our covered outpatient drugs that are dispensed to Medicaid beneficiaries and paid for by a state Medicaid program as a condition of having federal funds being

made available to the states for our drugs under Medicaid and Medicare Part B. Those rebates are based on pricing data reported by us on a monthly and quarterly basis to CMS, the federal agency that administers the Medicaid Drug Rebate program. These data include the average manufacturer price and, in the case of innovator products, the best price for each drug which, in general, represents the lowest price available from the manufacturer to any entity in the U.S. in any pricing structure, calculated to include all sales and associated rebates, discounts and other price concessions. Such data previously have not been submitted for Quadramet® (samarium sm 153 lexitronam injection) and ProstaScint® (capromab pendetide), which are radiopharmaceutical products. We engaged in interactions with CMS and a trade group, the Council on Radionuclides and Radiopharmaceuticals, or CORAR, regarding the reporting of Medicaid pricing data and paying Medicaid rebates for radiopharmaceutical products. In addition to the discussions with CMS as part of CORAR, we have had separate discussions with CMS directly regarding Quadramet. We sold Quadramet to a third party in December 2013, but we retained any liabilities related to sales of the product during prior periods. Similarly, we sold ProstaScint to a third party in May 2015, but we retained any liabilities related to sales of the product during prior periods. We are currently unable to predict whether price reporting and rebates will be required for Quadramet and ProstaScint and, if so, for what period they will be required. We are currently unable to reasonably estimate an amount or range of a potential contingent loss related to the payment of rebates for Quadramet or ProstaScint. Any material liability resulting from radiopharmaceutical price reporting and rebates would negatively impact our financial results.

The Healthcare Reform Act made significant changes to the Medicaid Drug Rebate program, such as expanding rebate liability from fee-for-service Medicaid utilization to include the utilization of Medicaid managed care organizations as well and changing the definition of average manufacturer price. The Healthcare Reform Act also increased the minimum Medicaid rebate; changed the calculation of the rebate for certain innovator products that qualify as line extensions of existing drugs; and capped the total rebate amount for innovator drugs at 100% of the average manufacturer price. Finally, the Healthcare Reform Act requires pharmaceutical manufacturers of branded prescription drugs to pay a branded prescription drug fee to the federal government.

In January 2016, CMS issued a final rule to implement the changes to the Medicaid rebate program under the Healthcare Reform Act, and we are evaluating the impact of the final rule. We do not currently expect any material change to our calculations under the Medicaid rebate program or our 340B liability based on the recently released final rule. However, our business could be adversely affected if and to the extent our implementation of the final rule impacts our calculations under the Medicaid rebate program or our 340B liability, or if CMS challenges the approach we take in our implementation of the final rule. In addition, Congress could enact additional legislation that further increases Medicaid drug rebates or other costs and charges associated with participating in the Medicaid Drug Rebate program. The issuance of regulations and coverage expansion by various governmental agencies relating to the Medicaid Drug Rebate program has and will continue to increase our costs and the complexity of compliance, has been and will be time-consuming, and could have a material adverse effect on our results of operations.

Federal law requires that any company that participates in the Medicaid Drug Rebate program also participate in the Public Health Service's 340B drug pricing discount program in order for federal funds to be available for the manufacturer's drugs under Medicaid and Medicare Part B. The 340B pricing program requires participating manufacturers to agree to charge statutorily defined covered entities no more than the 340B "ceiling price" for the manufacturer's covered outpatient drugs. These 340B covered entities include a variety of community health clinics and other entities that receive health services grants from the Public Health Service, as well as hospitals that serve a disproportionate share of low-income patients. The Healthcare Reform Act expanded the list of covered entities to include certain free-standing cancer hospitals, critical access hospitals, rural referral centers and sole community hospitals, but exempts "orphan drugs" from the ceiling price requirements for these covered entities. The 340B ceiling price is calculated using a statutory formula based on the average manufacturer price and rebate amount for the covered outpatient drug as calculated under the Medicaid Drug Rebate program. In January 2016, CMS issued a final rule to implement the changes to the Medicaid rebate program under the Healthcare Reform Act, and we are evaluating the impact of the final rule. We do not currently expect any material change to our calculations under the Medicaid rebate program or our 340B liability based on the recently released final rule. However, our business could be adversely affected if and to the extent our implementation of the final rule impacts our calculations under the Medicaid rebate program or our 340B liability, or if CMS challenges the approach we take in our implementation of the final rule. For example, the initiation of any reporting of Medicaid pricing data for ProstaScint and Quadramet could result in retroactive 340B ceiling price liability for these two products. We are currently unable to reasonably estimate an amount or range of a contingent loss. Any material liability resulting from radiopharmaceutical price reporting would negatively impact our financial results. Any additional future changes to the definition of average manufacturer price and the Medicaid rebate amount under the Healthcare Reform Act could affect our 340B ceiling price calculations and negatively impact our results of operations.

The Healthcare Reform Act obligates the Secretary of the HHS to create regulations and processes to improve the integrity of the 340B program and to update the agreement that manufacturers must sign to participate in the 340B program to obligate a manufacturer to offer the 340B price to covered entities if the manufacturer makes the drug available to any other purchaser at any price and to report to the government the ceiling prices for its drugs. HRSA recently issued a proposed regulation regarding the calculation of the 340B ceiling price and the imposition of civil monetary penalties on manufacturers that knowingly and intentionally overcharge covered entities, as well

as proposed omnibus guidance that addresses many aspects of the 340B program, including a proposed expansion of manufacturer record keeping requirements and 340B ceiling price restatement and refund obligations. HRSA is currently expected to issue additional proposed regulations in 2016. Any final regulations and guidance could affect our obligations under the 340B program in ways we cannot anticipate. In addition, legislation may be introduced that, if passed, would further expand the 340B program to additional covered entities or would require participating manufacturers to agree to provide 340B discounted pricing on drugs used in the inpatient setting.

Federal law also requires that a company that participates in the Medicaid Drug Rebate program report average sales price information each quarter to CMS for certain categories of drugs that are paid under the Medicare Part B program. Manufacturers calculate the average sales price based on a statutorily defined formula as well as regulations and interpretations of the statute by CMS. CMS uses these submissions to determine payment rates for drugs under Medicare Part B. Statutory or regulatory changes or CMS binding guidance could affect the average sales price calculations for our products and the resulting Medicare payment rate, and could negatively impact our results of operations.

Pricing and rebate calculations vary across products and programs, are complex, and are often subject to interpretation by us, governmental or regulatory agencies and the courts. In the case of our Medicaid pricing data, if we become aware that our reporting for a prior quarter was incorrect, or has changed as a result of recalculation of the pricing data, we are obligated to resubmit the corrected data for up to three years after those data originally were due. Such restatements and recalculations increase our costs for complying with the laws and regulations governing the Medicaid Drug Rebate program and could result in an overage or underage in our rebate liability for past quarters. Price recalculations also may affect the ceiling price at which we are required to offer our products under the 340B drug discount program.

Civil monetary penalties can be applied if we are found to have knowingly submitted any false price information to the government, if we are found to have made a misrepresentation in the reporting of our average sales price, or if we fail to submit the required price data on a timely basis. Such conduct also could be grounds for CMS to terminate our Medicaid drug rebate agreement, in which case federal payments may not be available under Medicaid or Medicare Part B for our covered outpatient drugs. We cannot assure you that our submissions will not be found by CMS to be incomplete or incorrect.

In order to be eligible to have our products paid for with federal funds under the Medicaid and Medicare Part B programs and purchased by certain federal agencies and grantees, we participate in the VA, FSS pricing program. As part of this program, we are obligated to make our products available for procurement on an FSS contract under which we must comply with standard government terms and conditions and charge a price that is no higher than the statutory FCP to four federal agencies (VA, U.S. Department of Defense, DoD, Public Health Service, and U.S. Coast Guard). The FCP is based on the Non-FAMP, which we calculate and report to the VA on a quarterly and annual basis. Pursuant to applicable law, knowing provision of false information in connection with a Non-FAMP filing can subject a manufacturer to penalties of \$100,000 for each item of false information. These obligations also contain extensive disclosure and certification requirements.

We also participate in the Tricare Retail Pharmacy program, under which we pay quarterly rebates on utilization of innovator products that are dispensed through the Tricare Retail Pharmacy network to Tricare beneficiaries. The rebates are calculated as the difference between the annual Non-FAMP and FCP. We are required to list our covered products on a Tricare Agreement in order for these products to be eligible for DoD formulary inclusion.

If we overcharge the government in connection with our FSS contract or Tricare Agreement, whether due to a misstated FCP or otherwise, we are required to refund the difference to the government. Failure to make necessary disclosures and/or to identify contract overcharges can result in allegations against us under the False Claims Act and other laws and regulations. Unexpected refunds to the government, and responding to a government investigation or enforcement action, would be expensive and time-consuming, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Price approvals and reimbursement may not be available for our products, which could diminish our sales or affect our ability to sell our products profitably.

In both U.S. and non-U.S. markets, our ability to commercialize our products successfully, and to attract commercialization partners for our products, depends in significant part on the availability of adequate financial coverage and reimbursement from third party payors, including, in the U.S., governmental payors such as the Medicare and Medicaid programs, managed care organizations and private health insurers. In many countries, price approvals must be obtained before products can be placed on the market or submitted for reimbursement. Third party payors, including government payors, decide which drugs can be reimbursed and establish reimbursement and co-pay levels and conditions for reimbursement. Third party payors are increasingly challenging the prices charged for medical products and services and examining their cost effectiveness, in addition to their safety and efficacy. In some cases, for example, third party payors

try to encourage the use of less expensive generic products through their prescription benefits coverage and reimbursement and co-pay policies. We may need to conduct expensive pharmacoeconomic and/or clinical studies in order to demonstrate the cost-effectiveness of our products. Even with such studies, our products may be considered less safe, less effective or less cost-effective than other products, and third party payors may not provide and maintain price approvals, coverage and reimbursement for our products or any of our product candidates that we commercialize, in whole or in part.

Political, economic and regulatory influences are subjecting the healthcare industry in the U.S. to fundamental changes. There have been, and we expect there will continue to be, legislative and regulatory proposals to change the healthcare system in ways that could impact our ability to sell our products profitably. We anticipate that the U.S. Congress, state legislatures and the private sector will continue to consider and may adopt healthcare policies and reforms intended to curb healthcare costs, particularly given the current atmosphere of mounting criticism of prescription costs in the U.S. These cost containment measures may include controls on government-funded reimbursement for drugs; new or increased requirements to pay prescription drug rebates to government health care programs; pharmaceutical cost transparency bills that aim to require drug companies to justify their prices; controls on healthcare providers; challenges to the pricing of drugs, or limits or prohibitions on reimbursement for specific products through other means; requirements to try less expensive products or generics before a more expensive branded product; changes in drug importation laws; expansion of use of managed care systems in which healthcare providers contract to provide comprehensive healthcare for a fixed cost per person; and public funding for cost effectiveness research, which may be used by government and private third party payors to make coverage and payment decisions. Drug pricing by pharmaceutical companies has recently come under close scrutiny, particularly with respect to companies that have increased the price of products after acquiring those products from other companies. For example, in late 2015 the U.S. House of Representatives formed an Affordable Drug Pricing Task Force to advance legislation intended to control pharmaceutical drug costs and investigate pharmaceutical drug pricing. Since then, both the U.S. House of Representatives and the U.S. Senate have conducted numerous hearings with respect to pharmaceutical drug pricing practices, including in connection with the investigation of specific price increases by several pharmaceutical companies. If we become the subject of government investigation with respect to our drug pricing or other business practices, we could incur significant expense and could be distracted from execution of our strategy. Any such investigation could also result in reduced market acceptance and demand for our products, could harm our ability to market our products in the future, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. If healthcare policies or reforms intended to curb healthcare costs are adopted or if we experience negative publicity with respect to pricing of our products or the pricing of pharmaceutical drugs generally, the prices that we charge for our products, including Xyrem, may be limited, our commercial opportunity may be limited and/or our revenues from sales of our products may be negatively impacted.

In addition, much attention has been paid to legislation proposing federal rebates on Medicare Part D and Medicare Advantage utilization for drugs issued to certain groups of lower income beneficiaries and the desire to change the provisions that treat these dual-eligible patients differently from traditional Medicare patients. Any such changes could have a negative impact on revenues from sales of our products.

Further, beginning April 1, 2013, Medicare payments for all items and services, including drugs and biologics, were reduced by 2% under the sequestration (i.e., automatic spending reductions) required by the Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012. Subsequent legislation extended the 2% reduction, on average, to 2025. These cuts reduce reimbursement payments related to our products, which could potentially negatively impact our revenue.

Third party payors' practices may affect the conditions required for reimbursement and the availability of reimbursement for our products, including Xyrem and Defitelio. Our business could be materially harmed if the Medicaid program, Medicare program or other third party payors in the U.S. or elsewhere were to deny reimbursement for our products, limit the indications for which our products will be reimbursed, or provide reimbursement only on unfavorable terms. This risk is particularly significant with respect to Xyrem in the U.S. and to Defitelio in Europe, in part due to payor sensitivity to the price of these products. Third party payors often require prior authorization for, require reauthorization for continuation of, or refuse to provide reimbursement for our products, and others may do so in the future. As a result of such practices, patients may not be able to obtain prescribed medications due to an inability to afford the medication. For example, we are experiencing increasingly restrictive conditions for reimbursement required by some third party payors for Xyrem, which may have a material effect on the overall level of reimbursement coverage for Xyrem. In addition, increases in reimbursement-related activities have extended the time required to fill prescriptions and could continue to do so in the future. Further, increasing consolidation among third party payors has led to fewer and larger third party payors with increased negotiating power. In particular, a small number of third party payors cover a significant portion of Xyrem patients. We have experienced and expect to continue to experience increasing pressure from third party payors to agree to discounts, rebates or other restrictive pricing terms for Xyrem. If we are unsuccessful in maintaining reimbursement for our products in a timely manner and at acceptable levels, if reimbursement for our products by third party payors is subject to restrictive pricing terms or overly restrictive reimbursement conditions, or if third party payors limit the indications for which our products will be reimbursed or refuse to provide reimbursement, the level of reimbursement for our products would be negatively impacted, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In many countries, procedures to obtain price approvals, coverage and reimbursement can take considerable time after the receipt of marketing approval. We launched Defitelio in certain European countries in 2014 and continued to launch in additional European countries on a rolling basis through 2015. We are in the process of making pricing and reimbursement submissions with respect to Defitelio in those European countries where Defitelio is not yet launched, including in countries where pricing and reimbursement approvals are required for launch. We cannot predict the timing of Defitelio's launch in countries where we are engaged in pricing and reimbursement submissions. If we experience delays or unforeseen difficulties in obtaining favorable pricing and reimbursement approvals, planned launches in the affected countries would be delayed, or, if we are unable to ultimately obtain favorable pricing and reimbursement approvals in countries that represent significant markets, especially where a country's reimbursed price influences other countries, our growth prospects in Europe could be negatively affected. For more information, see the risk factor under the heading "*We may not be able to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval of defibrotide in other countries, including the U.S., which could have a material adverse effect on our business, financial condition, results of operations and growth prospects*" in Part I, Item 1A of this Annual Report on Form 10-K.

We cannot predict actions third party payors may take, or whether they will limit the price approvals, coverage and level of reimbursement for our products or refuse to provide and maintain any approvals or coverage at all. For example, because some of our products compete in a market with both branded and generic products, obtaining and maintaining price approvals and reimbursement coverage by government and private payors may be more challenging than for new chemical entities for which no therapeutic alternatives exist. Additionally, in many countries, reimbursement guidelines and incentives provided to prescribing physicians by third party payors may have a significant impact on the prescribing physicians' willingness to prescribe our products. For example, the U.S. federal government follows a Medicare severity diagnosis-related group, or MS-DRG, payment system for certain institutional services provided under Medicare, which some states also use for Medicaid. The MS-DRG system entitles a healthcare facility to a fixed reimbursement based on discharge diagnoses rather than actual costs incurred in providing inpatient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many healthcare products. For our products used in the inpatient setting, there may not be sufficient reimbursement under the MS-DRG to fully cover the cost of our products. We cannot be sure that reimbursement amounts, or the lack of reimbursement, will not reduce the demand for, or the price of, our products. If reimbursement is not available or is available only at limited levels, we may not be able to effectively commercialize our products.

Third party payors frequently require that drug companies negotiate agreements with them that provide discounts or rebates from list prices or include other restrictive pricing terms. We have experienced increasing pressure from third party payors to agree to discounts, rebates or other restrictive pricing terms for products such as Xyrem. In addition, if our competitors reduce the prices of their products, or otherwise demonstrate that they are better or more cost effective than our products, this may result in a greater level of reimbursement for their products relative to our products, which would reduce our sales and harm our results of operations. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third party payors may limit coverage to specific products on an approved list, or formulary, which might not include all of the approved products for a particular indication. Any such requirements could have a negative impact on revenues from sales of our products.

Payors also are increasingly considering new metrics as the basis for reimbursement rates, such as average sales price, average manufacturer price and actual acquisition cost. Certain states have begun to survey acquisition cost data for the purpose of setting Medicaid reimbursement rates. CMS surveys and publishes retail community pharmacy acquisition cost information to provide state Medicaid agencies with a basis of comparison for their own reimbursement and pricing methodologies and rates. It may be difficult to project the impact of these evolving reimbursement mechanics on the willingness of payors to cover our products. Any failure to cover our products appropriately, in addition to legislative and regulatory changes and others that may occur in the future, could impact our ability to maximize revenues in the federal marketplace. A significant portion of our revenue from sales of Erwinaze is obtained through government payors, including Medicaid, and any failure to qualify for reimbursement for Erwinaze under those programs, including as a result of legislative changes to these programs, would have a material adverse effect on revenues from sales of Erwinaze.

We expect to experience pricing pressure in the U.S. in connection with the sale of our products due to managed healthcare, the increasing influence of health maintenance organizations, additional legislative proposals to curb healthcare costs and negative publicity regarding pricing and price increases generally, which could limit the prices that we charge for our products, including Xyrem, limit our commercial opportunity and/or negatively impact revenues from sales of our products. In various EU member states we expect to be subject to continuous cost-cutting measures, such as lower maximum prices, lower or lack of reimbursement coverage and incentives to use cheaper, usually generic, products as an alternative. If we fail to successfully secure and maintain reimbursement coverage for our products or are significantly delayed in doing so, we will have difficulty achieving market acceptance of our products and our business will be harmed. We have periodically increased the price of Xyrem, most recently in February 2016, and we have made and may in the future make similar price increases on our other products. We cannot assure you that such price adjustments will not negatively affect our ability to secure and maintain reimbursement coverage for our products, which could negatively impact our sales volumes and revenue.

HTA of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU member states. These EU member states include the United Kingdom, France, Germany, Ireland, Italy, Spain, and Sweden. The HTA process, which is governed by the national laws of these countries, is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. HTA generally focuses on the clinical efficacy and effectiveness, safety, cost, and cost-effectiveness of individual medicinal products, as well as their potential implications for the healthcare system. Those elements of medicinal products are compared with other treatment options available on the market. The outcome of HTA regarding specific medicinal products will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU member states. The extent to which pricing and reimbursement decisions are influenced by the HTA of the specific medicinal product vary between EU member states and cannot be determined or anticipated in relation to our products at the present time. If we are unable to ultimately obtain favorable pricing and reimbursement approvals in countries that represent significant markets, especially where a country's reimbursed price influences other countries, our growth prospects in Europe could be negatively affected.

In the EU, our products are marketed through various channels and within different legal frameworks. In certain EU member states, reimbursement for unauthorized products may be provided through national named patient programs. Such reimbursement may no longer be available if authorization for named patient programs expire or are terminated or when marketing authorization is granted. In other EU member states, authorization and reimbursement policies may also delay commercialization of our products, or may adversely affect our ability to sell our products on a profitable basis. After initial price and reimbursement approvals, reductions in prices and changes in reimbursement levels can be triggered by multiple factors, including reference pricing systems and publication of discounts by third party payors or authorities in other countries. In the EU, prices can be reduced further by parallel distribution and parallel trade, or arbitrage between low-priced and high-priced member states.

We are unable to predict what additional legislation, regulations or policies, if any, relating to the healthcare industry or third party coverage and reimbursement may be enacted in the future or what effect such legislation, regulations or policies would have on our business. Any cost containment measures, including those listed above, or other healthcare system reforms that are adopted, could negatively affect our growth prospects in Europe.

There also continue to be legislative proposals to amend U.S. laws to allow the importation into the U.S. of prescription drugs, which can be sold at prices that are regulated by the governments of various non-U.S. countries. The potential importation of prescription drugs could pose significant safety concerns for patients, increase the risk of counterfeit products becoming available in the market, and could also have a negative impact on prescription drug prices in the U.S. For example, the potential importation of Xyrem without the safeguard of our Xyrem REMS could harm patients and could also negatively impact Xyrem revenues.

Product liability and product recalls could harm our business.

The development, manufacture, testing, marketing and sale of pharmaceutical products are associated with significant risks of product liability claims or recalls. Side effects or adverse events known or reported to be associated with, or manufacturing defects in, the products sold by us could exacerbate a patient's condition, or could result in serious injury or impairments or even death. This could result in product liability claims and/or recalls of one or more of our products. Some of our products, including Xyrem and Prialt, have boxed warnings in their labels. In addition, in the EU, Defitelio's label includes an inverted black triangle that indicates the product is subject to additional monitoring to permit quick identification of new safety information, as a condition of authorization of Defitelio under "exceptional circumstances." In many countries, including in EU member states, national laws provide for strict (no-fault) liability which applies even where damages are caused both by a defect in a product and by the act or omission of a third party.

Product liability claims may be brought by individuals seeking relief for themselves or by groups seeking to represent a class of injured patients. Further, third party payors, either individually or as a putative class, may bring actions seeking to recover monies spent on one of our products. The risk of product liability claims may also increase if a company receives a warning letter from a regulatory agency. Product liability claims are an inherent risk in our business, but we cannot predict the frequency, outcome or cost to defend any such claims.

Product liability insurance coverage is expensive, can be difficult to obtain and may not be available in the future on acceptable terms, or at all. Our product liability insurance may not cover all of the future liabilities we might incur in connection with the development, manufacture or sale of our products. In addition, we may not continue to be able to obtain insurance on satisfactory terms or in adequate amounts.

A successful claim or claims brought against us in excess of available insurance coverage could subject us to significant liabilities and could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Such claims could

also harm our reputation and the reputation of our products, adversely affecting our ability to market our products successfully. In addition, defending a product liability lawsuit is expensive and can divert the attention of key employees from operating our business.

Product recalls may be issued at our discretion or at the discretion of our suppliers, government agencies and other entities that have regulatory authority for pharmaceutical sales. Any recall of our products could materially adversely affect our business by rendering us unable to sell that product for some time and by adversely affecting our reputation. A recall could also result in product liability claims by individuals and third party payors. In addition, product liability claims could result in an investigation of the safety or efficacy of our products, our manufacturing processes and facilities, or our marketing programs conducted by the FDA, the EMA, or the competent authorities of the EU member states. Such investigations could also potentially lead to a recall of our products or more serious enforcement actions, limitations on the indications for which they may be used, or suspension, variation, or withdrawal of approval. Any such regulatory action by the FDA, the EMA or the competent authorities of the EU member states could lead to product liability lawsuits as well.

We use hazardous materials in our manufacturing facilities, and any claims relating to the improper handling, storage, release or disposal of these materials could be time-consuming and expensive.

Our operations are subject to complex and increasingly stringent environmental, health and safety laws and regulations in the countries where we operate and, in particular, in Italy and Ireland where we have manufacturing facilities. Environmental and health and safety authorities in the relevant jurisdictions administer laws, which implement EU directives and regulations governing, among other matters, the emission of pollutants into the air (including the workplace), the discharge of pollutants into bodies of water, the storage, use, handling and disposal of hazardous substances, the exposure of persons to hazardous substances, and the general health, safety and welfare of employees and members of the public. In certain cases, such laws, directives and regulations may impose strict liability for pollution of the environment and contamination resulting from spills, disposals or other releases of hazardous substances or waste or any migration of such hazardous substances or waste. Costs, damages and/or fines may result from the presence, investigation and remediation of such contamination at properties currently or formerly owned, leased or operated by us or at off-site locations, including where we have arranged for the disposal of hazardous substances or waste. In addition, we may be subject to third party claims, including for natural resource damages, personal injury and property damage, in connection with such contamination. Our manufacturing activities in Italy and Ireland involve the controlled storage, use and disposal of chemicals and solvents. Our environmental policy is designed to comply with current EU laws and regulations on environmental protection, to provide for continuous improvement of our manufacturing performance, to protect our employees' health and safety and to respect the safety of people living close to our plant and in the surrounding community. Although we believe that our safety procedures for handling and disposing of these hazardous materials comply with the standards prescribed by these EU laws and regulations, we cannot completely eliminate the risk of contamination or injury from hazardous materials. If an accident occurs, an injured party could seek to hold us liable for any damages that result and any liability could exceed the limits or fall outside the coverage of our insurance. We may not be able to maintain insurance on acceptable terms, or at all. We may incur significant costs to comply with current or future EU environmental laws and regulations.

Risks Related to Our Financial Condition

We have incurred substantial debt, which could impair our flexibility and access to capital and adversely affect our financial position.

As of December 31, 2015, we had total indebtedness of approximately \$1.3 billion, which included \$740.6 million of outstanding secured indebtedness under a credit agreement that we entered into in June 2015, which we refer to as our credit agreement, and \$575.0 million of outstanding indebtedness under our 1.875% exchangeable senior notes due 2021, or the 2021 Notes, which were issued in August 2014. Our debt may:

- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- result in dilution to our existing shareholders in the event exchanges of our 2021 Notes are settled in our ordinary shares;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

Our ability to meet our debt service obligations will depend on our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control. If we do not have sufficient funds to meet our debt service obligations, we may be required to refinance or restructure all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can assure you that we would be able to do in a timely manner, or at all.

Covenants in our credit agreement restrict our business and operations in many ways and if we do not effectively manage our covenants, our financial conditions and results of operations could be adversely affected.

Our credit agreement provides for a \$750.0 million principal amount term loan due in June 2020 and a \$750.0 million revolving credit facility, with loans under such revolving credit facility due in June 2020, subject to early mandatory repayments under certain circumstances. Our credit agreement contains various covenants that limit our ability and/or our restricted subsidiaries' ability to, among other things:

- incur or assume liens or additional debt or provide guarantees in respect of obligations of other persons;
- issue redeemable preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase certain debt;
- make loans, investments, acquisitions (including acquisitions of exclusive licenses) and capital expenditures;
- enter into agreements that restrict distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- enter into certain transactions with affiliates; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

Our credit agreement also includes financial covenants that require us to maintain a maximum secured leverage ratio and a minimum interest coverage ratio. Our ability to comply with these financial covenants may be affected by events beyond our control. In addition, the covenants under our credit agreement could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions to take advantage of certain business opportunities that may be presented to us. Our failure to comply with any of the covenants could result in a default under the credit agreement, which could permit the lenders to declare all or part of any outstanding borrowings to be immediately due and payable, or to refuse to permit additional borrowings under the revolving credit facility. A default under our credit agreement could also lead to a default under agreements governing our current or future indebtedness, including the indenture governing our 2021 Notes.

In addition, the holders of our 2021 Notes have the ability to require us to repurchase their notes for cash if we undergo certain fundamental changes, such as specified change of control transactions, our liquidation or dissolution, or the delisting of our ordinary shares from The NASDAQ Global Select Market. Moreover, upon exchange of the 2021 Notes, unless we elect to cause to be delivered solely ordinary shares to settle such exchange, we will be required to make cash payments in respect of the 2021 Notes being exchanged. In this regard, it is our intent and policy to settle the principal amount of the 2021 Notes in cash upon exchange. However, we may not have enough available cash or be able to obtain financing at the time we are required to make any required repurchases of surrendered 2021 Notes or to pay cash upon exchanges of 2021 Notes. Our failure to repurchase 2021 Notes at a time when the repurchase is required by the indenture governing the 2021 Notes or to pay any cash payable on future exchanges of the 2021 Notes as required by the indenture governing the 2021 Notes would constitute a default under that indenture. A default under that indenture could also lead to a default under agreements governing our current or future indebtedness, including our credit agreement. If the repayment of the related indebtedness were to be accelerated, we may not have sufficient funds to repay the related indebtedness, which could have a material adverse effect on our financial condition and our business. In this regard, if we are unable to repay amounts under our credit agreement, the lenders under the credit agreement could proceed against the collateral granted to them to secure that debt, which would seriously harm our business.

We may not be able to generate sufficient cash to service our debt obligations.

Our ability to make payments on and to refinance our debt will depend on our future financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of positive cash flows from operating activities sufficient to permit us to pay the principal and interest on our debt.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, seek additional capital or restructure or refinance our debt. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our credit agreement restricts our ability to dispose of assets, use the proceeds from any disposition of assets and refinance our indebtedness. We may not be able to consummate or obtain proceeds from such dispositions, and any such proceeds may not be adequate to meet any debt service obligations then due.

In addition, our borrowings under our credit agreement are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income would decrease.

To continue to grow our business, we will need to commit substantial resources, which could result in future losses or otherwise limit our opportunities or affect our ability to operate our business.

The scope of our business and operations has grown substantially since 2012 through a series of transactions, including the Azur Merger, the EUSA Acquisition and the Gentium Acquisition. To continue to grow our business over the longer term, we will need to commit substantial additional resources to in-licensing and/or acquiring new products and product candidates, and to costly and time-consuming product development and clinical trials of our product candidates. We also intend to continue to invest in our commercial operations in an effort to grow sales of our current products. Our future capital requirements will depend on many factors, including many of those discussed above, such as:

- the revenues from our commercial products, which may be affected by many factors, including the extent of generic competition for our products;
- the costs of our commercial operations;
- the costs of integration activities related to any future strategic transactions we may engage in;
- the cost of acquiring and/or in-licensing any new products and product candidates;
- the scope, rate of progress, results and costs of our development and clinical activities;
- the cost and timing of obtaining regulatory approvals and of compliance with laws and regulations;
- the cost of preparing, filing, prosecuting, defending and enforcing patent claims and other intellectual property rights;
- the cost of investigations, litigation and/or settlements related to regulatory oversight and third party claims; and
- changes in laws and regulations, including, for example, healthcare reform legislation.

Our strategy includes the expansion of our business through the acquisition or in-licensing and development of additional marketed products or product candidates that are in late-stage development. We cannot assure you that we will continue to identify attractive opportunities. Even if appropriate opportunities are available, in order to compete successfully to acquire attractive products or product candidates in the current business climate, we may have to pay higher prices for assets than may have been paid historically, and we may not have the financial resources necessary to pursue them. As a result, we may be unable to expand our business if we do not have sufficient capital or cannot borrow or raise additional capital on attractive terms. In particular, our substantial indebtedness may limit our ability to borrow additional funds for acquisitions or to use our cash flow or obtain additional financing for future acquisitions. In addition, if we use a substantial amount of our funds to acquire or in-license products or product candidates, we may not have sufficient additional funds to conduct all of our operations in the manner we would otherwise choose.

We may not be able to access the capital and credit markets on terms that are favorable to us, or at all.

During the past several years, domestic and international financial markets have experienced extreme disruption from time to time, including, among other things, high volatility and significant declines in stock prices and severely diminished liquidity and credit availability for both borrowers and investors. We expect to opportunistically seek access to the capital and credit markets to supplement our existing cash balances, cash we expect to generate from operations and funds available under our revolving credit facility to satisfy our needs for working capital, capital expenditures and debt service requirements or to continue to grow our business over the longer term through product acquisition and in-licensing, product development and clinical trials of product candidates, and expansion of our commercial operations. In the event of adverse capital and credit market conditions, we may not be able to obtain capital market financing or credit on favorable terms, or at all, which could have a material adverse effect on our business and growth prospects. Changes in our credit ratings

issued by nationally recognized credit rating agencies could adversely affect our cost of financing and have an adverse effect on the market price of our securities.

We may not be able to successfully maintain our tax rates, which could adversely affect our business and financial condition, results of operations and growth prospects.

We are incorporated in Ireland and maintain subsidiaries in North America and a number of other foreign jurisdictions. We are able to achieve a low average tax rate through the performance of certain functions and ownership of certain assets in tax-efficient jurisdictions, together with intra-group service and transfer pricing agreements, each on an arm's length basis. However, changes in tax laws in any of these jurisdictions could adversely affect our ability to do so in the future. Taxing authorities, such as the U.S. Internal Revenue Service, or the IRS, actively audit and otherwise challenge these types of arrangements, and have done so in the pharmaceutical industry. We are subject to reviews and audits by the IRS and other taxing authorities from time to time, and the IRS or other taxing authority may challenge our structure and transfer pricing arrangements through an audit or lawsuit. For example, in December 2015, we received proposed tax assessment notices from the French tax authorities for 2012 and 2013 relating to certain transfer pricing adjustments. The notices propose additional taxes of approximately \$41.8 million, including interest and penalties, based on the foreign exchange rate at December 31, 2015 through the date of the assessment. Responding to or defending against this and other challenges from taxing authorities could be expensive and consume time and other resources, and divert management's time and focus from operating our business. We generally cannot predict whether taxing authorities will conduct an audit or file a lawsuit challenging this structure, the cost involved in responding to any such audit or lawsuit, or the outcome. If we are unsuccessful, we may be required to pay taxes for prior periods, interest, fines or penalties, and may be obligated to pay increased taxes in the future, any of which could require us to reduce our operating expenses, decrease efforts in support of our products or seek to raise additional funds, all of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The IRS may not agree with the conclusion that we should be treated as a foreign corporation for U.S. federal tax purposes.

Although we are incorporated in Ireland, the IRS may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended, or the Code. For U.S. federal tax purposes, a corporation generally is considered a tax resident in the jurisdiction of its organization or incorporation. Because we are an Irish incorporated entity, we would be classified as a foreign corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874 of the Code provides an exception under which a foreign incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal tax purposes. Because we indirectly acquired all of Jazz Pharmaceuticals, Inc.'s assets through the acquisition of the shares of Jazz Pharmaceuticals, Inc. common stock in the Azur Merger, the IRS could assert that we should be treated as a U.S. corporation for U.S. federal tax purposes under Section 7874. For us to be treated as a foreign corporation for U.S. federal tax purposes under Section 7874 of the Code, either (1) the former stockholders of Jazz Pharmaceuticals, Inc. must have owned (within the meaning of Section 7874 of the Code) less than 80% (by both vote and value) of our ordinary shares by reason of holding shares in Jazz Pharmaceuticals, Inc. (the "ownership test"), or (2) we must have substantial business activities in Ireland after the Azur Merger (taking into account the activities of our expanded affiliated group). The Jazz Pharmaceuticals, Inc. stockholders owned less than 80% of our share capital immediately after the Azur Merger by reason of their ownership of shares of Jazz Pharmaceuticals, Inc. common stock. As a result, we believe that we should be treated as a foreign corporation for U.S. federal tax purposes under current law. It is possible that the IRS could disagree with the position that the ownership test is satisfied and assert that Section 7874 of the Code applies to treat us as a U.S. corporation following the Azur Merger. There is limited guidance regarding the Code Section 7874 provisions, including the application of the ownership test described above. The IRS continues to scrutinize transactions that are potentially subject to Section 7874, and issued new final and temporary regulations under Section 7874 in June 2012, January 2014 and June 2015, as well as notices in September 2014 and November 2015 outlining further regulations the IRS plans to issue. We do not expect these regulations to affect the U.S. tax consequences of the Azur Merger. Nevertheless, new statutory and/or regulatory provisions under Section 7874 of the Code or otherwise could be enacted that adversely affect our status as a foreign corporation for U.S. federal tax purposes, and any such provisions could have retroactive application to us, Jazz Pharmaceuticals, Inc., our respective shareholders and/or the Azur Merger. For more information, see the risk factor under the heading "Future changes to the tax laws under which we expect to be treated as a foreign corporation for U.S. federal tax purposes or in other tax laws relating to multinational corporations could adversely affect us," in Part I, Item 1A of this Annual Report on Form 10-K.

Section 7874 of the Code limits Jazz Pharmaceuticals, Inc.'s ability to utilize its U.S. tax attributes to offset certain U.S. taxable income, if any, generated by certain taxable transactions.

Following certain acquisitions of a U.S. corporation by a foreign corporation, Section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to utilize U.S. tax attributes such as net operating losses, or NOLs, to offset U.S. taxable income resulting from certain transactions. Based on the limited guidance available, this limitation applies to us. As a result, after the Azur

Merger, Jazz Pharmaceuticals, Inc. has not been able and will continue to be unable, for a period of time, to utilize its U.S. tax attributes to offset its U.S. taxable income, if any, resulting from certain taxable transactions. Notwithstanding this limitation, we plan to fully utilize Jazz Pharmaceuticals, Inc.'s U.S. NOLs prior to their expiration. As a result of this limitation, however, it may take Jazz Pharmaceuticals, Inc. longer to use its NOLs. Moreover, contrary to these plans, it is possible that the limitation under Section 7874 of the Code on the utilization of U.S. tax attributes could prevent Jazz Pharmaceuticals, Inc. from fully utilizing its U.S. tax attributes prior to their expiration if Jazz Pharmaceuticals, Inc. does not generate sufficient taxable income.

Jazz Pharmaceuticals, Inc.'s ability to use its net operating losses to offset potential taxable income and related income taxes that would otherwise be due could be subject to further limitations if we do not generate taxable income in a timely manner or if the "ownership change" provisions of Sections 382 and 383 of the Code result in further annual limitations.

Jazz Pharmaceuticals, Inc. has a significant amount of NOLs. Our ability to use these NOLs to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income before the expiration dates of the NOLs, and we cannot predict with certainty when, or whether, Jazz Pharmaceuticals, Inc. will generate sufficient taxable income to use all of the NOLs. In addition, realization of NOLs to offset potential future taxable income and related income taxes that would otherwise be due is subject to annual limitations under the "ownership change" provisions of Sections 382 and 383 of the Code and similar state provisions, which may result in the expiration of additional NOLs before future utilization. In general, an "ownership change" occurs if, during a three-year rolling period, there is a change of 50% or more in the percentage ownership of a company by 5% shareholders (and certain persons treated as 5% shareholders), as defined in the Code and the U.S. Treasury Department regulations, or Treasury Regulations, promulgated thereunder. In this regard, we currently estimate that, as a result of these ownership change provisions, we have an annual limitation on the utilization of certain NOLs and credits of \$23.5 million, before tax effect, for 2016 and a combined total of \$27.5 million, before tax effect, for 2017 to 2026.

However, Sections 382 and 383 of the Code are extremely complex provisions with respect to which there are many uncertainties, and we have not requested a ruling from the IRS to confirm our analysis of the ownership change limitations related to the NOLs generated by Jazz Pharmaceuticals, Inc. Therefore, we have not established whether the IRS would agree with our analysis regarding the application of Sections 382 and 383 of the Code. If the IRS were to disagree with our analysis, or if Jazz Pharmaceuticals, Inc. experiences additional ownership changes in the future, we could be subject to further annual limitations on the use of the NOLs to offset potential taxable income and related income taxes that would otherwise be due.

Future changes to the tax laws under which we expect to be treated as a foreign corporation for U.S. federal tax purposes or in other tax laws relating to multinational corporations could adversely affect us.

As described above, under current law, we believe that we should be treated as a foreign corporation for U.S. federal tax purposes. However, changes to the Code or the Treasury Regulations or other IRS guidance promulgated thereunder, including under Section 7874 of the Code, could adversely affect our status as a foreign corporation for U.S. federal tax purposes or could otherwise affect our effective tax rate, and any such changes could have prospective or retroactive application. In addition, recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence. This legislation, if passed, could adversely affect us.

In addition, the U.S. Congress, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the U.S. and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us.

We have significant intangible assets and goodwill. Consequently, the future impairment of our intangible assets and goodwill may significantly impact our profitability.

Our intangible assets and goodwill are significant. As of December 31, 2015, we had recorded \$1.8 billion of intangible assets and goodwill related to our past acquisitions. Intangible assets and goodwill are subject to an impairment analysis whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Additionally, goodwill and indefinite-lived assets are subject to an impairment test at least annually.

Events giving rise to impairment are an inherent risk in the pharmaceutical industry and cannot be predicted. For example, in January 2016, we terminated a pivotal Phase 2 clinical trial of JZP-416 (pegcrisantaspase), a PEGylated recombinant *Erwinia chrysanthemi* L-asparaginase being developed for the treatment of patients with ALL who are hypersensitive to *E. coli*-derived asparaginase. As a result, in the fourth quarter of 2015, we recorded an impairment charge of \$31.5 million to our acquired in-process research and development. Our

results of operations and financial position in future periods could be negatively impacted should similar or other future impairments of intangible assets or goodwill occur.

Our financial results have been and may continue to be adversely affected by foreign currency exchange rate fluctuations.

We have significant operations in Europe as well as in the U.S., but we report revenues, costs and earnings in U.S. dollars. Our primary currency translation exposure relates to our subsidiaries that have functional currencies denominated in the euro. Exchange rates between the U.S. dollar and the euro have fluctuated and are likely to continue to fluctuate from period to period. Because our financial results are reported in U.S. dollars, we are exposed to foreign currency exchange risk as the functional currency financial statements of non-U.S. subsidiaries are translated to U.S. dollars for reporting purposes. To the extent that revenue and expense transactions are not denominated in the functional currency, we are also subject to the risk of transaction losses. For example, because our Defitelio and Erwinase product sales outside of the U.S. are primarily denominated in the euro, our sales of those products have been and may continue to be adversely affected by fluctuations in foreign currency exchange rates. In this regard, when the U.S. dollar strengthens against a foreign currency, the relative value of sales made in the foreign currency decreases. Conversely, when the U.S. dollar weakens against a foreign currency, the relative value of such sales increases. Accordingly, increases in the value of the U.S. dollar relative to foreign currencies, primarily the euro, could adversely affect our foreign revenues, perhaps significantly. In addition, as we continue to expand our international operations, we will conduct more transactions in currencies other than the U.S. dollar, which could increase our foreign currency exchange risk. Given the volatility of exchange rates, continued concerns regarding European sovereign debt and instability of the euro, as well as our expanding operations, we cannot assure you that we will be able to effectively manage currency transaction and/or translation risks. We have not entered into derivative instruments to offset the impact of foreign currency exchange rate fluctuations. Fluctuations in foreign currency exchange rates could have a material adverse effect on our results of operations and financial condition.

Risks Related to Our Ordinary Shares

The market price of our ordinary shares has been volatile and may continue to be volatile in the future, and the value of your investment could decline significantly.

The market price for our ordinary shares has fluctuated significantly from time to time, for example, varying between a high of \$194.73 on July 31, 2015 and a low of \$117.26 on October 22, 2015 during the period from December 31, 2014 through December 31, 2015. The market price of our ordinary shares is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market, industry and other factors, including the risk factors described above. The stock market in general, including the market for life sciences companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. In particular, recent negative publicity regarding pricing and price increases by pharmaceutical companies has negatively impacted, and may continue to negatively impact, the market for life sciences companies. These broad market and industry factors have harmed, and in the future may seriously harm, the market price of our ordinary shares, regardless of our operating performance.

Our share price may be dependent upon the valuations and recommendations of the analysts who cover our business. If our results do not meet these analysts' forecasts, the expectations of our investors or the financial guidance we provide to investors in any period, the market price of our ordinary shares could decline. In the past, following periods of volatility in the market or significant price decline, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

In addition, the market price of our ordinary shares may decline if the effects of our past transactions, including the Gentium Acquisition and/or potential future acquisitions, on the financial results of our company are not consistent with the expectations of financial analysts or investors. The market price of our ordinary shares could also be affected by possible sales of our ordinary shares by holders of our 2021 Notes who may view the 2021 Notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity involving our ordinary shares by the holders of these notes.

Future sales of our ordinary shares in the public market could cause our share price to fall.

Sales of a substantial number of our ordinary shares in the public market, including sales by members of our management or board of directors, or the perception that these sales might occur, could depress the market price of our ordinary shares and could impair our ability to raise capital through the sale of additional equity or equity-related securities. As of February 17, 2016, we had 61,184,623 ordinary shares outstanding, all of which shares are eligible for sale in the public market, subject in some cases to the volume limitations and manner of sale and other requirements under Rule 144. In addition, future issuances by us of our ordinary shares upon the exercise or

settlement of equity-based awards and exchanges of our 2021 Notes would dilute existing shareholders' ownership interests in our company, and any sales in the public market of these ordinary shares, or the perception that these sales might occur, could also adversely affect the market price of our ordinary shares.

Moreover, we have in the past and may in the future grant rights to some of our shareholders that require us to register the resale of our ordinary shares on behalf of these shareholders and/or facilitate offerings of ordinary shares held by these shareholders, including in connection with potential future acquisitions of additional products, product candidates or companies. For example, consistent with our obligations under then-existing registration rights agreements, we entered into underwriting agreements with certain underwriters and selling shareholders pursuant to which selling shareholders sold an aggregate of approximately 13 million ordinary shares in two separate registered public offerings in March 2012 and in March 2013. We have also filed registration statements to register the sale of our ordinary shares reserved for issuance under our equity incentive and employee stock purchase plans, and we intend to file additional registration statements to register any shares automatically added each year to the share reserves under these plans.

Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

As an Irish company, we are governed by the Irish Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

Provisions of our articles of association, Irish law and the indenture governing our 2021 Notes could delay or prevent a takeover of us by a third party.

Our articles of association could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our shareholders, or otherwise adversely affect the price of our ordinary shares. For example, our articles of association:

- impose advance notice requirements for shareholder proposals and nominations of directors to be considered at shareholder meetings;
- stagger the terms of our board of directors into three classes;
- require the approval of a supermajority of the voting power of the shares of our share capital entitled to vote generally at a meeting of shareholders to amend or repeal our articles of association; and
- permit our board of directors to issue one or more series of preferred shares with rights and preferences, as our shareholders may determine by ordinary resolution.

In addition, several mandatory provisions of Irish law could prevent or delay an acquisition of us. For example, Irish law does not permit shareholders of an Irish public limited company to take action by written consent with less than unanimous consent. We are also subject to various provisions of Irish law relating to mandatory bids, voluntary bids, requirements to make a cash offer and minimum price requirements, as well as substantial acquisition rules and rules requiring the disclosure of interests in our shares in certain circumstances. Furthermore, the indenture governing our 2021 Notes requires us to repurchase the notes for cash if we undergo certain fundamental changes and, in certain circumstances, to increase the exchange rate for a holder of 2021 Notes. A takeover of us may trigger the requirement that we purchase our 2021 Notes and/or increase the exchange rate, which could make it more costly for a potential acquirer to engage in a business combination transaction with us.

These provisions may discourage potential takeover attempts, discourage bids for our ordinary shares at a premium over the market price or adversely affect the market price of, and the voting and other rights of the holders of, our ordinary shares. These provisions could

also discourage proxy contests and make it more difficult for you and other shareholders to elect directors other than the candidates nominated by our board.

We have never declared or paid dividends on our capital stock and we do not anticipate paying dividends in the foreseeable future.

Other than funds we have allocated for the purposes of supporting our share repurchase program authorized in November 2015, we anticipate that we will retain all earnings, if any, to support our operations and our proprietary drug development programs, acquire or in-license additional products and product candidates, and pursue other opportunities. If we propose to pay dividends in the future, we must do so in accordance with Irish law, which provides that distributions including dividend payments, share repurchases and redemptions be funded from “distributable reserves.” In addition, our ability to pay cash dividends on or repurchase our ordinary shares is restricted under the terms of our credit agreement. Any future determination as to the payment of dividends will, subject to Irish legal requirements, be at the sole discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, compliance with the terms of our credit agreement and other factors our board of directors deems relevant. Accordingly, holders of our ordinary shares must rely on increases in the trading price of their shares for returns on their investment in the foreseeable future.

A transfer of our ordinary shares may be subject to Irish stamp duty.

In certain circumstances, the transfer of shares in an Irish incorporated company will be subject to Irish stamp duty, which is a legal obligation of the buyer. This duty is currently charged at the rate of 1.0% of the price paid or the market value of the shares acquired, if higher. Because our ordinary shares are traded on a recognized stock exchange in the U.S., an exemption of this stamp duty is available to transfers by shareholders who hold our ordinary shares beneficially through brokers which in turn hold those shares through the Depository Trust Company, or DTC, to holders who also hold through DTC. However, a transfer by a record holder who holds our ordinary shares directly in his, her or its own name could be subject to this stamp duty. We, in our absolute discretion and insofar as the Irish Companies Act 2014 or any other applicable law permit, may, or may provide that a subsidiary of ours will, pay Irish stamp duty arising on a transfer of our ordinary shares on behalf of the transferee of such ordinary shares. If stamp duty resulting from the transfer of our ordinary shares which would otherwise be payable by the transferee is paid by us or any of our subsidiaries on behalf of the transferee, then in those circumstances, we will, on our behalf or on behalf of our subsidiary (as the case may be), be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those ordinary shares and (iii) claim a first and permanent lien on the ordinary shares on which stamp duty has been paid by us or our subsidiary for the amount of stamp duty paid. Our lien shall extend to all dividends paid on those ordinary shares.

Dividends paid by us may be subject to Irish dividend withholding tax.

In certain circumstances, as an Irish tax resident company, we will be required to deduct Irish dividend withholding tax (currently at the rate of 20%) from dividends paid to our shareholders. Shareholders that are resident in the U.S., EU countries (other than Ireland) or other countries with which Ireland has signed a tax treaty (whether the treaty has been ratified or not) generally should not be subject to Irish withholding tax so long as the shareholder has provided its broker, for onward transmission to our qualifying intermediary or other designated agent (in the case of shares held beneficially), or us or our transfer agent (in the case of shares held directly), with all the necessary documentation by the appropriate due date prior to payment of the dividend. However, some shareholders may be subject to withholding tax, which could adversely affect the price of our ordinary shares.

Our auditor, like other independent registered public accounting firms operating in Ireland and a number of other European countries, is not currently permitted to be subject to inspection by the U.S. Public Company Accounting Oversight Board, or the PCAOB, and as such, our investors currently do not have the benefits of PCAOB oversight.

As an auditor of companies that are publicly-traded in the U.S. and as a firm registered with the PCAOB, our independent registered public accounting firm is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. and the professional standards of the PCAOB. However, because our auditor is located in Ireland, a jurisdiction where the PCAOB is currently unable to conduct inspections, our auditor is not currently inspected by the PCAOB. Inspections of other auditors conducted by the PCAOB outside of Ireland have at times identified deficiencies in those auditor’s audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections in Ireland prevents the PCAOB from regularly evaluating our auditor’s audits and its quality control procedures. In addition, the inability of the PCAOB to conduct auditor inspections in Ireland makes it more difficult to evaluate the effectiveness of our auditor’s audit procedures or quality control procedures as compared to auditors located outside of Ireland that are subject to regular PCAOB inspections. As a result, our investors are deprived of the benefits of PCAOB inspections, and may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Item 1B. Unresolved Staff Comments

There are no material unresolved written comments that were received from the SEC staff 180 days or more before the end of our 2015 fiscal year relating to our periodic or current reports under the Exchange Act.

Item 2. Properties

Our corporate headquarters are located in Dublin, Ireland, and our U.S. operations are located in Palo Alto, California and Philadelphia, Pennsylvania.

We occupy approximately 17,000 square feet of office space in Dublin, Ireland, 12,000 square feet of which is under one lease, or the Dublin Lease, that expires in May 2022, and 5,000 square feet of which is under a second lease that also expires in May 2022. We have options to terminate these leases in May 2017 for the Dublin Lease and in January 2019 for the second lease, with no less than six months' prior written notice and the payment of a termination fee. We recently completed construction of a 54,000 square foot manufacturing and development facility on land owned by us in Athlone, Ireland.

In Palo Alto, California, we occupy a total of approximately 118,000 square feet of office space, 44,000 square feet of which is occupied under a lease, or the Palo Alto Lease, that expires in August 2017; 57,000 square feet of which is occupied under a sublease that expires in December 2017; and 17,000 square feet of which is occupied under a sublease that expires in July 2017. We have the right to extend the term of the Palo Alto Lease for up to an additional two years. In January 2015, we entered into an agreement to lease approximately 100,000 square feet of office space in Palo Alto, California. We expect to occupy this office space by the end of 2017. This lease has a term of 12 years from commencement, and we have an option to extend the term of the lease twice for a period of five years each. We also have an option to terminate this lease 10 years from commencement, with no less than one year's prior written notice and the payment of a termination fee.

We occupy approximately 19,000 square feet of office space in Philadelphia, Pennsylvania under a lease that expires in April 2019. In addition, we have offices in Oxford, United Kingdom, Lyon, France, Villa Guardia (Como), Italy and elsewhere in Europe. We occupy approximately 14,000 square feet of office space in Oxford, United Kingdom under a lease that expires in August 2024. We have an option to terminate this lease in August 2019, with no less than six months' prior written notice and the payment of a termination fee. We also occupy office space in Lyon, France. In July 2015, we entered into an agreement to lease approximately 1,566 square feet of office space to replace our lease of approximately 9,000 square feet of office space that expires in March 2016. The new lease expires in July 2024. We have an option to terminate this lease in July 2018 and in July 2021, with no less than six months' prior written notice. We expect to occupy the new reduced office space in the second quarter of 2016. We own a manufacturing facility in Villa Guardia (Como), Italy. The manufacturing facility is 25,295 square feet. We also lease approximately 51,667 square feet of office and laboratory space in Villa Guardia (Como), Italy under a lease that expires in December 2017.

We believe that our existing properties are in good condition and suitable for the conduct of our business. As we continue to expand our operations, we may need to lease additional or alternative facilities.

Item 3. Legal Proceedings

Xyrem ANDA Matters. On October 18, 2010, we received a notice of Paragraph IV Certification from Roxane that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Roxane's initial notice alleged that all five patents then listed for Xyrem in the FDA's Orange Book on the date of the notice are invalid, unenforceable or not infringed by Roxane's proposed generic product. On November 22, 2010, we filed a lawsuit against Roxane in response to Roxane's initial notice in the U.S. District Court for the District of New Jersey, or the District Court, seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe our patents. In accordance with the Hatch-Waxman Act, as a result of our having filed a timely lawsuit against Roxane, FDA approval of Roxane's ANDA was stayed for 30 months, or until April 2013. That stay has expired. Additional patents covering Xyrem have been issued since December 2010, and after receiving Paragraph IV Certification notices from Roxane with respect to those patents, we have filed additional lawsuits against Roxane to include these additional patents in the litigation. All of the lawsuits filed against Roxane between 2010 and 2012 have been consolidated by the District Court into a single case, or the first Roxane consolidated case, alleging that 10 of our patents covering Xyrem are or will be infringed by Roxane's ANDA and seeking a permanent injunction to prevent Roxane from launching a generic version of Xyrem that would infringe these patents.

After receiving additional Paragraph IV Certification notices from Roxane, on February 20, 2015 and June 1, 2015, we filed two actions against Roxane in the District Court that have since been consolidated, or the second Roxane consolidated case, alleging that four of our patents covering Xyrem are or will be infringed by Roxane's ANDA and seeking a permanent injunction to prevent Roxane from

introducing a generic version of Xyrem that would infringe those patents. After receiving an additional Paragraph IV Certification notice from Roxane on December 14, 2015, we filed an action against Roxane on January 27, 2016 alleging that one of our patents covering Xyrem is or will be infringed by Roxane's ANDA and seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe that patent.

In December 2013, the District Court permitted Roxane to amend its answer in the first Roxane consolidated case to allege certain equitable defenses, and the parties were given additional time for discovery on those new defenses. In addition, in March 2014, the District Court granted our motion to bifurcate and stay the portion of the first Roxane consolidated case regarding patents related to the distribution system for Xyrem. Although no trial date has been scheduled, based on the District Court's current schedule, we anticipate that trial on the patents in the first Roxane consolidated case that are not subject to the stay could occur as early as the second quarter of 2016. We do not have any estimate of a possible trial date for trial on the patents in the first Roxane consolidated case that are currently subject to the stay or for any other Roxane cases.

On April 20, 2015, Roxane moved in the second Roxane consolidated case to dismiss claims involving our patent covering a part of the Xyrem label that instructs prescribers on adjusting the dose of Xyrem when it is being co-administered with divalproex sodium (also known as valproate or valproic acid) on the grounds that this patent does not cover patentable subject matter. On October 29, 2015, the District Court administratively terminated this motion to dismiss (without prejudice) pending the outcome of IPR proceedings before the PTAB relating to the patent that was the subject of Roxane's motion.

The actual timing of events in our litigation with Roxane may be significantly earlier or later than we currently anticipate. We cannot predict the specific timing or outcome of events in these matters or the impact of these matters on other ongoing proceedings with any ANDA filer.

On December 10, 2012, we received notice of Paragraph IV Certification from Amneal Pharmaceuticals, LLC, or Amneal, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On January 18, 2013, we filed a lawsuit against Amneal in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Amneal's ANDA and seeking a permanent injunction to prevent Amneal from introducing a generic version of Xyrem that would infringe these patents. On November 21, 2013, we received notice of Paragraph IV Certification from Par Pharmaceutical, Inc., or Par, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On December 27, 2013, we filed a lawsuit against Par in the District Court, alleging that our patents covering Xyrem are infringed or will be infringed by Par's ANDA and seeking a permanent injunction to prevent Par from introducing a generic version of Xyrem that would infringe these patents.

In April 2014, Amneal asked the District Court to consolidate its case with the Par case, stating that both cases would proceed on the schedule for the Par case. The District Court granted this request in May 2014. The order consolidating the cases provides that Amneal's 30-month stay period will be extended to coincide with the date of Par's 30-month stay period. As a result, FDA's approval of both Amneal's and Par's ANDAs is stayed until the earlier of (i) May 20, 2016, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed.

Additional patents covering Xyrem have issued since April 2014 and have been listed in the Orange Book for Xyrem. Amneal and Par have given us additional notices of Paragraph IV Certifications regarding such patents, and we have filed additional lawsuits against Amneal and Par in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Amneal's and Par's ANDAs and seeking a permanent injunction to prevent Amneal and Par from introducing a generic version of Xyrem that will infringe these patents.

On June 4, 2014, we received a notice of Paragraph IV Certification from Ranbaxy Laboratories Limited, or Ranbaxy, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On July 15, 2014, we filed a lawsuit against Ranbaxy in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Ranbaxy's ANDA and seeking a permanent injunction to prevent Ranbaxy from introducing a generic version of Xyrem that will infringe these patents. Since June 2014, we have received additional notices of Paragraph IV Certification from Ranbaxy regarding newly issued patents for Xyrem listed in the Orange Book, and we have filed additional lawsuits against Ranbaxy in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Ranbaxy's ANDA and seeking a permanent injunction to prevent Ranbaxy from introducing a generic version of Xyrem that will infringe these patents.

On October 30, 2014, we received a notice of Paragraph IV Certification from Watson Laboratories, Inc., or Watson, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On December 11, 2014, we filed a lawsuit against Watson in the District Court alleging that our patents covering Xyrem are or will be infringed by Watson's ANDA and seeking a permanent injunction to prevent Watson from introducing a generic version of Xyrem that would infringe these patents. On March 23, 2015,

Watson moved to dismiss the portion of the case based on our Orange Book-listed patents covering the distribution system for Xyrem on the grounds that these patents do not cover patentable subject matter. On November 4, 2015, the District Court administratively terminated this motion to dismiss (without prejudice) pending the outcome of IPR proceedings before the PTAB relating to the patents that were the subject of Watson's motion. Since March 2015, we have received an additional notice of Paragraph IV Certification from Watson regarding newly issued patents for Xyrem listed in the Orange Book, and we have filed an additional lawsuit against Watson in the District Court alleging that our patents covering Xyrem are or will be infringed by Watson's ANDA and seeking a permanent injunction to prevent Watson from introducing a generic version of Xyrem that would infringe these patents.

In April 2015, the District Court issued an order that consolidated all then-pending lawsuits against Amneal, Par, Ranbaxy and Watson into one case.

On June 8, 2015, we received a Paragraph IV Certification from Wockhardt Bio AG, or Wockhardt, that it has submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On July 17, 2015, we filed a lawsuit in the District Court alleging that our patents covering Xyrem are or will be infringed by Wockhardt's ANDA and seeking a permanent injunction to prevent Wockhardt from introducing a generic version of Xyrem that would infringe our patents. Since July 2015, we have received an additional notice of Paragraph IV Certification from Wockhardt regarding newly issued patents listed in the Orange Book, and we have filed an additional lawsuit against Wockhardt in the District Court alleging that our patents covering Xyrem are or will be infringed by Wockhardt's ANDA and seeking a permanent injunction to prevent Wockhardt from introducing a generic version of Xyrem that would infringe these patents.

On July 23, 2015, we received a Paragraph IV Certification from Lupin Inc., or Lupin, that it has submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On September 2, 2015, we filed a lawsuit in the District Court alleging that our patents covering Xyrem are or will be infringed by Lupin's ANDA and seeking a permanent injunction to prevent Lupin from introducing a generic version of Xyrem that would infringe our patents.

On January 14, 2016, the District Court issued an order consolidating all of the cases then pending against Amneal, Par, Ranbaxy, Watson, Wockhardt and Lupin into a single case for all purposes. We cannot predict the specific timing or outcome of events in this matter or the impact of developments involving any specific parties or patents on other ongoing proceedings with any ANDA filer.

Xyrem Post-Grant Patent Review Matters. In January 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of six patents covering the distribution system for Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to these petitions, and we expect the PTAB to issue final decisions on the validity of the patents in July 2016. In September 2015, certain of the ANDA filers filed a petition for IPR with respect to the validity of an additional patent covering the distribution system for Xyrem. In October 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium (also known as valproate or valproic acid). In December 2015, Wockhardt filed a petition for IPR with respect to the validity of one of our patents covering the formulation of Xyrem. In February 2016, Amneal filed a petition for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business.

Cutler Matter. On October 19, 2011, Dr. Neal Cutler, one of the original owners of FazaClo® (clozapine, USP), filed a complaint against Azur Pharma and one of its subsidiaries, as well as Avanir Pharmaceuticals, Inc., or Avanir, in the California Superior Court in the County of Los Angeles, or the Superior Court. The complaint alleged that Azur Pharma and its subsidiary breached certain contractual obligations that would have required Azur Pharma to pay Cutler approximately \$35 million under a contract it assumed when it acquired FazaClo from Avanir in 2007, and further alleged that Cutler was entitled to unspecified punitive damages and attorneys' fees. On December 21, 2015, Cutler filed a First Amended Complaint, and the Superior Court set a trial date for July 2016. Effective February 10, 2016, we entered into a settlement agreement with Cutler resolving all claims in the lawsuit.

From time to time we are involved in legal proceedings arising in the ordinary course of business. We believe there is no other litigation pending that could have, individually or in the aggregate, a material adverse effect on our results of operations or financial condition.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our ordinary shares trade on The NASDAQ Global Select Market under the trading symbol "JAZZ." The following table sets forth the high and low intraday sales prices of our ordinary shares on The NASDAQ Global Select Market for the periods indicated.

	<u>High</u>	<u>Low</u>
Calendar Quarter—2014		
First Quarter	\$176.60	\$123.55
Second Quarter	\$156.34	\$120.38
Third Quarter	\$176.36	\$131.69
Fourth Quarter	\$183.84	\$137.34
Calendar Quarter—2015		
First Quarter	\$190.17	\$155.06
Second Quarter	\$191.01	\$165.00
Third Quarter	\$194.73	\$121.12
Fourth Quarter	\$151.28	\$117.26

On February 17, 2016, the last reported sales price per share of our ordinary shares was \$122.79 per share.

Holders of Ordinary Shares

As of February 17, 2016, there were three holders of record of our ordinary shares. Because almost all of our ordinary shares are held by brokers, nominees and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these record holders.

Dividends

In 2015 and 2014, we did not declare or pay cash dividends on our common equity and we do not currently plan to pay cash dividends in the foreseeable future. Under Irish law, dividends may only be paid, and share repurchases and redemptions must generally be funded only out of, "distributable reserves." In addition, the terms of our credit agreement restrict our ability to make certain restricted payments, including dividends and other distributions by us in respect of our ordinary shares, subject to, among other exceptions, (1) a general exception for dividends and restricted payments up to \$30 million in the aggregate and (2) an exception that allows for restricted payments, subject to a cap equal the sum of (i) \$100 million plus (ii) so long as our total leverage ratio (as defined in our credit agreement) does not exceed 2.5:1 after giving pro forma effect to the restricted payment, a formula-based amount tied to our consolidated net income; provided that such cap applies only if our total leverage ratio (as defined in our credit agreement) exceeds 2:1 after giving pro forma effect to the restricted payment. Any future determination as to the payment of dividends will, subject to Irish legal requirements, be at the sole discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, compliance with the terms of our credit agreement and other factors our board of directors deems relevant.

Unregistered Sales of Equity Securities

Except as previously reported in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, or SEC, during the year ended December 31, 2015, there were no unregistered sales of equity securities by us during the year ended December 31, 2015.

Irish Law Matters

As we are an Irish incorporated company, the following matters of Irish law are relevant to the holders of our ordinary shares.

Irish Restrictions on Import and Export of Capital

Except as indicated below, there are no restrictions on non-residents of Ireland dealing in Irish domestic securities, which includes ordinary shares of Irish companies. Dividends and redemption proceeds also continue to be freely transferable to non-resident holders of such securities. The Financial Transfers Act, 1992 gives power to the Minister for Finance of Ireland to restrict financial transfers between Ireland and other countries and persons. Financial transfers are broadly defined and include all transfers that would be movements of

capital or payments within the meaning of the treaties governing the member states of the European Union, or EU. The acquisition or disposal of interests in shares issued by an Irish incorporated company and associated payments falls within this definition. In addition, dividends or payments on redemption or purchase of shares and payments on a liquidation of an Irish incorporated company would fall within this definition. At present the Financial Transfers Act, 1992 prohibits financial transfers involving the late Slobodan Milosevic and associated persons, Myanmar/Burma, Belarus, certain persons indicted by the International Criminal Tribunal for the former Yugoslavia, the late Osama bin Laden, Al-Qaida, the Taliban of Afghanistan, Democratic Republic of Congo, Democratic People's Republic of Korea (North Korea), Iran, Iraq, Côte d'Ivoire, Lebanon, Liberia, Zimbabwe, Sudan, Somalia, Republic of Guinea-Bissau, Afghanistan, Egypt, Eritrea, Libya, Syria, Tunisia, certain known terrorists and terrorist groups, countries that harbor certain terrorist groups and Ukraine without the prior permission of the Central Bank of Ireland.

Any transfer of, or payment in respect of, a share or interest in a share involving the government of any country that is currently the subject of United Nations sanctions, any person or body controlled by any of the foregoing, or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions as implemented into Irish law.

Irish Taxes Applicable to U.S. Holders

Withholding Tax on Dividends. While we have no current plans to pay dividends, dividends on our ordinary shares would generally be subject to Irish Dividend Withholding Tax, or DWT, at the standard rate of income tax (currently 20%), unless an exemption applies.

Dividends on our ordinary shares that are owned by residents of the U.S. and held beneficially through the Depositary Trust Company, or DTC, will not be subject to DWT provided that the address of the beneficial owner of the ordinary shares in the records of the broker is in the U.S.

Dividends on our ordinary shares that are owned by residents of the U.S. and held directly (outside of DTC) will not be subject to DWT provided that the shareholder has completed the appropriate Irish DWT form and this form remains valid. Such shareholders must provide the appropriate Irish DWT form to our transfer agent at least seven business days before the record date for the first dividend payment to which they are entitled.

If any shareholder who is resident in the U.S. receives a dividend subject to DWT, he or she should generally be able to make an application for a refund from the Irish Revenue Commissioners on the prescribed form.

While the U.S./Ireland Double Tax Treaty contains provisions regarding withholding, due to the wide scope of the exemptions from DWT available under Irish domestic law, it would generally be unnecessary for a U.S. resident shareholder to rely on the treaty provisions.

Income Tax on Dividends. A shareholder who is neither resident nor ordinarily resident in Ireland and who is entitled to an exemption from DWT generally has no additional liability to Irish income tax or to the universal social charge on a dividend from us unless that shareholder holds our ordinary shares through a branch or agency in Ireland through which a trade is carried on.

A shareholder who is neither resident nor ordinarily resident in Ireland and who is not entitled to an exemption from DWT generally has no additional liability to Irish income tax or to the universal social charge on a dividend from us. The DWT deducted by us discharges the liability to Irish income tax and to the universal social charge. This however is not the case where the shareholder holds the ordinary shares through a branch or agency in Ireland through which a trade is carried on.

Irish Tax on Capital Gains. A shareholder who is neither resident nor ordinarily resident in Ireland and does not hold our ordinary shares in connection with a trade or business carried on by such shareholder in Ireland through a branch or agency should not be within the charge to Irish tax on capital gains on a disposal of our ordinary shares.

Capital Acquisitions Tax. Irish capital acquisitions tax, or CAT, is comprised principally of gift tax and inheritance tax. CAT could apply to a gift or inheritance of our ordinary shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because our ordinary shares are regarded as property situated in Ireland as our share register must be held in Ireland. The person who receives the gift or inheritance has primary liability for CAT.

CAT is levied at a rate of 33% above certain tax-free thresholds. The appropriate tax-free threshold is dependent upon (i) the relationship between the donor and the donee and (ii) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same category of relationship for CAT purposes. Gifts and inheritances passing between spouses are exempt from CAT. Our shareholders should consult their own tax advisers as to whether CAT is creditable or deductible in computing any domestic tax liabilities.

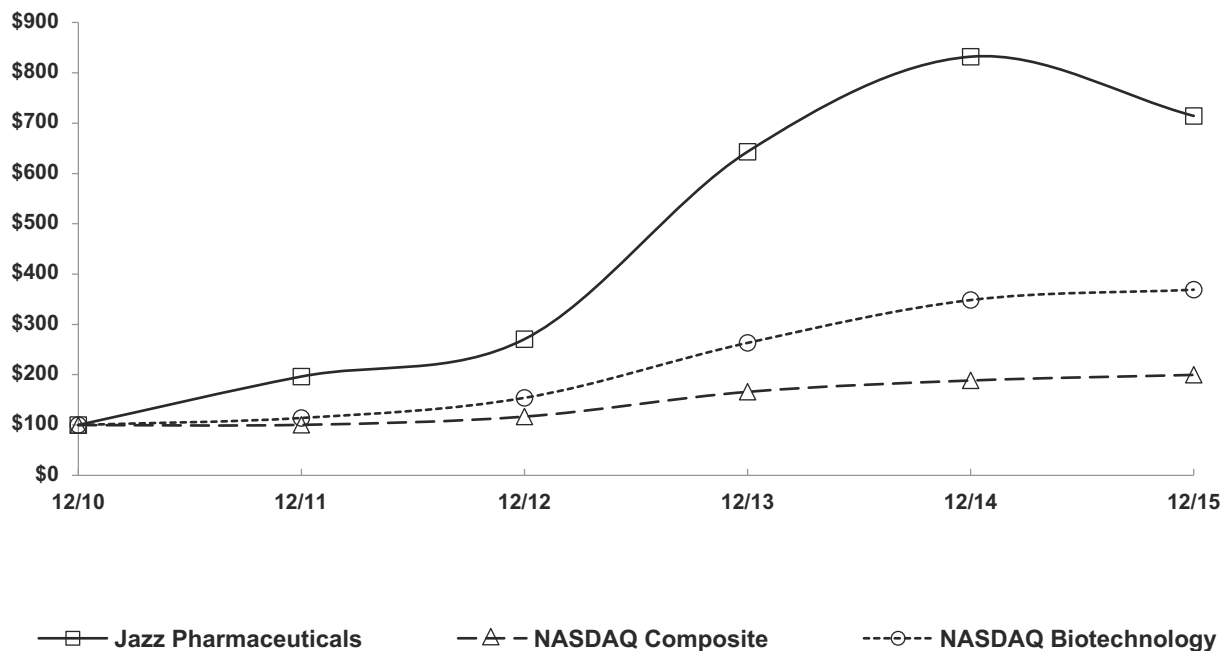
Stamp Duty. Irish stamp duty (if any) may become payable in respect of ordinary share transfers. However, a transfer of our ordinary shares from a seller who holds shares through DTC to a buyer who holds the acquired shares through DTC will not be subject to Irish stamp duty. A transfer of our ordinary shares (i) by a seller who holds ordinary shares outside of DTC to any buyer or (ii) by a seller who holds the ordinary shares through DTC to a buyer who holds the acquired ordinary shares outside of DTC, may be subject to Irish stamp duty (currently at the rate of 1% of the price paid or the market value of the ordinary shares acquired, if greater). The person accountable for payment of stamp duty is the buyer or, in the case of a transfer by way of a gift or for less than market value, all parties to the transfer.

A shareholder who holds ordinary shares outside of DTC may transfer those ordinary shares into DTC without giving rise to Irish stamp duty provided that the shareholder would be the beneficial owner of the related book-entry interest in those ordinary shares recorded in the systems of DTC (and in exactly the same proportions) as a result of the transfer and at the time of the transfer into DTC there is no sale of those book-entry interests to a third party being contemplated by the shareholder. Similarly, a shareholder who holds ordinary shares through DTC may transfer those ordinary shares out of DTC without giving rise to Irish stamp duty provided that the shareholder would be the beneficial owner of the ordinary shares (and in exactly the same proportions) as a result of the transfer, and at the time of the transfer out of DTC there is no sale of those ordinary shares to a third party being contemplated by the shareholder. In order for the share registrar to be satisfied as to the application of this Irish stamp duty treatment where relevant, the shareholder must confirm to us that the shareholder would be the beneficial owner of the related book-entry interest in those ordinary shares recorded in the systems of DTC (and in exactly the same proportions) (or vice-versa) as a result of the transfer and there is no agreement being contemplated for the sale of the related book-entry interest or the ordinary shares or an interest in the ordinary shares, as the case may be, by the shareholder to a third party.

Performance Measurement Comparison (1)

The following graph shows the total shareholder return on the last day of each year of an investment of \$100 in cash as if made on December 31, 2010 in (i) our ordinary shares; (ii) the NASDAQ Composite Index; and (iii) the NASDAQ Biotechnology Index through December 31, 2015. Information set forth in the graph below represents the performance of the Jazz Pharmaceuticals, Inc. common stock from December 31, 2010 until January 17, 2012, the day before the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma Public Limited Company, or Azur Pharma, were combined in a merger transaction, or the Azur Merger, and the performance of our ordinary shares from January 18, 2012 through December 31, 2015. Our ordinary shares trade on the same exchange and under the same trading symbol as the Jazz Pharmaceuticals, Inc. common stock prior to the Azur Merger. The shareholder return shown in the graph below is not necessarily indicative of future performance, and we do not make or endorse any predictions as to future shareholder returns.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN (2)



- (1) This section is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.
- (2) Information used in the graph was obtained from Research Data Group, Inc.

Issuer Purchases of Equity Securities

The following table summarizes purchases of our ordinary shares made by or on behalf of us or any of our “affiliated purchasers” as defined in Rule 10b-18(a)(3) under the Exchange Act during each fiscal month during the three-month period ended December 31, 2015:

	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (4)
October 1—October 31, 2015	—	\$ —	—	\$ —
November 1—November 30, 2015	96,833	\$ 139.73	96,833	\$ 286,472,388
December 1—December 31, 2015	189,317	\$ 141.15	189,317	\$ 259,756,866
Total	<u>286,150</u>	\$ 140.67	<u>286,150</u>	

- (1) This table does not include ordinary shares that we withheld in order to satisfy minimum tax withholding requirements in connection with the vesting of restricted stock units.
- (2) Average price paid per share includes brokerage commissions.
- (3) The ordinary shares reported in the table above were purchased pursuant to our publicly announced share repurchase program. In November 2015, we announced that our board of directors authorized the use of up to \$300 million to repurchase our ordinary shares. This authorization has no expiration date.
- (4) The dollar amount shown represents, as of the end of each period, the approximate dollar value of ordinary shares that may yet be purchased under our publicly announced share repurchase program, exclusive of any brokerage commissions. The timing and amount of repurchases will depend on a variety of factors, including the price of our ordinary shares, alternative investment opportunities, restrictions under our credit agreement, corporate and regulatory requirements and market conditions, and may be modified, suspended or otherwise discontinued at any time without prior notice.

Item 6. Selected Financial Data

The following selected consolidated financial data should be read together with our consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” appearing elsewhere in this Annual Report on Form 10-K. The selected consolidated financial data in this section is not intended to replace our consolidated financial statements and the accompanying notes. Our historical results are not necessarily indicative of our future results.

We derived the consolidated statements of income data for the years ended December 31, 2015, 2014 and 2013 and the consolidated balance sheet data as of December 31, 2015 and 2014 from the audited consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K. The consolidated statements of income data for the years ended December 31, 2012 and 2011, and the selected consolidated balance sheet data as of December 31, 2013, 2012 and 2011 are derived from audited consolidated financial statements not included in this Annual Report on Form 10-K. The selected consolidated financial data for periods prior to the year ended December 31, 2012 is that of Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries, while the selected consolidated financial data for periods after and including the year ended December 31, 2012 is that of Jazz Pharmaceuticals plc and its consolidated subsidiaries.

Year Ended December 31,

2015	2014 (1)	2013	2012 (2)	2011
------	----------	------	----------	------

(In thousands, except per share amounts)

Consolidated Statements of Income Data:

Revenues:

Product sales, net	\$1,316,819	\$1,162,716	\$ 865,398	\$ 580,527	\$ 266,518
Royalties and contract revenues	7,984	10,159	7,025	5,452	5,759
Total revenues	1,324,803	1,172,875	872,423	585,979	272,277

Operating expenses:

Cost of product sales (excluding amortization and impairment of intangible assets)	102,526	117,418	102,146	78,425	13,942
Selling, general and administrative	449,119	406,114	304,303	223,882	108,936
Research and development	135,253	85,181	41,632	20,477	14,120
Acquired in-process research and development	—	202,626	4,988	—	—
Intangible asset amortization	98,162	126,584	79,042	65,351	7,448
Impairment charges	31,523	39,365	—	—	—
Total operating expenses	816,583	977,288	532,111	388,135	144,446

Income from operations	508,220	195,587	340,312	197,844	127,831
Interest expense, net	(56,917)	(52,713)	(26,916)	(16,869)	(1,600)
Foreign currency gain (loss)	1,445	8,683	(1,697)	(3,620)	—
Loss on extinguishment and modification of debt	(16,815)	—	(3,749)	—	(1,247)

Income from continuing operations before income tax provision (benefit)	435,933	151,557	307,950	177,355	124,984
Income tax provision (benefit)	106,399	94,231	91,638	(83,794)	—

Income from continuing operations	329,534	57,326	216,312	261,149	124,984
Income from discontinued operations, net of taxes	—	—	—	27,437	—

Net income	329,534	57,326	216,312	288,586	124,984
Net loss attributable to noncontrolling interests, net of tax	(1)	(1,061)	—	—	—

Net income attributable to Jazz Pharmaceuticals plc	\$ 329,535	\$ 58,387	\$ 216,312	\$ 288,586	\$ 124,984
---	------------	-----------	------------	------------	------------

Net income attributable to Jazz Pharmaceuticals plc per ordinary share (3):

Basic:

Income from continuing operations	\$ 5.38	\$ 0.98	\$ 3.71	\$ 4.61	\$ 3.01
Income from discontinued operations	—	—	—	0.48	—
Net income attributable to Jazz Pharmaceuticals plc	\$ 5.38	\$ 0.98	\$ 3.71	\$ 5.09	\$ 3.01

Diluted:

Income from continuing operations	\$ 5.23	\$ 0.93	\$ 3.51	\$ 4.34	\$ 2.67
Income from discontinued operations	—	—	—	0.45	—
Net income attributable to Jazz Pharmaceuticals plc	\$ 5.23	\$ 0.93	\$ 3.51	\$ 4.79	\$ 2.67

Weighted-average ordinary shares used in per share calculation—basic	61,232	59,746	58,298	56,643	41,499
--	--------	--------	--------	--------	--------

Weighted-average ordinary shares used in per share calculation—diluted	63,036	62,614	61,569	60,195	46,798
--	--------	--------	--------	--------	--------

As of December 31,

2015	2014 (1)	2013	2012 (2)	2011
------	----------	------	----------	------

(In thousands)

Consolidated Balance Sheet Data:

Cash, cash equivalents and marketable securities	\$ 988,785	\$ 684,042	\$ 636,504	\$ 387,196	\$ 157,898
Working capital	1,031,025	799,044	660,589	360,034	146,261
Total assets	3,359,663	3,338,955	2,238,221	1,966,493	253,573
Long-term debt, current and non-current	1,204,503	1,342,428	549,976	456,761	—
Retained earnings (accumulated deficit)	302,686	34,704	18,532	(61,296)	(349,882)
Total Jazz Pharmaceuticals plc shareholders' equity	1,598,646	1,371,144	1,295,534	1,121,292	192,788

-
- (1) On January 23, 2014, pursuant to a tender offer, we became the indirect majority shareholder of Gentium S.r.l., or Gentium, acquiring control of Gentium on that date. In February 2014, we completed a subsequent offering period of the tender offer, resulting in total purchases pursuant to the tender offer of approximately 98% of the fully diluted voting securities of Gentium. As of December 31, 2015, we had acquired the remaining 2% interest in Gentium for cash consideration of \$17.9 million, resulting in an aggregate acquisition cost to us of \$994.1 million, comprising cash payments of \$1,011.2 million offset by proceeds from the exercise of Gentium share options of \$17.1 million. The results of operations of the acquired Gentium business, along with the estimated fair values of the assets acquired and liabilities assumed in the transaction, have been included in our consolidated financial statements since the completion of the acquisition of Gentium on January 23, 2014, which is referred to as the Gentium Acquisition in this Annual Report on Form 10-K. We recorded noncontrolling interests in our consolidated financial statements that represent the ownership interest of minority shareholders in the equity of Gentium. In future periods, we will no longer record noncontrolling Gentium interests since we had acquired all such remaining noncontrolling interests as of December 31, 2015. In connection with the Gentium Acquisition, on January 23, 2014, we entered into a second amendment to the credit agreement we entered into in June 2012, or the previous credit agreement. We used the proceeds from incremental term loans of \$350.0 million and \$300.0 million of loans under the revolving credit facility provided for under the previous credit agreement, together with cash on hand, to finance the Gentium Acquisition. In August 2014, we completed a private placement of \$575.0 million aggregate principal amount of 1.875% exchangeable senior notes due 2021, or the 2021 Notes, resulting in net proceeds to us, after debt issuance costs, of \$558.9 million. We used a portion of the net proceeds from the issuance of the 2021 Notes to repay all then outstanding borrowings under the revolving credit facility provided for under the previous credit agreement.
 - (2) On January 18, 2012, the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma were combined in the Azur Merger pursuant to which all outstanding shares of Jazz Pharmaceuticals, Inc.'s common stock were canceled and converted into the right to receive, on a one-for-one basis, our ordinary shares. Jazz Pharmaceuticals, Inc. was treated as the acquiring company in the Azur Merger for accounting purposes, and as a result, the historical consolidated financial statements of Jazz Pharmaceuticals, Inc. became our consolidated financial statements. On June 12, 2012, we completed our acquisition of EUSA Pharma Inc., or EUSA Pharma, which we refer to as the EUSA Acquisition. At the closing of the EUSA Acquisition, we paid \$678.4 million in cash, and agreed to make an additional contingent payment of \$50.0 million in cash if Erwinaze achieved net sales in the U.S. of \$124.5 million or more in 2013. In 2013, net sales of Erwinaze in the U.S. exceeded \$124.5 million and as a result, we made this payment in 2014. The results of operations of the acquired Azur Pharma and EUSA Pharma businesses, along with the estimated fair values of the assets acquired and liabilities assumed in each transaction, are included in our consolidated financial statements since the effective dates of the Azur Merger and the EUSA Acquisition, respectively. We financed the EUSA Acquisition, in part, by entering into a credit agreement in June 2012, which at the time provided for \$475.0 million principal amount of term loans and a \$100.0 million revolving credit facility. We used all of the proceeds of those term loans, together with cash on hand, to finance the EUSA Acquisition.
 - (3) All references to "ordinary shares" refer to Jazz Pharmaceuticals, Inc.'s common stock with respect to periods prior to the year ended December 31, 2012 and to our ordinary shares with respect to periods after and including the year ended December 31, 2012. Our earnings per share in the periods prior to the year ended December 31, 2012 were not impacted by the Azur Merger because each share of Jazz Pharmaceuticals, Inc. common stock issued and outstanding immediately prior to the effective time of the Azur Merger was canceled and converted into the right to receive one ordinary share upon the consummation of the Azur Merger.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes to consolidated financial statements included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that impact our business. In particular, we encourage you to review the risks and uncertainties described in "Risk Factors" in Part I, Item 1A in this Annual Report on Form 10-K. These risks and uncertainties could cause actual results to differ materially from those projected in forward-looking statements contained in this report or implied by past results and trends.

Overview

Jazz Pharmaceuticals plc is an international biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing meaningful products that address unmet medical needs.

We have a diverse portfolio of products and product candidates, with a focus in the areas of sleep and hematology/oncology.

Our lead marketed products are:

- **Xyrem® (sodium oxybate) oral solution**, the only product approved by the U.S. Food and Drug Administration, or FDA, for the treatment of both cataplexy and excessive daytime sleepiness, or EDS, in patients with narcolepsy;
- **Erwinaze® (asparaginase *Erwinia chrysanthemi*)**, a treatment approved in the U.S. and in certain markets in Europe (where it is marketed as Erwinase®) for patients with acute lymphoblastic leukemia, or ALL, who have developed hypersensitivity to *E. coli*-derived asparaginase; and
- **Defitelio® (defibrotide)**, a product approved in Europe for the treatment of severe hepatic veno-occlusive disease, or VOD, in adults and children undergoing hematopoietic stem cell transplantation, or HSCT, therapy.

Our strategy is to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying and investing in growth opportunities such as new treatment indications;
- Acquiring clinically meaningful and differentiated products that are on the market or product candidates that are in late-stage development; and
- Pursuing targeted development of post-discovery differentiated product candidates.

We apply a disciplined approach to allocating our resources between investments in our current commercial and development portfolio and acquisitions or in-licensing of new assets.

Some of the significant developments affecting our business and financial results in 2015 are summarized below.

Increase in Total Net Product Sales

Our total net product sales increased by 13% in 2015 compared to 2014, primarily due to an increase in Xyrem product sales. We expect total net product sales to increase in 2016 over 2015, primarily due to anticipated growth in sales of our lead marketed products.

Emphasis on Research and Development Activities

We have increased our focus on research and development activities, which currently include clinical development of new product candidates, activities related to line extensions and new indications for existing products and the generation of additional clinical data for existing products, all in our sleep and hematology/oncology therapeutic areas.

A summary of our ongoing development activities is provided below:

<u>Project</u>	<u>Disease Area</u>	<u>Status</u>
Sleep		
JZP-110	EDS in narcolepsy	Phase 3 clinical trial initiated in second quarter of 2015; preliminary data expected in fourth quarter of 2016
	EDS in obstructive sleep apnea, or OSA	Two Phase 3 clinical trials initiated in second quarter of 2015; preliminary data expected in fourth quarter of 2016
JZP-386	EDS in narcolepsy	Phase 1 clinical trials completed; further evaluation ongoing
Xyrem	Cataplexy with narcolepsy in children and adolescents	Phase 3 clinical trial ongoing; enrollment completion expected in second half of 2016
Hematology/Oncology		
Defibrotide	VOD with evidence of multi-organ dysfunction following HSCT	New drug application, or NDA, accepted for filing with priority review by the FDA in third quarter of 2015; Prescription Drug User Fee Act, or PDUFA, date of March 31, 2016
Defibrotide	Prevention of VOD in high-risk patients	Preparing to initiate clinical trial

In the sleep area, we have ongoing and planned development programs for Xyrem and certain product candidates.

- *JZP-110.*

Phase 3 Clinical Trials. JZP-110 is a late-stage investigational compound being developed for potential treatment of EDS in patients with narcolepsy and EDS in patients with OSA. We acquired worldwide development, manufacturing and commercial rights to JZP-110 from Aerial BioPharma LLC, or Aerial, in January 2014, other than in certain jurisdictions in Asia where SK Biopharmaceuticals Co., Ltd, or SK, retains rights. We initiated patient enrollment in our Phase 3 clinical program in the second quarter of 2015. We are conducting one Phase 3 clinical trial in patients with EDS associated with narcolepsy and two Phase 3 clinical trials in patients with EDS associated with OSA. Approximately 880 patients are expected to be enrolled in these three trials in the aggregate. In addition, we expect to enroll up to 450 patients from two of our Phase 3 clinical trials in an open label extension trial evaluating the long-term safety of JZP-110. We expect to receive preliminary data results from these trials in the fourth quarter of 2016.

Other Activities. We are also exploring additional potential indications for JZP-110.

- *Xyrem.*

Phase 3 Clinical Trial of Xyrem in Children and Adolescents. While in many patients narcolepsy can begin during childhood and adolescence, there is limited information on the treatment of pediatric narcolepsy patients with Xyrem. We have worked with the FDA and several leading specialists to design a clinical trial to generate additional data on the treatment of pediatric narcolepsy patients with Xyrem. In the fourth quarter of 2014, we initiated a Phase 3 clinical trial to assess the safety and efficacy of Xyrem in children and adolescents aged seven to 17 who have narcolepsy with cataplexy. We expect to complete enrollment in this trial in the second half of 2016.

Other Activities. We are also pursuing other activities related to the potential development of options for narcolepsy patients that would provide clinically meaningful improvements compared to Xyrem, including once-nightly dosing. Although results from our Phase 1 trial of JZP-386, a deuterium-modified analog of sodium oxybate, which we licensed from Concert Pharmaceuticals, Inc., or Concert, in February 2013, did not support advancing JZP-386 into a later-stage clinical trial, the clinical data demonstrated that JZP-386 provided favorable deuterium-related effects, including higher serum concentrations and correspondingly increased pharmacodynamics effects at clinically relevant time points compared to Xyrem, and a safety profile similar to that observed with Xyrem. We are exploring formulation options designed to leverage the positive effects observed in the studies.

In the hematology and oncology area, we also have ongoing and planned development activities.

- *Defibrotide.*

Planned Phase 3 Clinical Trial. We are preparing to commence a clinical trial to evaluate the safety and efficacy of defibrotide for the prevention of VOD in high-risk patients. We expect to initiate patient enrollment in the third quarter of 2016.

Other Activities. We are also exploring additional potential indications for defibrotide and assessing the potential to pursue regulatory approval of defibrotide in additional countries.

- *Erwinaze*. We are pursuing activities related to the potential development of an effective and well-tolerated long-acting recombinant cristaspase that would offer benefits compared to Erwinaze. We are also assessing the potential to pursue regulatory approval of Erwinaze in additional countries.

We recently terminated certain development activities in the hematology and oncology area. In the fourth quarter of 2015, we discontinued development of Leukotac™ (inolimomab), an anti-CD25 monoclonal antibody for the treatment of steroid-refractory acute graft vs. host disease, or GvHD, based on our analysis of data from a Phase 3 clinical trial that we conducted in Europe. In February 2015, we voluntarily suspended patient enrollment in a pivotal Phase 2 clinical trial of JZP-416 (pegcristaspase), a PEGylated recombinant *Erwinia chrysanthemi* L-asparaginase being developed for the treatment of patients with ALL who are hypersensitive to *E. coli*-derived asparaginase. We terminated this trial in January 2016 based on the occurrence of hypersensitivity-like reactions following the administration of JZP-416 in some treated patients.

For 2016 and beyond, we expect that our research and development expenses will increase from historical levels, particularly as we initiate additional clinical trials and related development work and potentially acquire rights to additional product candidates.

Our Lead Marketed Products

Xyrem. Our financial results remain significantly influenced by sales of Xyrem, which accounted for 73% of our net product sales in 2015 and 67% of our net product sales in 2014. As a result, we continue to place a high priority on seeking to maintain and increase sales of Xyrem in its approved indications, while remaining focused on ensuring the safe and effective use of the product. We are also focusing on the lifecycle management of Xyrem, including seeking to enhance and enforce our intellectual property rights and to develop product, service and safety improvements for patients.

Our ability to maintain or increase Xyrem product sales is subject to risks and uncertainties, including those discussed in “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K. In particular, seven companies have sent us notices that they have filed abbreviated new drug applications, or ANDAs, with the FDA seeking approval to market a generic version of Xyrem. We have filed lawsuits against each of these companies seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, and the litigation proceedings are ongoing. We cannot predict the timing or outcome of these proceedings. Although no trial date has been set in any of the ANDA suits, we anticipate that trial on some of the patents in the case against the first ANDA filer, Roxane Laboratories, Inc., or Roxane, could occur as early as the second quarter of 2016. Some of the ANDA filers have also filed petitions for *inter partes* review, or IPR, by the Patent Trial and Appeal Board, or the PTAB, of the U.S. Patent and Trademark Office, or USPTO, with respect to the validity of certain distribution, method of use and formulation patents covering Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to petitions related to certain patents covering the Xyrem distribution system, and we expect the PTAB to issue final decisions on the validity of these patents in July 2016. For a description of these matters, see “Legal Proceedings” in Part I, Item 3 of this Annual Report on Form 10-K. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business. We expect that the approval of an ANDA that results in the launch of a generic version of Xyrem, or the approval and launch of other sodium oxybate products that compete with Xyrem, would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In late August 2015, we implemented the final Xyrem risk evaluation and mitigation strategy, or REMS, which was approved by the FDA in February 2015. The process under which enrolled patients receive Xyrem is complex and includes multiple mandatory steps taken by the central pharmacy. The transition to the final approved REMS necessitated significant operational changes at the central pharmacy and revised documentation requirements for patients and prescribers. In the third quarter of 2015, Xyrem product sales were adversely impacted by operational disruption and resulting delays in prescription fills and refills. As physicians and patients familiarized themselves with the new REMS process and documentation requirements, the central pharmacy experienced a significantly increased volume of calls from patients and physicians’ offices that the pharmacy was not able to timely address, resulting in a backlog of prescription fills and refills that were delayed. We identified and addressed with the central pharmacy to the extent feasible the processes that led to the operational delays. In the fourth quarter of 2015, we observed an improvement in key operational metrics compared to the third quarter of 2015, and we believe that central pharmacy operations have stabilized. However, we cannot guarantee that we will not experience further disruptions and resulting adverse impacts on Xyrem product sales. Any failure to comply with the REMS obligations could result in enforcement action by the FDA; lead to changes in our Xyrem REMS obligations; continue to negatively affect sales of Xyrem; result in additional costs and expenses for us; and/or take a significant amount of time, any of which could materially and adversely affect our business, financial condition, results of operations and growth prospects. Further, we cannot predict whether the FDA will seek to require or ultimately require modifications to the Xyrem REMS, including with respect to the distribution system, or seek to otherwise impose or ultimately impose additional requirements to the Xyrem REMS, or the potential timing, terms or propriety thereof. Any such modifications or additional

requirements could potentially make it more difficult or expensive for us to distribute Xyrem, make it easier for future generic competitors, and/or negatively affect sales of Xyrem.

We may face pressure to develop a single shared REMS with potential generic competitors for Xyrem that is different from the approved Xyrem REMS or to license or share intellectual property pertinent to the Xyrem REMS, or elements of the Xyrem REMS, including proprietary data required for safe distribution of sodium oxybate, with generic competitors. The Xyrem REMS is the subject of multiple issued patents. In January 2014, the FDA held an initial meeting with us and the three then-current sodium oxybate ANDA applicants to facilitate the development of a single shared REMS for sodium oxybate. In October 2015, the FDA held a telephonic meeting with us and the seven current sodium oxybate ANDA applicants to discuss the status of the development of a single shared REMS for sodium oxybate. The parties had regular interactions with respect to developing a single shared REMS prior to this meeting, and we are seeking to continue the interactions with the goal of developing a single shared REMS. However, we are aware that, separate from the discussions with us, the FDA and ANDA applicants have exchanged communications regarding the potential development of a single shared REMS for sodium oxybate. We cannot predict whether, or to what extent, interactions among the parties will continue or whether we will develop a single shared REMS. If we do not develop a single shared REMS or license or share intellectual property pertinent to our Xyrem REMS with generic competitors within a time frame or on terms that the FDA considers acceptable, the FDA may assert that its waiver authority permits it to approve the ANDA of one or more generic competitors with a separate REMS that differs from our approved Xyrem REMS. We cannot predict the outcome or impact on our business of any future action that we may take with respect to the development of a single shared REMS for sodium oxybate, licensing or sharing intellectual property pertinent to our Xyrem REMS, or the FDA's response to a request by one or more ANDA applicants for a waiver of the requirement for a single shared REMS, including in connection with a certification that the applicant had been unable to obtain a license. In addition, the Federal Trade Commission, other governmental authorities or others could claim or determine that we are using the Xyrem REMS in an anticompetitive manner (including in light of the FDA's statement in the Xyrem REMS approval notice that the Xyrem REMS could be used in an anticompetitive manner inconsistent with applicable provisions of the Federal Food, Drug and Cosmetic Act) or have engaged in other anticompetitive practices.

Obtaining and maintaining appropriate reimbursement for Xyrem in the U.S. is increasingly challenging due to, among other things, the attention being paid to healthcare cost containment and prescription drug pricing, pricing pressure from third party payors and increasingly restrictive reimbursement conditions being imposed by third party payors. In this regard, we have experienced and expect to continue to experience increasing pressure from third party payors to agree to discounts, rebates or other pricing terms for Xyrem. Any such restrictive pricing terms or additional reimbursement conditions could have a material adverse effect on our Xyrem revenues. In addition, drug pricing by pharmaceutical companies has recently come under close scrutiny, particularly with respect to companies that have increased the price of products after acquiring those products from other companies. We expect that healthcare policies and reforms intended to curb healthcare costs will continue to be proposed, which could limit the prices that we charge for our products, including Xyrem, limit our commercial opportunity and/or negatively impact revenues from sales of our products. Also, price increases on Xyrem and our other products, and negative publicity regarding pricing and price increases generally, whether with respect to our products or products distributed by other pharmaceutical companies, could negatively affect market acceptance of Xyrem and our other products.

Erwinaze/Erwinase. Sales of our second largest product, Erwinaze/Erwinase (which we refer to in this report as Erwinaze unless otherwise indicated or the context otherwise requires), accounted for 15% of our net product sales in 2015 and 17% of our net product sales in 2014. We seek to maintain and increase sales of Erwinaze, as well as to make Erwinaze more widely available, through ongoing sales and marketing and research and development activities. However, our ability to successfully and sustainably maintain or grow sales of Erwinaze is subject to a number of risks and uncertainties, including the limited population of patients with ALL and the incidence of hypersensitivity reactions to E. coli-derived asparaginase within that population, our need to apply for and receive marketing authorizations, through the European Union's mutual recognition procedure or otherwise, in certain additional countries so we can launch promotional efforts in those countries, as well as those other risks and uncertainties discussed in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. In particular, a significant challenge to our ability to maintain current sales levels and to increase sales is our need to avoid supply interruptions of Erwinaze due to capacity constraints, production delays, quality or regulatory challenges or other manufacturing difficulties. Erwinaze is licensed from and manufactured by a single source, Porton Biopharma Limited, or PBL. The current manufacturing capacity for Erwinaze is nearly completely absorbed by demand for the product. We are working with PBL to evaluate potential expansion of its production capacity to increase the supply of Erwinaze over the longer term. As a consequence of constrained manufacturing capacity, we have had an extremely limited or no ability to build an excess level of product inventory that can be used to absorb disruptions to supply resulting from quality, regulatory or other issues, and we have experienced, and expect to continue to experience, manufacturing and inventory challenges that have resulted in disruptions in our ability to supply certain markets. If capacity constraints continue, whether as a result of continued quality or other manufacturing issues or otherwise, we may be unable to build a desired excess level of product inventory, and our ability to supply the market may continue to be compromised. Additional Erwinaze supply interruptions and/or our inability to expand production capacity could materially adversely affect our sales of and revenues from Erwinaze and our potential future maintenance and growth of the market for this product.

Defitelio/defibrotide. Sales of Defitelio/defibrotide were 5% of our net product sales in 2015. We acquired this product in January 2014 in connection with our acquisition of Gentium S.r.l., or Gentium, which we refer to as the Gentium Acquisition, and secured worldwide rights to the product by acquiring rights to defibrotide in the Americas in August 2014. We launched Defitelio in certain European countries in 2014 and continued to launch in additional European countries on a rolling basis through 2015. We are in the process of making pricing and reimbursement submissions with respect to Defitelio in those European countries where Defitelio is not yet launched, including in countries where pricing and reimbursement approvals are required for launch. Our ability to realize the anticipated benefits from our investment in Defitelio/defibrotide is subject to risks and uncertainties, including those discussed in “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K. In particular, we may not be able to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval in other countries, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. A key challenge to our success in maintaining or growing sales of Defitelio in Europe is our ability to obtain appropriate pricing and reimbursement approvals in those European countries where Defitelio is not yet launched. If we experience delays or unforeseen difficulties in obtaining favorable pricing and reimbursement approvals, planned launches in the affected countries would be delayed, or, if we are unable to ultimately obtain favorable pricing and reimbursement approvals in countries that represent significant markets, especially where a country’s reimbursed price influences other countries, our growth prospects in Europe could be negatively affected.

In September 2015, the FDA accepted for filing with priority review our NDA for defibrotide for the treatment of VOD with evidence of multi-organ dysfunction following HSCT. Based on timelines established by the PDUFA, we expect FDA review of the NDA to be completed by March 31, 2016. However, the FDA does not always meet the timelines established by PDUFA, and it is possible that the FDA’s review of our NDA will not be completed by the PDUFA date, in which case our plans for commercialization of defibrotide in the U.S. may be delayed. In any event, we cannot predict whether our NDA will be approved in a timely manner, if at all. Approval of our NDA is dependent on our and our supplier’s ability to obtain FDA certification of current Good Manufacturing Practices in connection with the manufacturing of the defibrotide drug compound and the processing of defibrotide into finished product for the U.S. market and on the outcome of FDA inspections of clinical sites and potentially other entities involved in the development of defibrotide. In 2015, the FDA issued a Form FDA 483 to Patheon Italia S.p.A., or Patheon Italia, that included observations related to the Ferentino, Italy facility that manufactures the defibrotide finished product. Failure by Patheon Italia to timely remediate the observations to the FDA’s satisfaction or the discovery of issues that impact the defibrotide finished product could have an adverse impact on the potential approval of our NDA for defibrotide, including the timing thereof.

In the event we are able to obtain U.S. marketing approval, we will also face other challenges that could impact the anticipated value of Defitelio/defibrotide, including the limited size of the population of VOD patients who are indicated for treatment with Defitelio/defibrotide (particularly if the FDA requires more narrow or restricted labeling than we have proposed or if changes in HSCT treatment protocols reduce the incidence of VOD); U.S. market acceptance of defibrotide at its commercial price, particularly in light of past access to defibrotide free of charge through an expanded access treatment protocol; the need to establish U.S. pricing and reimbursement support for defibrotide, including through acceptance by hospital pharmacy and therapeutics committees; the possibility that we may be required to conduct time-consuming and costly clinical trials as a condition of any U.S. marketing approval for the product; the lack of experience of U.S. physicians in diagnosing and treating VOD; and challenges to our ability to develop the product for additional indications. If sales of Defitelio/defibrotide do not reach the levels we expect, our anticipated revenue from the product would be negatively affected, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Other Developments

Over the past two years, we have made targeted investments to strengthen our operational capabilities to support our lead marketed products and product candidates in our primary therapeutic areas. During 2014, we reorganized our operations in Europe to focus on our hematology/oncology therapeutic area following the Gentium Acquisition and streamlined our U.S. commercial operations to devote more resources to our lead marketed products. In March 2015, we sold certain products and the related business that we acquired as part of our acquisition of EUSA Pharma Inc., or the EUSA Acquisition, to allow us to focus our European commercial operations on Erwinase and Defitelio. We also completed construction of a manufacturing and development facility in Ireland and expect to begin commercial operations at the facility in 2016.

In June 2015, we terminated our previous credit agreement and entered into a new credit agreement, which we refer to as the June 2015 credit agreement. The June 2015 credit agreement provides for a five-year \$750.0 million principal amount term loan, which was drawn in full at closing, and a five-year \$750.0 million revolving credit facility, of which \$160.0 million was drawn at closing and subsequently repaid. We used the proceeds from borrowings under the June 2015 credit agreement to repay in full the amounts outstanding under the previous credit agreement. The June 2015 credit agreement provides a higher borrowing limit, more favorable interest rates and a longer maturity than our previous credit agreement. For more information, see “Liquidity and Capital Resources” in this Part II, Item 7 of this Annual Report on Form 10-K.

In August 2015, we completed repurchases under a share repurchase program that was initiated in May 2013. In November 2015, our board of directors authorized a new share repurchase program pursuant to which we are authorized to repurchase a number of ordinary shares having an aggregate purchase price of up to \$300 million, exclusive of any brokerage commissions. Under the current share repurchase program, which has no expiration date, we may repurchase our ordinary shares on the open market. The timing and amount of any repurchases will be at management's discretion and will depend on a variety of factors, including the price of our ordinary shares, alternative investment opportunities, restrictions under the June 2015 credit agreement, corporate and regulatory requirements and market conditions. The share repurchase program may be modified, suspended or discontinued at any time without prior notice. In 2015, we spent a total of \$61.6 million to repurchase an aggregate of 0.4 million of our ordinary shares under the current program and the repurchase program initiated in 2013 at an average total purchase price, including commissions, of \$150.24 per share. All ordinary shares repurchased by us were canceled.

Other Challenges and Risks

We anticipate that we will continue to face a number of challenges and risks to our business and our ability to execute our strategy in 2016. Some of these challenges and risks are specific to our business, and others are common to companies in the pharmaceutical industry with development and commercial operations. In addition to risks specifically related to Xyrem, Erwinaze and Defitelio/defibrotide, other key challenges and risks that we face include risks and uncertainties related to:

- the challenges of protecting and enhancing our intellectual property rights;
- the challenges of achieving and maintaining commercial success of our products;
- delays or problems in the supply or manufacture of our products, particularly with respect to certain products as to which we maintain limited inventories, and our dependence on single source suppliers to continue to meet our ongoing commercial demand or our requirements for clinical trial supplies;
- the need to obtain and maintain appropriate pricing and reimbursement for our products in an increasingly challenging environment due to, among other things, the attention being paid to healthcare cost containment and other austerity measures in the U.S. and worldwide, including the need to obtain and maintain reimbursement for Xyrem in the U.S. in an environment in which we are subject to increasingly restrictive conditions for reimbursement required by third party payors;
- our ability to identify and acquire, in-license or develop additional products or product candidates to grow our business;
- the challenges of compliance with the requirements of the FDA, the U.S. Drug Enforcement Administration, or DEA, and non-U.S. regulatory agencies, including with respect to product labeling, requirements for distribution, obtaining sufficient DEA quotas where needed, marketing and promotional activities, adverse event reporting and product recalls or withdrawals;
- the difficulty and uncertainty of pharmaceutical product development, including the timing thereof, and the uncertainty of clinical success, such as the risk that results from preclinical studies and/or early clinical trials may not be predictive of results obtained in later and larger clinical trials planned or anticipated to be conducted for our product candidates;
- the inherent uncertainty associated with the regulatory approval process, especially as we continue to undertake increased activities and make growing investment in our product pipeline development projects;
- the risks associated with business combination or product or product candidate acquisition transactions, such as the challenges inherent in the integration of acquired businesses with our historic business, the increase in geographic dispersion among our centers of operation and the risks that we may acquire unanticipated liabilities along with acquired businesses or otherwise fail to realize the anticipated benefits (commercial or otherwise) from such transactions; and
- possible restrictions on our ability and flexibility to pursue certain future opportunities as a result of our substantial outstanding debt obligations.

All of these risks are discussed in greater detail, along with other risks, in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

Results of Operations

The following table presents revenues and expenses for the years ended December 31, 2015, 2014 and 2013 (in thousands except percentages):

	2015	Change	2014 (1)	Change	2013
Product sales, net	\$1,316,819	13%	\$1,162,716	34%	\$865,398
Royalties and contract revenues	7,984	(21)%	10,159	45%	7,025
Cost of product sales (excluding amortization and impairment of intangible assets)	102,526	(13)%	117,418	15%	102,146
Selling, general and administrative	449,119	11%	406,114	33%	304,303
Research and development	135,253	59%	85,181	105%	41,632
Acquired in-process research and development	—	N/A(2)	202,626	N/A(2)	4,988
Intangible asset amortization	98,162	(22)%	126,584	60%	79,042
Impairment charges	31,523	(20)%	39,365	N/A(2)	—
Interest expense, net	56,917	8%	52,713	96%	26,916
Foreign currency (gain) loss	(1,445)	(83)%	(8,683)	N/A(2)	1,697
Loss on extinguishment and modification of debt	16,815	N/A(2)	—	N/A(2)	3,749
Income tax provision	106,399	13%	94,231	3%	91,638
Net loss attributable to noncontrolling interests, net of tax	(1)	N/A(2)	(1,061)	N/A(2)	—

(1) Our financial results include the financial results of the historic Gentium business since the closing of the Gentium Acquisition on January 23, 2014.

(2) Comparison to prior period is not meaningful.

Revenues

The following table presents product sales, royalties and contract revenues, and total revenues for the years ended December 31, 2015, 2014 and 2013 (in thousands except percentages):

	2015	Change	2014	Change	2013
Xyrem	\$ 955,187	23%	\$ 778,584	37%	\$569,113
Erwinaze/Erwinase	203,261	2%	199,665	15%	174,251
Defitelio/defibrotide	70,731	— %	70,537	N/A(1)	—
Prialt® (ziconotide) intrathecal infusion	26,440	— %	26,421	(3%)	27,103
Psychiatry	37,135	(9%)	40,879	(17%)	49,226
Other	24,065	(48%)	46,630	2%	45,705
Product sales, net	1,316,819	13%	1,162,716	34%	865,398
Royalties and contract revenues	7,984	(21)%	10,159	45%	7,025
Total revenues	<u>\$1,324,803</u>	13%	<u>\$1,172,875</u>	34%	<u>\$872,423</u>

(1) Comparison to prior period is not meaningful.

Product Sales, Net

Xyrem product sales increased by 23% in 2015 and by 37% in 2014 compared to the immediately preceding years, primarily due to higher average net selling prices in the 2015 and 2014 periods and, to a lesser extent, increases in sales volume. Price increases were instituted in February 2015, August 2014 and February 2014. Xyrem product sales volumes increased by 6% and 10% in 2015 and 2014, respectively, compared to the immediately preceding years. The sales volume increases in both periods were driven by an increase in the average number of patients on Xyrem, which includes new patients, patients who have restarted Xyrem therapy and active patients who remained on Xyrem therapy. In late August 2015, we implemented the final REMS that was approved by the FDA in February 2015. In the third quarter of 2015, Xyrem product sales were adversely impacted by operational disruption and resulting delays in prescription fills and refills. In the fourth quarter of 2015, we observed an improvement in key operational metrics compared to the third quarter of 2015. Erwinaze product sales increased by 2% in 2015 compared to 2014, primarily due to an increase in sales volume and, to a lesser extent, price increases instituted in January 2015 and July 2015, partially offset primarily by higher chargebacks and rebates resulting from increased utilization under the 340B drug pricing discount and Medicaid programs and, to a lesser extent, the impact of foreign exchange

on sales made in euro. Erwinaze product sales increased by 15% in 2014 compared to 2013, primarily due to an increase in sales volume and, to a lesser extent, price increases instituted in January 2014 and July 2014. The Erwinaze sales volume increases in 2015 and 2014 were primarily driven by existing treatment sites identifying additional ALL patients with hypersensitivity to *E. coli*-derived asparaginase and, to a lesser extent, growth in new treatment sites prescribing Erwinaze. Defitelio/defibrotide product sales were consistent in 2015 compared to 2014, beginning from the closing of the Gentium Acquisition on January 23, 2014, and included a sales volume increase of 19% which was partially offset by the impact of foreign exchange on sales made in euro. On a pro forma basis, assuming the Gentium Acquisition had closed on January 1, 2014, Defitelio/defibrotide product sales decreased by 4% in 2015 compared to 2014, primarily due to the impact of foreign exchange on sales made in euro, partially offset by an increase in sales volumes of 13%. On a pro forma basis, Defitelio/defibrotide product sales were \$73.4 million in 2014 compared with \$44.6 million in 2013. Defitelio/defibrotide product sales increased, on a pro forma basis, in 2014 compared to 2013 primarily due to territory-specific price increases instituted in April 2013, continuing roll-out to new launch territories and commercial pricing in launch territories. Prior to the commercial launch of Defitelio in Europe in March 2014 we provided, and we continue to provide, access to defibrotide to patients where it is not commercially available. Prialit product sales were consistent in 2015 compared to 2014 and decreased by 3% in 2014 compared to 2013. Psychiatry product sales decreased in 2015 and 2014 compared to the immediately preceding years primarily due to the impact of generic competition. Other product sales decreased by 48% in 2015 compared to 2014, primarily due to our disposition, in March 2015, of certain products and the related business that we originally acquired in the EUSA Acquisition. Other product sales in 2014 increased slightly compared to 2013. We expect total product sales will increase in 2016 over 2015, primarily due to anticipated growth in sales of our lead marketed products, partially offset by decreases in sales of certain other products.

Royalties and Contract Revenues

Royalties and contract revenues decreased in 2015 compared to 2014 and increased in 2014 compared to 2013, primarily due to a \$2.0 million milestone payment we received in 2014 under an agreement with UCB Pharma Limited, or UCB, under which UCB has the right to market Xyrem for certain indications in various countries outside of the U.S. We expect royalties and contract revenues in 2016 to increase slightly compared to 2015, primarily due to higher royalties on our out-licensed products.

Cost of Product Sales

Cost of product sales decreased in 2015 compared to 2014, primarily due to a decrease in acquisition accounting inventory fair value step-up adjustments of \$10.5 million and a change in product mix, partially offset by an increase in sales. Cost of product sales increased in 2014 compared to 2013, primarily due to increased sales and an increase of \$6.7 million in acquisition accounting inventory fair value step-up adjustments. Gross margins as a percentage of net product sales were 92.2%, 89.9% and 88.2% in 2015, 2014 and 2013, respectively. The increase in our gross margin percentage in 2015 compared to 2014 was primarily due to a change in product mix and a decrease in acquisition accounting inventory fair value step-up adjustments. The increase in our gross margin percentage in 2014 compared to 2013 was primarily due to higher net product sales partially offset by an increase in acquisition accounting inventory fair value step-up adjustments. We expect that our gross margin in 2016 will be higher compared to 2015, primarily due to increased net product sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased in 2015 compared to 2014, primarily due to an increase in compensation-related expenses of \$23.6 million driven by higher headcount, an increase in other expenses related to the expansion of our business of \$28.9 million and a one-time charge of \$18.0 million for settlement of a contract claim originally asserted against Azur Pharma prior to the Azur Merger, partially offset by a decrease in transaction and integration expenses of \$27.5 million. Selling, general and administrative expenses increased in 2014 compared to 2013, primarily due to an increase in compensation-related expenses of \$48.2 million driven by higher headcount primarily due to our expanded business and the Gentium Acquisition, an increase in other expenses related to the expansion of our business of \$46.7 million and an increase in transaction and integration expenses of \$22.1 million, partially offset by a \$15.2 million change in fair value of contingent consideration in connection with the EUSA Acquisition in 2012 in which we agreed to make a contingent payment of \$50.0 million in cash if Erwinaze achieved net sales in the U.S. of \$124.5 million or more in 2013. We expect selling, general and administrative expenses in 2016 to increase compared to 2015, primarily due to expenses related to the potential launch of defibrotide in the U.S., an increase in expenses related to REMS and pharmacy services and an increase in compensation-related expenses driven by higher headcount.

Research and Development Expenses

Research and development expenses consist primarily of costs related to clinical studies and outside services, personnel expenses, milestone payments and other research and development costs. Clinical study and outside services costs relate primarily to services performed by clinical research organizations, materials and supplies, and other third party fees. Personnel expenses relate primarily to

salaries, benefits and share-based compensation. Other research and development expenses primarily include overhead allocations consisting of various support and facilities-related costs. We do not track fully-burdened research and development expenses on a project-by-project basis. We manage our research and development expenses by identifying the research and development activities that we anticipate will be performed during a given period and then prioritizing efforts based on our assessment of which development activities are important to our business and have a reasonable probability of success, and by dynamically allocating resources accordingly. We also continually review our development pipeline projects and the status of their development and, as necessary, reallocate resources among our development pipeline projects that we believe will best support the future growth of our business.

The following table provides a breakout of our research and development expenses by major categories of expense (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Clinical studies and outside services	\$ 63,079	\$41,769	\$16,385
Personnel expenses	39,515	38,228	22,019
Milestone	25,000	—	—
Other	7,659	5,184	3,228
Total	<u>\$135,253</u>	<u>\$85,181</u>	<u>\$41,632</u>

Research and development expenses increased by \$50.1 million in 2015 compared to 2014, primarily due to a \$25.0 million milestone expense that was triggered by the acceptance for filing by the FDA of our NDA for defibrotide for VOD and increased clinical studies and outside services costs driven primarily by initiation of Phase 3 clinical trials relating to JZP-110. Research and development expenses increased by \$43.5 million in 2014 compared to 2013, primarily due to increased clinical studies and outside services costs of \$25.4 million as a result of higher costs incurred to develop our sleep and hematology/oncology product candidates as well as the addition of costs related to development programs for defibrotide. Personnel expenses in 2015 were in line with 2014. Personnel expenses increased by \$16.2 million in 2014 compared to 2013, primarily due to salary and benefit-related expenses (including share-based compensation) in support of our development programs and, to a lesser extent, increased headcount due to the Gentium Acquisition.

For 2016 and beyond, we expect that our research and development expenses will continue to increase from historical levels particularly as we initiate additional clinical trials and related development work and potentially acquire rights to additional product candidates. A discussion of the risks and uncertainties with respect to our research and development activities, including completing the development of our product candidates, and the consequences to our business, financial position and growth prospects can be found in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

Acquired In-Process Research and Development

In 2014, we acquired the rights to defibrotide in the Americas from Sigma-Tau Pharmaceuticals, Inc., or Sigma-Tau, for an upfront payment of \$75.0 million, and we also acquired the worldwide development, manufacturing and commercial rights to JZP-110, other than in certain jurisdictions in Asia where SK retained rights, for an upfront payment of \$125.0 million to Aerial. In 2014, we also paid a \$2.0 million milestone to SK, which was triggered on assignment of the JZP-110 rights from Aerial to us. In 2014, we paid \$0.6 million in license fees in connection with JZP-416. In 2013, we incurred \$4.0 million in upfront license fees in connection with our licensing of JZP-386 and \$1.0 million in license fees with respect to JZP-416.

Intangible Asset Amortization

Intangible asset amortization decreased in 2015 compared to 2014, due to the cessation of amortization of intangible assets classified as assets held for sale as of December 31, 2014 and certain other intangible assets that were fully amortized in 2014 and the impact of foreign exchange rates on euro denominated assets. The increase in intangible asset amortization in 2014 compared to 2013 was primarily due to the amortization expense related to the intangible assets acquired in the Gentium Acquisition. Intangible asset amortization is not expected to change materially in 2016 compared to 2015.

Impairment Charges

In the fourth quarter of 2015, we recorded an impairment charge of \$31.5 million related to our acquired in-process research and development, or IPR&D, asset as a result of our decision to terminate a pivotal Phase 2 clinical trial of JZP-416. In 2014, we recorded impairment charges of \$39.4 million related to certain products acquired as part of the EUSA Acquisition that we sold in March 2015.

Interest Expense, Net

Interest expense, net increased in 2015 compared to 2014, primarily due to the inclusion of a full year of interest expense on the 2021 Notes, partially offset by a reduction in interest rates on borrowings under the June 2015 credit agreement compared to our previous credit agreement. In August 2014, we issued \$575.0 million principal amount of the 2021 Notes, which remained outstanding at December 31, 2015. In June 2015, we refinanced our existing term loans and revolving credit facility which reduced the interest rate on our term loan and revolving credit facility borrowings. As of December 31, 2015, \$740.6 million principal amount of term loan was outstanding under the June 2015 credit agreement and the interest rate was 2.36%. As of December 31, 2015, there were no borrowings outstanding under our revolving credit facility. Interest expense, net increased in 2014 compared to 2013, primarily due to a larger average debt balance, partially offset by a decrease in interest rates associated with our term loan borrowings. We expect interest expense will be lower in 2016 compared to 2015 due to a decrease in our average debt balance and the reduction in interest rates on borrowings under the June 2015 credit agreement compared to our previous credit agreement.

Foreign Currency (Gain) Loss

The foreign currency gain in 2015 and 2014 primarily related to the translation of euro denominated net monetary liabilities, including intercompany balances, held by subsidiaries with a U.S. dollar functional currency. The foreign currency loss in 2013 related to the translation of foreign currency monetary assets and liabilities, including intercompany balances.

Loss on Extinguishment and Modification of Debt

In 2015, we recorded a loss of \$16.8 million in connection with the refinancing of our term loans and revolving credit facility in June 2015, which was comprised of \$16.0 million related to the expensing of unamortized deferred financing costs and unamortized original issue discount associated with extinguished debt and \$0.8 million related to new third party fees associated with the modification of existing debt. We recorded a loss on extinguishment and modification of debt of \$3.7 million in 2013 in connection with the refinancing of the term loans then outstanding.

Income Tax Provision

Our income tax provision was \$106.4 million, \$94.2 million and \$91.6 million in 2015, 2014 and 2013, respectively. The effective tax rates for 2015, 2014 and 2013 were 24.4%, 62.2% and 29.8%, respectively. After adjusting the income before income tax provision for 2014 by excluding a total of \$202.0 million in upfront and milestone payments for rights to JZP-110 and to defibrotide in the Americas, which were acquired by our subsidiaries in a non-taxable jurisdiction, the effective tax rate on the resulting income before income tax provision for 2014 was 26.7%. The effective tax rate for 2015 was higher than the Irish statutory rate of 12.5%, primarily due to income taxable at a rate higher than the Irish statutory rate, unrecognized tax benefits, and various expenses not deductible for tax purposes, partially offset by originating tax credits, deductions available in relation to subsidiary equity and reductions in tax rates in certain jurisdictions. The effective tax rates for 2014 and 2013 were higher than the Irish statutory rate of 12.5%, primarily due to income taxable at a rate higher than the Irish statutory rate, unrecognized tax benefits, current year losses in some jurisdictions for which no tax benefit is available and various expenses not deductible for tax purposes, partially offset by changes in U.S. state valuation allowances in 2014 and benefits from certain originating income tax credits. The decrease in the effective tax rate in 2015 compared to 2014 was primarily due to changes in income mix among the various jurisdictions in which we operate, increased originating tax credits, increased deductions available in relation to subsidiary equity and reductions in tax rates in certain jurisdictions, partially offset by the impact of impairments of intangible assets and changes in U.S. state valuation allowances during 2014. The decrease in the effective tax rate, after excluding the upfront and milestone payments, for 2014 compared to 2013 was primarily due to changes in income mix among the various jurisdictions in which we operate, changes in U.S. state valuation allowances and benefits from certain originating income tax credits.

Net Loss Attributable to Noncontrolling Interests, Net of Tax

Net loss attributable to noncontrolling interests, net of tax relates to the portion of the net loss of Gentium not attributable, directly or indirectly, to our ownership interest. During 2015, we acquired the remaining noncontrolling interests in Gentium.

Non-GAAP Financial Measures

To supplement our financial results presented on a U.S. generally accepted accounting principles, or GAAP basis, we use certain non-GAAP, also referred to as adjusted or non-GAAP adjusted, financial measures as shown in the table below. We believe that each of these non-GAAP financial measures is helpful in understanding our past financial performance and potential future results, particularly in light of the effect of various acquisition and divestiture transactions effected by us. They are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read in conjunction with our consolidated financial statements prepared in

accordance with GAAP. Our management regularly uses these supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP financial measures. In addition, we believe that the presentation of these non-GAAP financial measures is useful to investors because it enhances the ability of investors to compare our results from period to period and allows for greater transparency with respect to key financial metrics we use in making operating decisions, and also because our investors and analysts regularly use them to model and track our financial performance. Investors should note that these non-GAAP financial measures are not prepared under any comprehensive set of accounting rules or principles and do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. Investors should also note that these non-GAAP financial measures have no standardized meaning prescribed by GAAP and, therefore, have limits in their usefulness to investors. In addition, from time to time there may be other items that we may exclude for purposes of our non-GAAP financial measures, and we have ceased, and may in the future cease, to exclude items that we have historically excluded for purposes of our non-GAAP financial measures. In this regard, in 2015, we no longer included an adjustment for depreciation expense in our non-GAAP financial measures. For purposes of comparability, non-GAAP adjusted financial measures for 2014 and 2013 do not include an adjustment for depreciation expense. In addition, because of the non-standardized definitions of non-GAAP financial measures, the non-GAAP financial measures used in this Annual Report on Form 10-K may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by our competitors and other companies.

Reconciliations of GAAP reported net income attributable to Jazz Pharmaceuticals plc to non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc and the related per share amounts are as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2015	2014 (1)	2013 (1)
GAAP reported net income attributable to Jazz Pharmaceuticals plc	\$329,535	\$ 58,387	\$216,312
Intangible asset amortization	98,162	126,584	79,042
Share-based compensation expense	91,550	69,638	44,551
Impairment charges	31,523	39,365	—
Upfront and milestone payments	25,000	202,626	4,988
Transaction and integration related costs (2)	18,155	28,840	6,240
Restructuring charges	1,641	1,941	1,457
Acquisition accounting inventory fair value step-up adjustments	—	10,477	3,826
Change in fair value of contingent consideration	—	—	15,200
Non-cash interest expense	22,738	13,725	4,591
Loss on extinguishment and modification of debt	16,815	—	3,749
Income tax adjustments (3)	(35,009)	(29,620)	5,253
Adjustments for amount attributable to noncontrolling interests (4)	(2)	(1,506)	—
Non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc	<u>\$600,108</u>	<u>\$520,457</u>	<u>\$385,209</u>
GAAP reported net income attributable to Jazz Pharmaceuticals plc per diluted share	<u>\$ 5.23</u>	<u>\$ 0.93</u>	<u>\$ 3.51</u>
Non-GAAP adjusted net income attributable to Jazz Pharmaceuticals plc per diluted share	<u>\$ 9.52</u>	<u>\$ 8.31</u>	<u>\$ 6.26</u>
Weighted-average ordinary shares used in diluted per share calculation	<u>63,036</u>	<u>62,614</u>	<u>61,569</u>

- (1) For purposes of comparability with our 2015 presentation, non-GAAP adjusted financial measures for 2014 and 2013 do not include an adjustment for depreciation expense.
- (2) In 2014, the adjustment was primarily related to the Gentium Acquisition. In 2015, the adjustment was primarily related to a one-time charge of \$18.0 million for settlement of a contract claim that was originally asserted against Azur Pharma prior to the Azur Merger.
- (3) Tax adjustments to convert the income tax provision to the estimated amount of taxes payable in cash.
- (4) The noncontrolling interests' share of the above adjustments, as applicable.

Liquidity and Capital Resources

As of December 31, 2015, we had cash and cash equivalents of \$988.8 million, borrowing availability under our revolving credit facility of \$748.9 million and a long-term debt principal amount of \$1.3 billion. Our long-term debt included our \$740.6 million aggregate principal amount term loan, \$575.0 million principal amount of the 2021 Notes and other borrowings of \$0.5 million. During 2015, 2014 and 2013, we generated cash flows from operations of \$531.9 million, \$405.8 million and \$288.4 million, respectively, and we expect to continue to generate positive cash flow from operations.

On June 18, 2015, we entered into the June 2015 credit agreement and terminated our previous credit agreement. The June 2015 credit agreement provides for a five-year \$750.0 million principal amount term loan, which was drawn in full at closing, and a five-year \$750.0 million revolving credit facility, of which \$160.0 million was drawn at closing and subsequently repaid. We used the proceeds from initial borrowings under the June 2015 credit agreement to repay in full the \$893.1 million principal amount of term loans outstanding under the previous credit agreement and to pay related fees and expenses. We expect to use future loans under the new revolving credit facility, if any, for general corporate purposes, including potential business development activities.

In March 2015, we sold certain products and the related business that we originally acquired as part of the EUSA Acquisition. The purchase price for the products and related business was \$34.0 million, subject to pre- and post-closing purchase price adjustments.

We believe that our existing cash balances, cash we expect to generate from operations and funds available under our revolving credit facility will be sufficient to fund our operations and to meet our existing obligations for the foreseeable future, including our obligations under the June 2015 credit agreement. The adequacy of our cash resources depends on many assumptions, including primarily our assumptions with respect to product sales and expenses, as well as the other factors set forth in “Risk Factors” under the headings “Risks Related to Xyrem and the Significant Impact of Xyrem Sales,” and “*To continue to grow our business, we will need to commit substantial resources, which could result in future losses or otherwise limit our opportunities or affect our ability to operate our business,*” in Part I, Item 1A of this Annual Report on Form 10-K. Our assumptions may prove to be wrong or other factors may adversely affect our business, and as a result we could exhaust or significantly decrease our available cash resources and we may not be able to generate sufficient cash to service our debt obligations which could, among other things, force us to raise additional funds and/or force us to reduce our expenses, either of which could have a material adverse effect on our business.

To continue to grow our business over the longer term, we plan to commit substantial resources to product acquisition and in-licensing, product development, clinical trials of product candidates and expansion of our commercial, manufacturing and other operations. In this regard, we have evaluated and expect to continue to evaluate a wide array of strategic transactions as part of our strategy to acquire or in-license and develop additional products and product candidates. Acquisition opportunities that we pursue could materially affect our liquidity and capital resources and may require us to incur additional indebtedness, seek equity capital or both. In addition, we may pursue new operations or continue the expansion of our existing operations. Accordingly, we expect to continue to opportunistically seek access to additional capital to license or acquire additional products, product candidates or companies to expand our operations or for general corporate purposes. Raising additional capital could be accomplished through one or more public or private debt or equity financings, collaborations or partnering arrangements. Any equity financing would be dilutive to our shareholders, and the consent of the lenders under the June 2015 credit agreement could be required for certain financings.

In May 2013, our board of directors authorized a share repurchase program pursuant to which we were authorized to repurchase a number of ordinary shares having an aggregate repurchase price of up to \$200.0 million, exclusive of any brokerage commissions. As of August 2015, we had completed this share repurchase program. On November 5, 2015, our board of directors authorized a new share repurchase program pursuant to which we are authorized to repurchase a number of ordinary shares having an aggregate purchase price of up to \$300.0 million, exclusive of any brokerage commissions. Under this share repurchase program, which has no expiration date, we may repurchase ordinary shares from time to time on the open market. The timing and amount of repurchases will be at management’s discretion and will depend on a variety of factors, including the price of our ordinary shares, alternative investment opportunities, restrictions under the June 2015 credit agreement, corporate and regulatory requirements and market conditions. The share repurchase program may be modified, suspended or discontinued at any time without prior notice. In 2015, we spent a total of \$61.6 million to repurchase 0.4 million of our ordinary shares under both share repurchase programs at an average total purchase price, including brokerage commissions, of \$150.24 per share. All ordinary shares repurchased were canceled. As of December 31, 2015, the remaining amount authorized under the new share repurchase program was \$259.8 million.

The following table shows a summary of our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net cash provided by operating activities	\$ 531,943	\$ 405,765	\$288,431
Net cash used in investing activities	(2,255)	(1,067,649)	(16,264)
Net cash provided by (used in) financing activities	(214,323)	712,875	(23,856)
Effect of exchange rates on cash and cash equivalents	(10,622)	(3,453)	997
Net increase in cash and cash equivalents	<u>\$ 304,743</u>	<u>\$ 47,538</u>	<u>\$249,308</u>

Net cash provided by operating activities in 2015 related to net income of \$329.5 million, adjusted for non-cash items of \$208.5 million primarily related to intangible asset amortization, share-based compensation expense, impairment charges, amortization of debt discount

and deferred financing costs and loss on extinguishment and modification of debt, which was partially offset by a net cash outflow of \$6.1 million due to changes in operating assets and liabilities. Net cash provided by operating activities in 2014 related to net income of \$57.3 million, adjusted for upfront and milestone payments totaling \$202.6 million primarily in connection with our acquisition of rights to JZP-110 and to defibrotide in the Americas and non-cash items of \$212.2 million primarily related to intangible asset amortization, share-based compensation expense, impairment charges, amortization of debt discount and deferred financing costs, acquisition accounting inventory fair value step-up adjustments and deferred income taxes. This was partially offset by \$66.3 million of net cash outflow related to changes in operating assets and liabilities which included an increase of \$55.0 million in our accounts receivable, primarily due to an increase in sales, and \$14.9 million in respect of the payment of the contingent consideration in connection with the EUSA Acquisition. Net cash provided by operating activities in 2013 related to net income of \$216.3 million, adjusted for non-cash items of \$153.3 million, primarily related to intangible asset amortization, share-based compensation expense and the change in fair value of contingent consideration. This was partially offset by \$81.0 million of net cash outflow related to changes in operating assets and liabilities which included an increase in accounts receivable of \$48.8 million, primarily related to a pre-negotiated change in payment terms under a long-term contract with one large customer in connection with the elimination of a prompt pay discount as well as the impact of income tax payments.

Net cash used in investing activities in 2015 related to purchases of property and equipment of \$36.0 million primarily related to the construction of a manufacturing and development facility in Ireland, partially offset by net proceeds of \$33.7 million from the sale of certain products and the related business that we originally acquired as part of the EUSA Acquisition. Net cash used in investing activities in 2014 primarily related to the funding of the Gentium Acquisition, the acquisition of rights to JZP-110 and to defibrotide in the Americas and, to a lesser extent, expenditures related to property and equipment. Net cash used in investing activities in 2013 primarily related to purchases of property and equipment and acquisition of IPR&D.

Net cash used in financing activities in 2015 primarily related to repayments of long-term debt of \$905.8 million primarily for the total principal amount of term loans outstanding under a previous credit agreement, repayment of \$160.0 million of borrowings under the revolving credit facility provided for under the June 2015 credit agreement, \$61.6 million used to repurchase our ordinary shares under our previous and current share repurchase programs and payment of employee withholding taxes of \$26.1 million related to share-based awards, partially offset by proceeds from borrowings totaling \$898.6 million under the June 2015 credit agreement and proceeds of \$40.5 million from employee equity incentive and purchase plans. Net cash provided by financing activities in 2014 primarily related to net proceeds of \$1,194.4 million from long-term debt and proceeds of \$58.5 million from employee equity incentive and purchase plans and exercise of warrants, partially offset by repayment of \$300.0 million borrowings under the revolving credit facility provided for under a previous credit agreement, \$137.0 million for the acquisition of noncontrolling interests in Gentium, \$35.1 million in respect of the payment of the contingent consideration in connection with the EUSA Acquisition and \$42.2 million used to repurchase our ordinary shares under our previous share repurchase program. Net cash used in financing activities in 2013 primarily related to repayments of long-term debt of \$465.9 million, primarily for the full principal amount outstanding under previous term loans, \$136.5 million used to repurchase our ordinary shares under our previous share repurchase program and payment of employee withholding taxes of \$5.6 million related to share-based awards, partially offset by net proceeds of \$553.4 million from previous term loans and proceeds of \$30.7 million from employee equity incentive and purchase plans and exercise of warrants.

Credit Agreement

On June 18, 2015, Jazz Pharmaceuticals plc, as guarantor, and certain of its wholly owned subsidiaries, as borrowers, entered into the June 2015 credit agreement, which provides for a \$750.0 million principal amount term loan, which was drawn in full at closing, and a \$750.0 million revolving credit facility, of which \$160.0 million was drawn at closing and subsequently repaid. We used the proceeds from initial borrowings under the June 2015 credit agreement to repay in full the \$893.1 million principal amount of term loans outstanding under the previous credit agreement and to pay related fees and expenses. The previous credit agreement was terminated upon repayment of the term loans under this agreement.

Under the June 2015 credit agreement, the term loan matures on June 18, 2020 and the revolving credit facility terminates, and any loans outstanding thereunder become due and payable, on June 18, 2020.

Borrowings under the June 2015 credit agreement bear interest, at our option, at a rate equal to either (a) the LIBOR rate, plus an applicable margin ranging from 1.50% to 2.25% per annum, based upon our secured leverage ratio, or (b) the prime lending rate, plus an applicable margin ranging from 0.50% to 1.25% per annum, based upon our secured leverage ratio. The revolving credit facility has a commitment fee payable on the undrawn amount ranging from 0.25% to 0.35% per annum based upon our secured leverage ratio.

As of December 31, 2015, the interest rate on the term loan was 2.36% and the effective interest rate was 2.38%. As of December 31, 2015, we had undrawn revolving credit facilities totaling \$750.0 million of which \$1.1 million was committed for an outstanding letter of credit.

Jazz Pharmaceuticals plc and certain of our wholly owned subsidiaries are borrowers under the June 2015 credit agreement. The borrowers' obligations under the credit agreement, and any hedging or cash management obligations entered into with a lender, are guaranteed on a senior secured basis by Jazz Pharmaceuticals plc and certain of its subsidiaries (including the issuer of the 2021 Notes as described below) and are secured by substantially all of Jazz Pharmaceuticals plc's, the borrowers' and the guarantor subsidiaries' assets.

We may make voluntary prepayments of principal at any time without payment of a premium. We are required to make mandatory prepayments of the term loan (without payment of a premium) with (1) net cash proceeds from certain non-ordinary course asset sales (subject to reinvestment rights and other exceptions), (2) net cash proceeds from issuances of debt (other than certain permitted debt), and (3) casualty proceeds and condemnation awards (subject to reinvestment rights and other exceptions).

Principal repayments of the term loan, which are due quarterly, began in December 2015 and are equal to 5.0% per annum of the original principal amount of \$750.0 million during the first two years, 7.5% per annum during the third year, 10.0% per annum during the fourth year and 12.5% per annum during the fifth year, with any remaining balance payable on the maturity date.

The June 2015 credit agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to us and our restricted subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions. The June 2015 credit agreement contains financial covenants that require us not to (a) exceed a maximum secured net leverage ratio or (b) fall below a cash interest coverage ratio. We were, as of December 31, 2015, and are currently in compliance with these financial covenants.

Exchangeable Senior Notes

In August 2014, Jazz Pharmaceuticals plc, through its wholly owned finance subsidiary Jazz Investments I Limited, completed a private placement of \$575.0 million principal amount of the 2021 Notes. The 2021 Notes are the senior unsecured obligations of Jazz Investments I Limited and are fully and unconditionally guaranteed on a senior unsecured basis by Jazz Pharmaceuticals plc. Interest on the 2021 Notes is payable semi-annually in cash in arrears on February 15 and August 15 of each year, beginning on February 15, 2015, at a rate of 1.875% per year. In certain circumstances, we may be required to pay additional amounts as a result of any applicable tax withholding or deductions required in respect of payments on the 2021 Notes. The 2021 Notes mature on August 15, 2021, unless earlier exchanged, repurchased or redeemed.

The holders of the 2021 Notes have the ability to require us to repurchase all or a portion of their 2021 Notes for cash in the event we undergo certain fundamental changes, such as specified change of control transactions, our liquidation or dissolution or the delisting of our ordinary shares from The NASDAQ Global Select Market. Prior to August 15, 2021, we may redeem the 2021 Notes, in whole but not in part, subject to compliance with certain conditions, if we have, or on the next interest payment date would, become obligated to pay to the holder of any 2021 Note additional amounts as a result of certain tax-related events. We also may redeem the 2021 Notes on or after August 20, 2018, in whole or in part, if the last reported sale price per ordinary share has been at least 130% of the exchange price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide the notice of redemption.

The 2021 Notes are exchangeable at an initial exchange rate of 5.0057 ordinary shares per \$1,000 principal amount of 2021 Notes, which is equivalent to an initial exchange price of approximately \$199.77 per ordinary share. Upon exchange, the 2021 Notes may be settled in cash, ordinary shares or a combination of cash and ordinary shares, at our election. Our intent and policy is to settle the principal amount of the 2021 Notes in cash upon exchange. The exchange rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain make-whole fundamental changes occurring prior to the maturity date of the 2021 Notes or upon our issuance of a notice of redemption, we will in certain circumstances increase the exchange rate for holders of the 2021 Notes who elect to exchange their 2021 Notes in connection with that make-whole fundamental change or during the related redemption period. Prior to February 15, 2021, the 2021 Notes will be exchangeable only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

Contractual Obligations

The table below presents a summary of our contractual obligations as of December 31, 2015 (in thousands):

Contractual Obligations (1)	Payments due by period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 years
Term and other loans—principal	\$ 741,138	\$ 37,587	\$103,314	\$600,209	\$ 28
Term and other loans—interest (2)	68,562	17,433	31,784	19,345	—
2021 Notes—principal	575,000	—	—	—	575,000
2021 Notes—interest (3)	64,688	10,781	21,563	21,563	10,781
Revolving credit facility—commitment fee (4)	10,179	2,284	4,556	3,339	—
Purchase obligations (5)	99,022	97,461	400	431	730
Operating and facility lease obligations (6)	113,238	11,757	21,019	13,900	66,562
Total	<u>\$1,671,827</u>	<u>\$177,303</u>	<u>\$182,636</u>	<u>\$658,787</u>	<u>\$653,101</u>

- (1) This table does not include potential future milestone payment or royalty obligations to third parties under asset purchase, product development, license and other agreements as the timing and likelihood of such milestone payments are not known, and, in the case of royalty obligations, as the amount of such obligations are not estimable. In 2014, we signed a definitive agreement with Aerial under which we acquired worldwide development, manufacturing and commercial rights to JZP-110 (other than in certain jurisdictions in Asia where SK retains rights). Aerial and SK are currently eligible to receive milestone payments up to an aggregate of \$270.0 million based on development, regulatory and sales milestones and tiered royalties from high single digits to mid-teens based on potential future sales of JZP-110. In 2014, we entered into a definitive agreement to acquire rights to defibrotide in the U.S. and all other countries in the Americas from Sigma-Tau. In 2015, the FDA accepted for filing with priority review our NDA for defibrotide and, as a result, a milestone payment of \$25.0 million was made to Sigma-Tau. Sigma-Tau is eligible to receive up to an additional \$150.0 million based on the timing of potential FDA approval of defibrotide for VOD. Potential future milestone payments to other third parties under other agreements could be up to an aggregate of \$250.0 million, of which up to \$120.0 million will become due and payable to Perrigo Company plc (formerly Elan Pharmaceuticals, Inc.) in tiered contingent payments, with the first such payment becoming due if net sales of Prialt of at least \$75.0 million are achieved in a calendar year. The remainder would become due and payable to other third parties upon the achievement of certain developmental, clinical, regulatory and/or commercial milestones, the timing and likelihood of which are not known. We are also obligated under these agreements to pay royalties on net sales of certain products at specified rates, which royalties are dependent on future product sales and are not provided for in the table above as they are not estimable.
- (2) Estimated interest was calculated based on the interest rates in effect as of December 31, 2015. The interest rate for our term loan was 2.36% at December 31, 2015.
- (3) We used the fixed interest rate of 1.88% to estimate interest owed on the 2021 Notes as of December 31, 2015 until the final maturity date in August 2021.
- (4) Our revolving credit facility has a commitment fee payable on the undrawn amount ranging from 0.25% to 0.35% per annum based upon our secured leverage ratio. In the table above, we used a rate of 0.30% and assumed undrawn amounts of \$748.9 million as of December 31, 2015 to estimate commitment fees owed. Undrawn borrowing capacity does not include an amount of \$1.1 million committed under an outstanding letter of credit.
- (5) Consists primarily of non-cancelable commitments to third party manufacturers.
- (6) Includes automobile lease payments for our sales force and the minimum lease payments for our office buildings, including a lease agreement we entered into in January 2015 to lease office space located in Palo Alto, California. We expect to occupy this office space by the end of 2017. We are obligated to make lease payments totaling approximately \$88 million over the initial term of the lease. Not included in the table above are our estimated costs of approximately \$20 million associated with the design, development and construction of tenant improvements under this lease agreement, which estimate does not include a tenant improvement allowance to be provided by the landlord. Operating expenses associated with our leased office buildings are also not included in table above.

No provision for income tax in Ireland has been recognized on undistributed earnings of our foreign subsidiaries because we consider such earnings to be indefinitely reinvested. Cumulative unremitted earnings of our foreign subsidiaries totaled approximately \$983.8 million at December 31, 2015. In the event of the distribution of those earnings in the form of dividends or otherwise, we may be liable for income taxes, subject to an adjustment, if any, for foreign tax credits and foreign withholding taxes payable to certain foreign tax authorities. As of December 31, 2015, it is not practicable to determine the amount of the income tax liability related to these undistributed earnings due to a variety of factors.

As of December 31, 2015, our liability for unrecognized tax benefits amounted to \$66.4 million (excluding interest and penalties). Due to the nature and timing of the ultimate outcome of these unrecognized tax benefits, we cannot make a reasonably reliable estimate of the amount and period of related future payments, if any. Therefore, our liability has been excluded from the above contractual obligations table. We do not expect a significant tax payment related to these obligations within the next year.

Critical Accounting Policies and Significant Estimates

A critical accounting policy is one that is both important to the portrayal of our financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. While our significant accounting policies are more fully described in Note 2 of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K, we believe the following accounting estimates and policies to be critical.

Revenue Recognition

Revenues are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed and determinable and collection is reasonably assured.

Product Sales, Net

Product sales revenue is recognized when title has transferred to the customer and the customer has assumed the risks and rewards of ownership, which is typically on delivery to the customer or, in the case of products that are subject to consignment agreements, when the customer removes product from our consigned inventory location for shipment directly to a patient.

A significant portion of our net product revenues are derived from sales of Xyrem. We sell Xyrem in the U.S. to a single central pharmacy, Express Scripts Specialty Distribution Services and its affiliate CuraScript, Inc., or Express Scripts. In 2015, sales of Xyrem to Express Scripts accounted for 72.4% of our net product sales. We recognize revenues from sales of Xyrem within the U.S. upon transfer of title, which occurs when Express Scripts removes product from our consigned inventory location at its facility for shipment directly to a patient. We accept returns from and provide Express Scripts with a credit for any product returned by patients to Express Scripts with defects that were not reasonably discoverable upon receipt of the consigned product by Express Scripts. Based on our experience over the past eight years, product returns to Express Scripts from patients are rare; during 2015, we issued credits totaling less than \$0.1 million to Express Scripts for returned product.

Items Deducted from Gross Product Sales. Revenues from sales of products are recorded net of government rebates and rebates under managed care plans, estimated allowances for sales returns, government chargebacks, prompt payment discounts, patient coupon programs, and specialty distributor and wholesaler fees. Calculating certain of these items involves estimates and judgments based on sales or invoice data, contractual terms, historical utilization rates, new information regarding changes in applicable regulations and guidelines that would impact the amount of the actual rebates, our expectations regarding future utilization rates and channel inventory data. We review the adequacy of our provisions for sales deductions on a quarterly basis. Amounts accrued for sales deductions are adjusted when trends or significant events indicate that adjustment is appropriate and to reflect actual experience. Because we derive a significant portion of our revenues from sales of Xyrem in the U.S. to one specialty pharmacy customer, Express Scripts, we have a much higher level of knowledge about each prescription than if we sold the product through the normal pharmaceutical wholesaler channel as we do with most of our other products. The most significant items deducted from gross product sales where we exercise judgment are rebates, sales returns and chargebacks.

The following table presents the activity and ending balances for our sales-related accruals and allowances (in thousands):

	Rebates Payable	Sales Returns Reserve	Chargebacks	Discounts and Distributor Fees	Total
Balance at December 31, 2012 (1)	\$ 25,247	\$ 26,385	\$ 2,536	\$ 3,646	\$ 57,814
Provision, net	66,895	2,836	21,777	51,432	142,940
Payments/credits	<u>(60,584)</u>	<u>(8,111)</u>	<u>(19,903)</u>	<u>(49,188)</u>	<u>(137,786)</u>
Balance at December 31, 2013 (1)	31,558	21,110	4,410	5,890	62,968
Provision, net	88,729	3,148	28,722	71,864	192,463
Payments/credits	<u>(75,854)</u>	<u>(10,219)</u>	<u>(28,588)</u>	<u>(71,879)</u>	<u>(186,540)</u>
Balance at December 31, 2014 (1)	44,433	14,039	4,544	5,875	68,891
Provision, net	124,618	(4,444)	39,124	46,533	205,831
Payments/credits	<u>(107,013)</u>	<u>(3,485)</u>	<u>(38,772)</u>	<u>(48,684)</u>	<u>(197,954)</u>
Balance at December 31, 2015	<u>\$ 62,038</u>	<u>\$ 6,110</u>	<u>\$ 4,896</u>	<u>\$ 3,724</u>	<u>\$ 76,768</u>

(1) Includes both continuing operations and discontinued operations to the date of disposal.

Total items deducted from gross product sales were \$205.8 million, \$192.5 million and \$142.9 million, or 13.5%, 14.2% and 14.2% as a percentage of gross product sales, in 2015, 2014 and 2013, respectively. Included in these amounts are immaterial adjustments related to prior-year sales due to changes in estimates. Such amounts represented less than 1% of net product sales for each of the years ended December 31, 2015, 2014 and 2013.

Rebates

We are subject to rebates on sales made under governmental and managed-care pricing programs in the U.S. The largest of these rebates is associated with sales covered by Medicaid. We participate in state government-managed Medicaid programs as well as certain other qualifying federal and state government programs under the terms of which discounts and rebates are provided to participating government entities. We offer rebates and discounts to managed health care organizations in the U.S. In estimating our provisions for rebates, we consider relevant statutes with respect to governmental pricing programs and contractual sales terms with managed-care providers and group purchasing organizations. We estimate the rebate provision based on historical utilization rates, historical payment experience, new information regarding changes in regulations and guidelines that would impact the amount of the actual rebates, our expectations regarding future utilization rates and channel inventory data obtained from our major U.S. wholesalers in accordance with our inventory management agreements. Estimating these rebates is complex, in part due to the time delay between the date of sale and the actual settlement of the liability. We believe that the methodology we use to estimate rebates on product sales made under governmental and managed-care pricing programs is reasonable and appropriate given current facts and circumstances. However, estimates may vary from actual experience.

Rebates were \$124.6 million, \$88.7 million and \$66.9 million, or 8.2%, 6.5% and 6.6% as a percentage of gross product sales, in 2015, 2014 and 2013, respectively. Rebates as a percentage of gross product sales increased in 2015 compared to 2014 primarily due to increased Medicaid utilization rates and increased Tricare per unit rebate amounts. Rebates as a percentage of gross product sales did not materially change in 2014 compared to 2013. We expect that rebates will continue to significantly impact our reported net sales. However, rebates as a percentage of gross product sales are not expected to change materially in 2016 compared to 2015.

Sales returns

For certain products, we allow customers to return product within a specified period before and after the applicable expiration date and issue credits which may be applied against existing or future invoices. We account for sales returns as a reduction in net revenue at the time a sale is recognized by establishing an accrual in an amount equal to the estimated value of products expected to be returned. The sales return accrual is estimated principally based on historical experience, the level and estimated shelf life of inventory in the distribution channel, our return policy and expected market events including generic competition.

Sales returns represented a credit of \$4.4 million in 2015 and a charge of \$3.1 million and \$2.8 million in 2014 and 2013, respectively, or (0.3%), 0.3% and 0.9% as a percentage of gross product sales, in 2015, 2014 and 2013, respectively. Sales returns as a percentage of gross product sales decreased in 2015 compared to 2014 due to a change in the estimated returns rate for certain products with generic competition based on actual returns experience in addition to the lapse of the product return period for certain products. Sales returns as a percentage of gross product sales did not materially change in 2014 compared to 2013. Sales returns as a percentage of gross product sales are expected to increase in 2016 compared to 2015 to be generally in line with 2014 and 2013 levels.

Chargebacks

We participate in chargeback programs with a number of entities, principally the U.S. Department of Defense, the U.S. Department of Veterans Affairs and other public parties, under which pricing on products below wholesalers' list prices is provided to participating entities. These entities purchase product through wholesalers at the lower negotiated price and the wholesalers charge back to us the difference between their acquisition cost and the lower negotiated price. We record the difference as allowances against accounts receivable. We determine our estimate of the chargebacks provision primarily based on historical experience on a product and program basis, current contract prices under the chargeback programs and channel inventory data.

Chargebacks were \$39.1 million, \$28.7 million and \$21.8 million, or 2.6%, 2.1% and 2.2%, as a percentage of gross product sales, in 2015, 2014 and 2013, respectively. Chargebacks as a percentage of gross product sales increased in 2015 compared to 2014 primarily due to increased 340B drug pricing discount program utilization and increased chargeback per unit amounts. Chargebacks as a percentage of gross product sales did not change materially in 2014 compared to 2013. As a result of the products we acquired in the EUSA Acquisition, particularly

Erwinaze, chargebacks are expected to continue to significantly impact our reported net product sales. Chargebacks as a percentage of gross product sales are expected to increase slightly in 2016 compared to 2015 primarily due to an increase in both Erwinaze chargeback utilization and the Erwinaze chargeback per unit amounts.

Discounts and distributor fees

Discounts and distributor fees comprise prompt payment discounts, patient coupon programs and specialty distributor and wholesaler fees. We offer customers a cash discount on gross product sales as an incentive for prompt payment. We estimate provisions for prompt pay discounts based on contractual sales terms with customers and historical payment experience. To help patients afford our products, we have various programs to assist them, including patient assistance programs, a free product voucher program and co-pay coupon programs for certain products. We estimate provisions for these programs primarily based on expected program utilization, adjusted as necessary to reflect our actual experience on a product and program basis. Specialty distributor and wholesaler fees comprise fees for distribution of our products. We estimate provisions for distributor and wholesaler fees primarily based on sales volumes and contractual terms with our distributors.

Discounts and distributor fees were \$46.5 million, \$71.9 million and \$51.4 million, or 3.1%, 5.3% and 5.1% as a percentage of gross product sales, in 2015, 2014 and 2013, respectively. Discounts and distributor fees as a percentage of gross product sales decreased in 2015 compared to 2014 primarily due to a change in the patient coupon programs threshold and the patient eligibility criteria. Discounts and distributor fees as a percentage of gross product sales increased slightly in 2014 compared to 2013 primarily due to an increase in patient coupon programs. We expect that discounts and distributor fees as a whole will continue to significantly impact our reported net product sales. Discounts and distributor fees as a percentage of gross product sales are not expected to change materially in 2016 compared to 2015.

Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed. We test goodwill for impairment annually in October and when events or changes in circumstances indicate that the carrying value may not be recoverable. We have determined that we operate in a single segment and have a single reporting unit associated with the development and commercialization of pharmaceutical products. The annual test for goodwill impairment is a two-step process. The first step is a comparison of the fair value of the reporting unit with its carrying amount, including goodwill. If this step indicates impairment, then in the second step, the loss is measured as the excess of recorded goodwill over its implied fair value. Implied fair value is the excess of the fair value of the reporting unit over the fair value of all identified assets and liabilities. We have determined the fair value of our single reporting unit to be equal to our market capitalization, as determined by our traded share price, plus a control premium. The control premium used was based on a review of such premiums identified in recent acquisitions of companies of similar size and in similar industries. We performed our annual goodwill impairment test in October 2015 and concluded that goodwill was not impaired as the fair value of the reporting unit significantly exceeded its carrying amount, including goodwill. As of December 31, 2015, we had \$657.1 million of goodwill primarily resulting from the Azur Merger on January 18, 2012, the EUSA Acquisition on June 12, 2012 and the Gentium Acquisition on January 23, 2014.

Intangible Assets

In connection with the Azur Merger, the EUSA Acquisition and the Gentium Acquisition, we acquired a number of intangible assets, including intangible assets related to currently marketed products (developed technology) and intangible assets related to product candidates (IPR&D). When significant identifiable intangible assets are acquired, we engage an independent third party valuation firm to assist in determining the fair values of these assets as of the acquisition date. Discounted cash flow models are typically used in these valuations, which require the use of significant estimates and assumptions, including but not limited to:

- estimating the timing of and expected costs to complete the in-process projects;
- projecting regulatory approvals;
- estimating future cash flows from product sales resulting from completed products and in-process projects; and
- developing appropriate discount rates and probability rates by project.

We believe the fair values that we assign to the intangible assets acquired are based upon reasonable estimates and assumptions given available facts and circumstances as of the acquisition dates. No assurance can be given, however, that the underlying assumptions used to estimate expected cash flows will transpire as estimated. In addition, we are required to estimate the period of time over which to amortize the intangible assets, which requires significant judgment.

Our finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from two to 16 years. The estimated useful lives associated with intangible assets are consistent with the estimated lives of the products and may be modified when circumstances warrant. Intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Events giving rise to impairment are an inherent risk in the pharmaceutical industry and cannot be predicted. Factors that we consider in deciding when to perform an impairment review include significant under-performance of a product in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in our use of the assets. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Estimating future cash flows related to an intangible asset involves estimates and assumptions. If our assumptions are not correct, there could be an impairment loss or, in the case of a change in the estimated useful life of the asset, a change in amortization expense.

IPR&D is not amortized but is tested for impairment annually or when events or circumstances indicate that the fair value may be below the carrying value of the asset. If the carrying value of the assets is not expected to be recovered, the assets are written down to their estimated fair values.

As of December 31, 2015, we had \$1.0 billion of finite-lived intangible assets and \$182.3 million of IPR&D assets related to the marketed products and the IPR&D projects that we acquired in the Azur Merger, the EUSA Acquisition and the Gentium Acquisition. In 2015, we recorded an impairment charge of \$31.5 million to our acquired IPR&D asset as a result of our decision to terminate a pivotal Phase 2 clinical trial of JZP-416. In 2014, we recorded impairment charges of \$39.4 million related to certain products acquired as part of the EUSA Acquisition that we sold in March 2015.

We did not recognize an impairment charge related to our intangible assets during 2013. Please refer to the Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further information about our intangible assets and the remaining useful lives of our finite-lived intangible assets as of December 31, 2015.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial statement carrying amount and the tax basis of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. We provide a valuation allowance when it is more-likely-than-not that deferred tax assets will not be realized.

Our most significant tax jurisdictions are Ireland, the United States, Italy and France. Significant estimates are required in determining our provision for income taxes. Some of these estimates are based on management's interpretations of jurisdiction-specific tax laws or regulations and the likelihood of settlement related to tax audit issues. Various internal and external factors may have favorable or unfavorable effects on our future effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, the impact of accounting for share-based compensation, changes in our international organization, likelihood of settlement, and changes in overall levels of income before taxes.

Realization of our deferred tax assets is dependent upon the generation of future taxable income, the amount and timing of which are uncertain. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including cumulative income in recent fiscal years, our forecast of future taxable income exclusive of certain reversing temporary differences and significant risks and uncertainties related to our business. In determining future taxable income, we are responsible for assumptions utilized including the amount of state, federal and international pre-tax operating income, the reversal of certain temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates that we are using to manage our underlying business.

We maintain a valuation allowance against certain other deferred tax assets where realizability is not certain. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of these deferred tax assets by a valuation allowance to the extent we believe a portion will not be realized. This determination depends on a variety of factors, some of which are subjective, including our recent cumulative earnings experience by taxing jurisdiction, expectations of future taxable income, carryforward periods available to us for tax reporting purposes, various income tax strategies and other relevant factors. If we determine that the deferred tax assets are not realizable in a future period, we would record material changes to income tax expense in that period.

We have also provided for unrecognized tax benefits that we believe are not more-likely-than-not to be sustained upon examination by tax authorities. The evaluation of unrecognized tax benefits is based on factors that include, but are not limited to, changes in tax law,

the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. We evaluate unrecognized tax benefits on a quarterly basis and adjust the level of the liability to reflect any subsequent changes in the relevant facts surrounding the uncertain positions. Our liabilities for unrecognized tax benefits can be relieved only if the contingency becomes legally extinguished through either payment to the taxing authority or the expiration of the statute of limitations, the recognition of the benefits associated with the position meet the more-likely-than-not threshold or the liability becomes effectively settled through the examination process. We consider matters to be effectively settled once the taxing authority has completed all of its required or expected examination procedures, including all appeals and administrative reviews. We also accrue for potential interest and penalties related to unrecognized tax benefits in income tax provision (benefit).

Share-Based Compensation

We have elected to use the Black-Scholes option pricing model to calculate the fair value of share option grants under our equity incentive plans and grants under our employee stock purchase plan, or ESPP, and we are using the straight-line method to allocate compensation cost to reporting periods. The fair value of share options was estimated using the following assumptions:

	Year Ended December 31,		
	2015	2014	2013
Volatility	39%	45%	58%
Expected term (years)	4.2	4.3	4.4
Range of risk-free rates	1.1-1.5%	1.1-1.4%	0.5-1.4%
Expected dividend yield	— %	— %	— %

The two inputs which require the greatest judgment and have a large impact on fair values are volatility and expected term.

We rely only on a blend of the historical and implied volatilities of our own ordinary shares to determine expected volatility for share option grants. In addition, we use a single volatility estimate for each share option grant. The weighted-average volatility is determined by calculating the weighted average of volatilities for all share options granted in a given year.

The expected term of share option grants represents the weighted-average period the awards are expected to remain outstanding. We estimated the weighted-average expected term based on historical exercise data.

Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, No. 2015-17, "Balance Sheet Classification of Deferred Taxes", or ASU No. 2015-17, which simplifies the presentation of deferred income taxes. ASU No. 2015-17 requires that deferred tax assets and liabilities be classified as non-current in a statement of financial position. We early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. Adoption of this ASU resulted in a reclassification of our net current deferred tax assets and liabilities to net non-current deferred tax assets and liabilities in our consolidated balance sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

In April 2015, the FASB issued ASU No. 2015-03, "Interest—Imputation of Interest", or ASU No. 2015-03. ASU No. 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability instead of as an asset. ASU No. 2015-03 does not affect the recognition and measurement guidance for debt issuance costs. In August 2015, the FASB issued ASU No. 2015-15, "Interest-Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements—Amendments to SEC Paragraphs Pursuant to Staff Announcements at the June 2015 EITF Meeting", or ASU No. 2015-15. ASU No. 2015-15 indicates that the guidance in ASU No. 2015-03 did not address presentation or subsequent measurement of debt issuance costs related to line of credit arrangements. Given the absence of authoritative guidance within ASU No. 2015-03, the SEC staff has indicated that they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings on the line of credit arrangement. This guidance is effective for us beginning January 1, 2016 and requires retrospective application. This guidance is not expected to have a material impact on our consolidated balance sheets or related disclosures.

In April 2015, the FASB issued ASU No. 2015-05, "Intangibles-Goodwill and Other-Internal-Use Software", or ASU No. 2015-05. ASU No. 2015-05 provides guidance on whether a cloud computing arrangement contains a software license to be accounted for as internal-use software to assist in the evaluation of the accounting for fees paid by a customer in the arrangement. ASU No. 2015-05 will be effective for us

beginning January 1, 2016 and may be applied either prospectively to new cloud computing arrangements or retrospectively. This guidance is not expected to have a material impact on our financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers", or ASU No. 2014-09, which states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this, an entity will need to identify the contract with a customer; identify the separate performance obligations in the contract; determine the transaction price; allocate the transaction price to the separate performance obligations in the contract; and recognize revenue when (or as) the entity satisfies each performance obligation. In August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers: Deferral of the Effective Date", which deferred by one year the effective date of ASU No. 2014-09 which will now be effective for us beginning January 1, 2018 and can be adopted on a full retrospective basis or on a modified retrospective basis. We are currently assessing our approach to the adoption of this standard and the potential impact on our results of operations and financial position.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. The primary objectives of our investment policy, in order of priority, are as follows: safety and preservation of principal and diversification of risk; liquidity of investments sufficient to meet cash flow requirements; and competitive yield. Although our investments are subject to market risk, our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure from any single issue, issuer or certain types of investment. Our investment policy allows us to maintain a portfolio of cash equivalents and short-term investments in a variety of securities, including U.S. federal government and federal agency securities, corporate bonds or commercial paper issued by U.S. corporations, money market instruments, certain qualifying money market mutual funds, certain repurchase agreements, and tax-exempt obligations of states, agencies and municipalities in the U.S. Our cash equivalents as of December 31, 2015 consisted of time deposits which are not subject to significant interest rate risk.

We are exposed to risks associated with changes in interest rates in connection with our term loan and borrowings under our revolving credit facility. Based on indebtedness under our term loan of \$740.6 million as of December 31, 2015, a 1.0% change in interest rates would increase net interest expense on our term loan for 2016 by \$7.5 million. As of December 31, 2015, there were no borrowings outstanding under our revolving credit facility.

In August 2014, we completed a private placement of \$575.0 million aggregate principal amount of the 2021 Notes. The 2021 Notes have a fixed annual interest rate of 1.875% and we, therefore, do not have economic interest rate exposure on the 2021 Notes. However, the fair value of the 2021 Notes is exposed to interest rate risk. Generally, the fair value of the 2021 Notes will increase as interest rates fall and decrease as interest rates rise. The fair value of the 2021 Notes is also affected by volatility in our ordinary share price. As of December 31, 2015, the fair value of the 2021 Notes was estimated to be \$601 million.

Foreign Exchange Risk. We have significant operations in Europe as well as in the U.S. The functional currency of each foreign subsidiary is generally the local currency. We are exposed to foreign currency exchange risk as the functional currency financial statements of foreign subsidiaries are translated to U.S. dollars. The assets and liabilities of our foreign subsidiaries having a functional currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date, and at the average exchange rate for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of accumulated other comprehensive loss in shareholders' equity. The reported results of our foreign subsidiaries will be influenced by their translation into U.S. dollars by currency movements against the U.S. dollar. Our primary currency translation exposure is related to our subsidiaries that have functional currencies denominated in the euro. A 10% strengthening/(weakening) in the rates used to translate the results of our foreign subsidiaries that have functional currencies denominated in the euro would have increased/(decreased) net income for the year ended December 31, 2015 by approximately \$9 million.

Transactional exposure arises where transactions occur in currencies other than the functional currency. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. The resulting monetary assets and liabilities are translated into the appropriate functional currency at exchange rates prevailing at the balance sheet date and the resulting gains and losses are reported in foreign currency gain (loss) in the consolidated statements of income. As of December 31, 2015, our primary exposure to transaction risk related to euro net monetary liabilities held by subsidiaries with a U.S. dollar functional currency. As of December 31, 2015, a 10% strengthening/(weakening) in the euro against the U.S. dollar would have (decreased)/increased net income by approximately \$1 million.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements as listed below are included in this Annual Report on Form 10-K as pages F-1 through F-40.

	<u>Page</u>
Jazz Pharmaceuticals plc	
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Income	F-3
Consolidated Statements of Comprehensive Income (Loss)	F-4
Consolidated Statements of Shareholders' Equity	F-5
Consolidated Statements of Cash Flows	F-8
Notes to Consolidated Financial Statements	F-10

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We have carried out an evaluation under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2015.

Limitations on the Effectiveness of Controls. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within an organization have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our principal executive officer and principal financial officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

Changes in Internal Control over Financial Reporting. During the quarter ended December 31, 2015, there were no changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting. The following report is provided by management in respect of our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act):

1. Our management is responsible for establishing and maintaining adequate internal control over financial reporting.
2. Our management used the Committee of Sponsoring Organizations of the Treadway Commission Internal Control—Integrated Framework (2013), or the COSO framework, to evaluate the effectiveness of internal control over financial reporting. Management believes that the COSO framework is a suitable framework for its evaluation of financial reporting because it is free from bias, permits reasonably consistent qualitative and quantitative measurements of our internal control over financial reporting, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of our internal control over financial reporting are not omitted and is relevant to an evaluation of internal control over financial reporting.
3. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2015 and has concluded that such internal control over financial reporting was effective. There were no material weaknesses in internal control over financial reporting identified by management.
4. KPMG, our independent registered public accounting firm, has audited the consolidated financial statements of Jazz Pharmaceuticals plc as of and for the year ended December 31, 2015, included herein, and has issued an audit report on our internal control over financial reporting, which is included below.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Jazz Pharmaceuticals plc

We have audited Jazz Pharmaceuticals plc's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Jazz Pharmaceuticals plc's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Jazz Pharmaceuticals plc maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Jazz Pharmaceuticals plc and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the related financial statement schedule, and our report dated February 23, 2016 expressed an unqualified opinion on those consolidated financial statements and the related financial statement schedule.

/s/ KPMG

Dublin, Ireland
February 23, 2016

Item 9B. Other Information

Not applicable.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K and incorporated by reference to our definitive proxy statement for our 2016 annual general meeting of shareholders, or our 2016 Proxy Statement, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, or Exchange Act. If our 2016 Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is to be included in our 2016 Proxy Statement as follows:

- The information relating to our directors and nominees for director is to be included in the section entitled “Proposal 1—Election of Directors;”
- The information relating to our executive officers is to be included in the section entitled “Executive Officers;”
- The information relating to our audit committee, audit committee financial expert and procedures by which shareholders may recommend nominees to our board of directors is to be included in the section entitled “Corporate Governance and Board Matters;” and
- The information regarding compliance with Section 16(a) of the Exchange Act is to be included in the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance.”

Such information is incorporated herein by reference to our 2016 Proxy Statement, provided that if the 2016 Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

Our Code of Conduct applies to all of our employees, directors and officers, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and those of our subsidiaries. The Code of Conduct is available on our website at www.jazzpharmaceuticals.com under the section entitled “About” under “Corporate Ethics.” We intend to satisfy the disclosure requirements under Item 5.05 of the SEC Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Conduct by posting such information on our website at the website address and location specified above.

Item 11. Executive Compensation

The information required by this item is to be included in our 2016 Proxy Statement under the sections entitled “Executive Compensation,” “Director Compensation,” “Corporate Governance and Board Matters—Compensation Committee Interlocks and Insider Participation” and “Corporate Governance and Board Matters—Compensation Committee Report” and is incorporated herein by reference, provided that if the 2016 Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

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

The information required by this item with respect to equity compensation plans is to be included in our 2016 Proxy Statement under the section entitled “Equity Compensation Plan Information” and the information required by this item with respect to security ownership of certain beneficial owners and management is to be included in our 2016 Proxy Statement under the section entitled “Security Ownership of Certain Beneficial Owners and Management” and in each case is incorporated herein by reference, provided that if the 2016 Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is to be included in our 2016 Proxy Statement under the sections entitled “Certain Relationships and Related Party Transactions” and “Corporate Governance and Board Matters—Independence of the Board of Directors” and is incorporated herein by reference, provided that if the 2016 Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

Item 14. Principal Accountant Fees and Services

The information required by this item is to be included in our 2016 Proxy Statement under the section entitled “Proposal 2—On a Non-Binding Advisory Basis, Ratify Appointment of Independent Auditors and, On a Binding Basis, Authorize the Board of Directors, Acting Through the Audit Committee, to Determine the Independent Auditors’ Remuneration” and is incorporated herein by reference, provided that if the 2016 Proxy Statement is not filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

PART IV**Item 15. Exhibits and Financial Statement Schedules**

(a) *The following documents are filed as part of this Annual Report on Form 10-K:*

1. *Index to Financial Statements:*

See Index to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

2. *Financial Statement Schedules:*

The following financial statement schedule of Jazz Pharmaceuticals plc is filed as part of this Annual Report on Form 10-K on page F-40 and should be read in conjunction with the consolidated financial statements of Jazz Pharmaceuticals plc.

Schedule II: Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required under the instructions, or the requested information is shown in the consolidated financial statements or related notes thereto.

(b) *Exhibits—The following exhibits are included herein or incorporated herein by reference:*

<u>Exhibit Number</u>	<u>Description of Document</u>
2.1	Agreement and Plan of Merger and Reorganization, dated as of September 19, 2011, by and among Azur Pharma Limited (now Jazz Pharmaceuticals plc), Jaguar Merger Sub Inc., Jazz Pharmaceuticals, Inc. and Seamus Mulligan, solely in his capacity as the Indemnitors’ Representative (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals, Inc.’s Current Report on Form 8-K (File No. 001-33500) filed with the SEC on September 19, 2011).
2.2	Letter Agreement, dated as of January 17, 2012, by and among Jazz Pharmaceuticals plc, Jaguar Merger Sub Inc. Jazz Pharmaceuticals, Inc. and Seamus Mulligan, solely in his capacity as the Indemnitors’ Representative (incorporated by reference to Exhibit 2.2 in Jazz Pharmaceuticals plc’s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
2.3	Agreement and Plan of Merger, dated as of April 26, 2012, by and among Jazz Pharmaceuticals plc, Jewel Merger Sub Inc., EUSA Pharma Inc., and Essex Woodlands Health Ventures, Inc., Mayflower L.P., and Bryan Morton, in their capacity as the representatives of the equity holders of EUSA Pharma Inc. (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc’s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on April 27, 2012).
2.4	Assignment, dated as of June 11, 2012, by and among Jazz Pharmaceuticals plc and Jazz Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 2.1B in Jazz Pharmaceuticals plc’s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on June 12, 2012).

<u>Exhibit Number</u>	<u>Description of Document</u>
2.5	Tender Offer Agreement, dated December 19, 2013, by and among Jazz Pharmaceuticals Public Limited Company, Jazz Pharmaceuticals Italy S.r.l. and Gentium S.p.A. (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K/A (File No. 001-33500), as filed with the SEC on December 20, 2013).
2.6†	Asset Purchase Agreement, dated January 13, 2014, by and among Jazz Pharmaceuticals International III Limited, Aerial BioPharma, LLC and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 13, 2014).
2.7†	Assignment Agreement, dated July 1, 2014, by and among Jazz Pharmaceuticals International II Limited, Sigma-Tau Pharmaceuticals, Inc., Jazz Pharmaceuticals plc and Gentium S.p.A. (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on August 5, 2014).
2.8	Amended and Restated Agreement for the Acquisition of the Topaz Portfolio Business of Jazz Pharmaceuticals plc, dated March 20, 2015, between Jazz Pharmaceuticals plc and Essex Bidco Limited (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's current report on Form 8-K (File No. 001-33500), as filed with the SEC on March 23, 2015).
3.1	Memorandum and Articles of Association of Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 3.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
4.1	Reference is made to Exhibit 3.1.
4.2A	Investor Rights Agreement, dated July 7, 2009 by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 10.88 in Jazz Pharmaceuticals, Inc.'s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on July 7, 2009).
4.2B	Assignment, Assumption and Amendment Agreement, dated as of January 18, 2012, by and among Jazz Pharmaceuticals, Inc., Jazz Pharmaceuticals plc and the other parties named therein (incorporated herein by reference to Exhibit 4.7B in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals, Inc. with the SEC on February 28, 2012).
4.2C	Indenture, dated as of August 13, 2014, by and among Jazz Pharmaceuticals plc, Jazz Investments I Limited and U.S. Bank National Association (incorporated herein by reference to Exhibit 4.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on August 13, 2014).
4.2D	Form of 1.875% Exchangeable Senior Note due 2021 (incorporated herein by reference to Exhibit 4.2 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on August 13, 2014).
10.1†	Supply Agreement, dated as of April 1, 2010, by and between Jazz Pharmaceuticals, Inc. and Siegfried (USA) Inc. (incorporated herein by reference to Exhibit 10.54 in Jazz Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2010, as filed with the SEC on May 6, 2010).
10.2†	Master Services Agreement, dated April 15, 2011, by and between Jazz Pharmaceuticals, Inc., CuraScript, Inc. and Express Scripts Specialty Distribution Services, Inc. (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2011, as filed with the SEC on May 9, 2011).
10.3†	Royalty Bearing License Agreement and Supply Agreement Re Erwinia-Derived Asparaginase, dated July 22, 2005, between Public Health England (formerly Health Protection Agency) and EUSA Pharma SAS (formerly OPI, S.A.), as amended on each of December 22, 2009, March 23, 2012 and August 8, 2012 (incorporated herein by reference to Exhibit 10.11 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q/A (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 9, 2012).
10.4	Novation Agreement relating to Royalty Bearing Licence Agreement and Supply Agreement re Erwinia-Derived Asparaginase, dated as of May 13, 2015, by and among EUSA Pharma SAS, the Secretary of State for Health acting through Public Health England and Porton Biopharma Limited (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2015, as filed with the SEC on August 5, 2015).
10.5*	Master Manufacturing Services Agreement, dated as of October 1, 2015, by and between Jazz Pharmaceuticals Ireland Limited and Patheon Pharmaceuticals Inc.

<u>Exhibit Number</u>	<u>Description of Document</u>
10.6	Credit Agreement, dated as of June 18, 2015, among Jazz Pharmaceuticals plc, Jazz Securities Limited, Jazz Pharmaceuticals, Inc., Jazz Financing I Limited, Jazz Pharmaceuticals Ireland Limited, the lenders party thereto and Bank of America, N.A., as Collateral Agent, Administrative Agent, Swing Line Lender and L/C Issuer (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 0001-33500), as filed with the SEC on June 18, 2015).
10.7A	Commercial Lease, dated as of June 2, 2004, by and between Jazz Pharmaceuticals, Inc. and The Board of Trustees of the Leland Stanford Junior University (incorporated herein by reference to Exhibit 10.52 in Jazz Pharmaceuticals, Inc.'s registration statement on Form S-1, as amended (File No. 333-141164), as filed with the SEC on March 27, 2007).
10.7B	First Amendment of Lease, dated June 1, 2009, by and between Jazz Pharmaceuticals, Inc. and Wheatley-Fields, LLC, successor in interest to The Board of Trustees of the Leland Stanford Junior University (incorporated herein by reference to Exhibit 10.86 in Jazz Pharmaceuticals, Inc.'s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on June 4, 2009).
10.7C	Second Amendment of Lease, dated February 28, 2012, by and between Jazz Pharmaceuticals, Inc. and Wheatley-Fields, LLC, successor in interest to The Board of Trustees of the Leland Stanford Junior University (incorporated herein by reference to Exhibit 10.31 in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals, Inc. with the SEC on February 28, 2012).
10.8	Lease, dated May 8, 2012, by and between John Ronan and Castle Cove Property Developments Limited and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.9	Commercial Lease, dated as of January 7, 2015, by and between The Board of Trustees of the Leland Stanford Junior University and Jazz Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.10 in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2014, as filed with the SEC on February 24, 2015).
10.10+	Form of Indemnification Agreement between Jazz Pharmaceuticals plc and its officers and directors (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
10.11+	Offer Letter from Jazz Pharmaceuticals, Inc. to Suzanne Sawochka Hooper (incorporated herein by reference to Exhibit 10.19 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2012, as filed with the SEC on May 8, 2012).
10.12+	Offer Letter from Jazz Pharmaceuticals, Inc. to Matthew Young (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2014, as filed with the SEC on May 8, 2014).
10.13A+	Employment Agreement by and between EUSA Pharma Inc. and Iain McGill (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2014, as filed with the SEC on November 4, 2014).
10.13B+	Amendment to Employment Agreement by and between Iain McGill and EUSA Pharma (Europe) Limited (incorporated herein by reference to Exhibit 10.15B in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2014, as filed with the SEC on February 24, 2015).
10.14+	Offer Letter from Jazz Pharmaceuticals, Inc. to Michael Miller (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2014, as filed with the SEC on November 4, 2014).
10.15A+	Employment Agreement by and between Jazz Pharmaceuticals Ireland Limited and Paul Treacy (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2014, as filed with the SEC on November 4, 2014).
10.15B+	Amendment to Employment Agreement by and between Jazz Pharmaceuticals Ireland Limited and Paul Treacy (incorporated herein by reference to Exhibit 10.15A in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2014, as filed with the SEC on February 24, 2015).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.16+	Amended and Restated Offer Letter, dated as of July 29, 2015, from Jazz Pharmaceuticals, Inc. to Karen Smith, M.D., Ph.D. ((incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2015, as filed with the SEC on November 9, 2015).
10.17A+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.3 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).
10.17B+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan Sub-Plan Governing Awards to Participants in the Republic of Ireland (incorporated herein by reference to Exhibit 10.3B in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals Inc. with the SEC on February 28, 2012).
10.17C+	Form of Notice of Grant of Stock Options and Form of Option Agreement (U.S.) under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27C in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.17D+	Form of Notice of Grant of Stock Options and Form of Option Agreement (Irish) under Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27D in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.17E+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (U.S.) under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27E in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500), as filed with the SEC on February 26, 2013).
10.17F+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (Irish) under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27F in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.17G+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan—Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.17H+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan—Form of Non-U.S. Restricted Stock Unit Award Grant Notice and Form of Non-U.S. Restricted Stock Unit Award Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18A+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.1 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).
10.18B+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan Sub-Plan Governing Awards to Participants in the Republic of Ireland (incorporated herein by reference to Exhibit 10.39B in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals Inc. with the SEC on February 28, 2012).
10.18C+	Form of Option Grant Notice and Form of Stock Option Agreement (U.S.) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18D+	Form of Stock Option Grant Notice and Form of Option Agreement (Irish) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.8 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18E+	Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.28E in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.18F+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (U.S.) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.9 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18G+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (Irish) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.10 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18H+	Form of Non-U.S. Restricted Stock Unit Grant Notice and Form of Non-U.S. Restricted Stock Unit Award Agreement under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.28H in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.18I+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of U.S. Option Grant Notice and Form of U.S. Option Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18J+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of U.S. Restricted Stock Unit Award Grant Notice and Form of U.S. Restricted Stock Unit Award Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.4 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18K+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.5 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18L+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of Non-U.S. Restricted Stock Unit Award Grant Notice and Form of Non-U.S. Restricted Stock Unit Award Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.6 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.19+	Jazz Pharmaceuticals plc Amended and Restated Directors Deferred Compensation Plan (incorporated herein by reference to Exhibit 99.6 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).
10.20A+	Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Option Plan (incorporated herein by reference to Exhibit 99.4 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).
10.20B+	Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement under the Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Option Plan (incorporated herein by reference to Exhibit 10.30B in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.20C+	Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Option Plan—Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement (approved August 1, 2013) (incorporated herein by reference to Exhibit 10.7 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.21A+	Jazz Pharmaceuticals plc 2007 Employee Stock Purchase Plan, as amended and restated (incorporated herein by reference to Exhibit 10.31A in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.21B+	Jazz Pharmaceuticals plc 2007 Employee Stock Purchase Plan Sub-Plan Governing Purchase Rights to Participants in the Republic of Ireland (incorporated by reference herein to Exhibit 10.14C in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2012, as filed with the SEC on May 8, 2012).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.22A+	Jazz Pharmaceuticals plc Cash Bonus Plan for U.S. Affiliates (incorporated herein by reference to Exhibit 10.32B in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.22B+	Jazz Pharmaceuticals plc Cash Bonus Plan for U.S. Affiliates (approved November 4, 2015).
10.22C+	Jazz Pharmaceuticals Cash Bonus Plan for International Affiliates (2014) (incorporated herein by reference to Exhibit 10.24D in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2013, as filed with the SEC on February 25, 2014).
10.22D+	Jazz Pharmaceuticals Cash Bonus Plan (Ireland and Other Specified Affiliates) (Calendar Year 2016).
10.23+	Jazz Pharmaceuticals plc Amended and Restated Executive Change in Control and Severance Benefit Plan (approved February 10, 2016).
10.24+	Jazz Pharmaceuticals plc 2015 Executive Officer Compensation Arrangements (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2015, as filed with the SEC on May 7, 2015).
10.25A+	Jazz Pharmaceuticals plc Non-Employee Director Compensation Policy (approved May 1, 2014) (incorporated herein by reference to Exhibit 10.6 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2014, as filed with the SEC on May 8, 2014).
10.25B+	Jazz Pharmaceuticals plc Non-Employee Director Compensation Policy (approved April 30, 2015) (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2015, as filed with the SEC on August 5, 2015).
10.26+	Named Officer 2015 Target Bonus Opportunity (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on February 18, 2015).
21.1	Subsidiaries of Jazz Pharmaceuticals plc.
23.1	Consent of KPMG, Independent Registered Public Accounting Firm.
24.1	Power of Attorney (included on the signature page hereto).
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

+ Indicates management contract or compensatory plan.

† Confidential treatment has been granted for portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

* Confidential treatment has been requested with respect to certain portions of this exhibit.

** The certifications attached as Exhibit 32.1 accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

Date: February 23, 2016

Jazz Pharmaceuticals public limited company
(Registrant)

/s/ BRUCE C. COZADD

Bruce C. Cozadd
Chairman and Chief Executive Officer and Director
(Principal Executive Officer)

/s/ MATTHEW P. YOUNG

Matthew P. Young
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ KAREN J. WILSON

Karen J. Wilson
Senior Vice President, Finance
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bruce C. Cozadd, Matthew P. Young, Suzanne Sawochka Hooper and Karen J. Wilson, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ BRUCE C. COZADD</u> Bruce C. Cozadd	Chairman, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	February 23, 2016
<u>/s/ MATTHEW P. YOUNG</u> Matthew P. Young	Executive Vice President and Chief Financial Officer <i>(Principal Financial Officer)</i>	February 23, 2016
<u>/s/ KAREN J. WILSON</u> Karen J. Wilson	Senior Vice President, Finance <i>(Principal Accounting Officer)</i>	February 23, 2016
<u>/s/ PAUL L. BERNS</u> Paul L. Berns	Director	February 23, 2016
<u>/s/ PATRICK G. ENRIGHT</u> Patrick G. Enright	Director	February 23, 2016
<u>/s/ PETER GRAY</u> Peter Gray	Director	February 23, 2016
<u>/s/ HEATHER ANN McSHARRY</u> Heather Ann McSharry	Director	February 23, 2016
<u>/s/ SEAMUS C. MULLIGAN</u> Seamus C. Mulligan	Director	February 23, 2016
<u>/s/ KENNETH W. O'KEEFE</u> Kenneth W. O'Keefe	Director	February 23, 2016
<u>/s/ NORBERT G. RIEDEL, PH.D.</u> Norbert G. Riedel, Ph.D.	Director	February 23, 2016
<u>/s/ ELMAR SCHNEE</u> Elmar Schnee	Director	February 23, 2016
<u>/s/ CATHERINE A. SOHN, PHARM.D.</u> Catherine A. Sohn, Pharm.D.	Director	February 23, 2016
<u>/s/ RICK E WINNINGHAM</u> Rick E Winningham	Director	February 23, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Jazz Pharmaceuticals plc

We have audited the accompanying consolidated balance sheets of Jazz Pharmaceuticals plc and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule at Item 15(a)2 for the years ended December 31, 2015, 2014 and 2013. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jazz Pharmaceuticals plc and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for the years ended December 31, 2015, 2014 and 2013, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 23, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG

Dublin, Ireland
February 23, 2016

Form 10-K

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31,	
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 988,785	\$ 684,042
Accounts receivable, net of allowances of \$3,693 and \$3,483 at December 31, 2015 and 2014, respectively	209,685	186,371
Inventories	19,451	30,037
Prepaid expenses	20,699	12,800
Deferred tax assets, net	—	48,440
Other current assets	19,047	21,322
Assets held for sale	—	32,833
Total current assets	1,257,667	1,015,845
Property and equipment, net	85,572	58,363
Intangible assets, net	1,185,606	1,437,435
Goodwill	657,139	702,713
Deferred tax assets, net, non-current	122,863	75,494
Deferred financing costs	23,268	33,174
Other non-current assets	27,548	15,931
Total assets	\$3,359,663	\$3,338,955
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 21,807	\$ 25,126
Accrued liabilities	164,070	164,091
Current portion of long-term debt	37,587	9,428
Income taxes payable	1,808	7,588
Deferred tax liability, net	—	9,430
Deferred revenue	1,370	1,138
Total current liabilities	226,642	216,801
Deferred revenue, non-current	3,721	4,499
Long-term debt, less current portion	1,166,916	1,333,000
Deferred tax liability, net, non-current	294,485	375,054
Other non-current liabilities	69,253	38,393
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Ordinary shares, nominal value \$0.0001 per share; 300,000 shares authorized; 61,305 and 60,643 shares issued and outstanding at December 31, 2015 and 2014, respectively	6	6
Non-voting euro deferred shares, €0.01 par value per share; 4,000 shares authorized, issued and outstanding at both December 31, 2015 and 2014	55	55
Capital redemption reserve	471	471
Additional paid-in capital	1,562,900	1,458,005
Accumulated other comprehensive loss	(267,472)	(122,097)
Retained earnings	302,686	34,704
Total Jazz Pharmaceuticals plc shareholders' equity	1,598,646	1,371,144
Noncontrolling interests	—	64
Total shareholders' equity	1,598,646	1,371,208
Total liabilities and shareholders' equity	\$3,359,663	\$3,338,955

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

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Product sales, net	\$1,316,819	\$1,162,716	\$865,398
Royalties and contract revenues	7,984	10,159	7,025
Total revenues	<u>1,324,803</u>	<u>1,172,875</u>	<u>872,423</u>
Operating expenses:			
Cost of product sales (excluding amortization and impairment of intangible assets)	102,526	117,418	102,146
Selling, general and administrative	449,119	406,114	304,303
Research and development	135,253	85,181	41,632
Acquired in-process research and development	—	202,626	4,988
Intangible asset amortization	98,162	126,584	79,042
Impairment charges	31,523	39,365	—
Total operating expenses	<u>816,583</u>	<u>977,288</u>	<u>532,111</u>
Income from operations	508,220	195,587	340,312
Interest expense, net	(56,917)	(52,713)	(26,916)
Foreign currency gain (loss)	1,445	8,683	(1,697)
Loss on extinguishment and modification of debt	(16,815)	—	(3,749)
Income before income tax provision	435,933	151,557	307,950
Income tax provision	106,399	94,231	91,638
Net income	329,534	57,326	216,312
Net loss attributable to noncontrolling interests, net of tax	(1)	(1,061)	—
Net income attributable to Jazz Pharmaceuticals plc	<u>\$ 329,535</u>	<u>\$ 58,387</u>	<u>\$216,312</u>
Net income attributable to Jazz Pharmaceuticals plc per ordinary share:			
Basic	<u>\$ 5.38</u>	<u>\$ 0.98</u>	<u>\$ 3.71</u>
Diluted	<u>\$ 5.23</u>	<u>\$ 0.93</u>	<u>\$ 3.51</u>
Weighted-average ordinary shares used in per share calculation—basic	<u>61,232</u>	<u>59,746</u>	<u>58,298</u>
Weighted-average ordinary shares used in per share calculation—diluted	<u>63,036</u>	<u>62,614</u>	<u>61,569</u>

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

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income	\$ 329,534	\$ 57,326	\$216,312
Other comprehensive income (loss):			
Foreign currency translation adjustments	(145,375)	(178,264)	25,107
Other comprehensive income (loss)	(145,375)	(178,264)	25,107
Total comprehensive income (loss)	184,159	(120,938)	241,419
Comprehensive loss attributable to noncontrolling interests, net of tax	(1)	(1,075)	—
Comprehensive income (loss) attributable to Jazz Pharmaceuticals plc	<u>\$ 184,160</u>	<u>\$(119,863)</u>	<u>\$241,419</u>

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

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Ordinary Shares		Non-voting Euro Deferred		Capital Redemption Reserve	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Jazz Pharmaceuticals plc Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount							
Balance at December 31, 2012	58,014	\$ 6	4,000	\$ 55	\$471	\$1,151,010	\$ 31,046	\$ (61,296)	\$1,121,292	\$ —	\$1,121,292
Issuance of ordinary shares in conjunction with exercise of share options	904	—	—	—	—	20,895	—	—	20,895	—	20,895
Issuance of ordinary shares under employee stock purchase plan	147	—	—	—	—	5,410	—	—	5,410	—	5,410
Issuance of ordinary shares in conjunction with vesting of restricted stock units	146	—	—	—	—	—	—	—	—	—	—
Shares withheld for payment of employee's withholding tax liability	—	—	—	—	—	(5,590)	—	—	(5,590)	—	(5,590)
Issuance of ordinary shares in conjunction with exercise of warrants	471	—	—	—	—	4,398	—	—	4,398	—	4,398
Share-based compensation ..	—	—	—	—	—	44,367	—	—	44,367	—	44,367
Excess tax benefits from employee share options	—	—	—	—	—	(173)	—	—	(173)	—	(173)
Shares repurchased	(1,828)	—	—	—	—	—	—	(136,484)	(136,484)	—	(136,484)
Other comprehensive income	—	—	—	—	—	—	25,107	—	25,107	—	25,107
Net income	—	—	—	—	—	—	—	216,312	216,312	—	216,312
Balance at December 31, 2013	57,854	\$ 6	4,000	\$ 55	\$471	\$1,220,317	\$ 56,153	\$ 18,532	\$1,295,534	\$ —	\$1,295,534

Form 10-K

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY—(Continued)
(In thousands)

	Ordinary Shares		Non-voting Euro Deferred		Capital Redemption Reserve	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Jazz Pharmaceuticals plc Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount							
Balance at December 31, 2013	57,854	\$ 6	4,000	\$ 55	\$471	\$1,220,317	\$ 56,153	\$ 18,532	\$1,295,534	\$ —	\$1,295,534
Noncontrolling interest on Gentium Acquisition	—	—	—	—	—	—	—	—	—	136,578	136,578
Acquisition of noncontrolling interest	—	—	—	—	—	(1,530)	—	—	(1,530)	(135,439)	(136,969)
Issuance of exchangeable senior notes	—	—	—	—	—	126,863	—	—	126,863	—	126,863
Issuance of ordinary shares in conjunction with exercise of share options	1,185	—	—	—	—	43,043	—	—	43,043	—	43,043
Issuance of ordinary shares under employee stock purchase plan	117	—	—	—	—	7,197	—	—	7,197	—	7,197
Issuance of ordinary shares in conjunction with vesting of restricted stock units	222	—	—	—	—	—	—	—	—	—	—
Shares withheld for payment of employee's withholding tax liability	—	—	—	—	—	(18,030)	—	—	(18,030)	—	(18,030)
Issuance of ordinary shares in conjunction with exercise of warrants	1,552	—	—	—	—	8,247	—	—	8,247	—	8,247
Shares issued under directors deferred compensation plan	17	—	—	—	—	—	—	—	—	—	—
Share-based compensation	—	—	—	—	—	70,057	—	—	70,057	—	70,057
Excess tax benefits from employee share options	—	—	—	—	—	1,841	—	—	1,841	—	1,841
Shares repurchased	(304)	—	—	—	—	—	—	(42,215)	(42,215)	—	(42,215)
Other comprehensive loss	—	—	—	—	—	—	(178,250)	—	(178,250)	(14)	(178,264)
Net income	—	—	—	—	—	—	—	58,387	58,387	(1,061)	57,326
Balance at December 31, 2014	60,643	\$ 6	4,000	\$ 55	\$471	\$1,458,005	\$(122,097)	\$ 34,704	\$1,371,144	\$ 64	\$1,371,208

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY—(Continued)
(In thousands)

	Ordinary Shares		Non-voting Euro Deferred		Capital Redemption Reserve	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Jazz Pharmaceuticals plc Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount							
Balance at December 31, 2014	60,643	\$ 6	4,000	\$ 55	\$471	\$1,458,005	\$(122,097)	\$ 34,704	\$1,371,144	\$ 64	\$1,371,208
Acquisition of noncontrolling interest	—	—	—	—	—	(10)	—	—	(10)	(63)	(73)
Issuance of ordinary shares in conjunction with exercise of share options	732	—	—	—	—	32,982	—	—	32,982	—	32,982
Issuance of ordinary shares under employee stock purchase plan	75	—	—	—	—	7,541	—	—	7,541	—	7,541
Issuance of ordinary shares in conjunction with vesting of restricted stock units	265	—	—	—	—	—	—	—	—	—	—
Shares withheld for payment of employee's withholding tax liability	—	—	—	—	—	(26,102)	—	—	(26,102)	—	(26,102)
Share-based compensation	—	—	—	—	—	91,795	—	—	91,795	—	91,795
Excess tax benefits from employee share options	—	—	—	—	—	(1,311)	—	—	(1,311)	—	(1,311)
Shares repurchased	(410)	—	—	—	—	—	—	(61,553)	(61,553)	—	(61,553)
Other comprehensive loss	—	—	—	—	—	—	(145,375)	—	(145,375)	—	(145,375)
Net income	—	—	—	—	—	—	—	329,535	329,535	(1)	329,534
Balance at December 31, 2015	<u>61,305</u>	<u>\$ 6</u>	<u>4,000</u>	<u>\$ 55</u>	<u>\$471</u>	<u>\$1,562,900</u>	<u>\$(267,472)</u>	<u>\$ 302,686</u>	<u>\$1,598,646</u>	<u>\$ —</u>	<u>\$1,598,646</u>

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

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Operating activities			
Net income	\$ 329,534	\$ 57,326	\$ 216,312
Adjustments to reconcile net income to net cash provided by operating activities:			
Intangible asset amortization	98,162	126,584	79,042
Share-based compensation	91,550	69,638	44,551
Impairment charges	31,523	39,365	—
Depreciation	9,894	7,097	3,048
Acquired in-process research and development	—	202,626	4,988
Loss on disposal of property and equipment	172	24	46
Excess tax benefit from share-based compensation	—	(1,841)	—
Acquisition accounting inventory fair value step-up adjustments	—	10,477	3,826
Change in fair value of contingent consideration	—	—	15,200
Deferred income taxes	(61,209)	(43,423)	(10,097)
Provision for losses on accounts receivable and inventory	4,062	2,493	2,446
Loss on extinguishment and modification of debt	16,815	—	3,749
Amortization of debt discount and deferred financing costs	22,738	13,725	4,591
Other non-cash transactions	(5,187)	(11,986)	1,687
Changes in assets and liabilities:			
Accounts receivable	(24,841)	(55,041)	(48,846)
Inventories	6,271	(7,630)	(8,516)
Prepaid expenses and other current assets	3,720	11,936	(13,871)
Other long-term assets	(11,722)	(8,891)	(4,306)
Accounts payable	(2,280)	(37,966)	5,089
Accrued liabilities	2,986	20,997	14,717
Income taxes payable	(6,271)	8,634	(38,984)
Deferred revenue	(536)	(1,203)	(1,061)
Contingent consideration	—	(14,900)	—
Other non-current liabilities	26,562	17,724	14,820
Net cash provided by operating activities	<u>531,943</u>	<u>405,765</u>	<u>288,431</u>
Investing activities			
Acquisitions, net of cash acquired	—	(828,676)	—
Acquisition of in-process research and development	—	(202,626)	(4,988)
Purchases of property and equipment	(35,958)	(36,347)	(9,976)
Net proceeds from sale of business	33,703	—	—
Acquisition of intangible assets	—	—	(1,300)
Net cash used in investing activities	<u>(2,255)</u>	<u>(1,067,649)</u>	<u>(16,264)</u>
Financing activities			
Net proceeds from issuance of debt	898,642	1,194,385	553,425
Proceeds from employee equity incentive and purchase plans and exercise of warrants	40,523	58,487	30,703
Share repurchases	(61,553)	(42,215)	(136,484)
Acquisition of noncontrolling interests	(73)	(136,969)	—
Payment of contingent consideration	—	(35,100)	—
Payment of employee withholding taxes related to share-based awards	(26,102)	(18,030)	(5,590)
Excess tax benefit from share-based compensation	—	1,841	—
Repayments of long-term debt	(905,760)	(9,524)	(465,910)
Repayments under revolving credit facility	(160,000)	(300,000)	—
Net cash provided by (used in) financing activities	<u>(214,323)</u>	<u>712,875</u>	<u>(23,856)</u>

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(In thousands)

	Year Ended December 31,		
	2015	2014	2013
Effect of exchange rates on cash and cash equivalents	\$ (10,622)	\$ (3,453)	\$ 997
Net increase in cash and cash equivalents	304,743	47,538	249,308
Cash and cash equivalents, at beginning of period	684,042	636,504	387,196
Cash and cash equivalents, at end of period	<u>\$ 988,785</u>	<u>\$ 684,042</u>	<u>\$ 636,504</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 40,099	\$ 31,978	\$ 18,278
Cash paid for income taxes	145,597	108,189	137,616
Non-cash investing activities:			
Construction-in-progress related to facility lease obligation	4,351	—	—

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

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Jazz Pharmaceuticals plc is an international biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing meaningful products that address unmet medical needs.

We have a diverse portfolio of products and product candidates, with a focus in the areas of sleep and hematology/oncology.

Our lead marketed products are:

- **Xyrem® (sodium oxybate) oral solution**, the only product approved by the U.S. Food and Drug Administration, or FDA, for the treatment of both cataplexy and excessive daytime sleepiness, or EDS, in patients with narcolepsy;
- **Erwinaze® (asparaginase *Erwinia chrysanthemi*)**, a treatment approved in the U.S. and in certain markets in Europe (where it is marketed as Erwinase®) for patients with acute lymphoblastic leukemia, or ALL, who have developed hypersensitivity to *E. coli*-derived asparaginase; and
- **Defitelio® (defibrotide)**, a product approved in Europe for the treatment of severe hepatic veno-occlusive disease, or VOD, in adults and children undergoing hematopoietic stem cell transplantation, or HSCT, therapy.

Our strategy is to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying and investing in growth opportunities such as new treatment indications;
- Acquiring clinically meaningful and differentiated products that are on the market or product candidates that are in late-stage development; and
- Pursuing targeted development of post-discovery differentiated product candidates.

We apply a disciplined approach to allocating our resources between investments in our current commercial and development portfolio and acquisitions or in-licensing of new assets.

Throughout this report, unless otherwise indicated or the context otherwise requires, all references to "Jazz Pharmaceuticals," "the registrant," "we," "us," and "our" refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries. Throughout this report, all references to "ordinary shares" refer to Jazz Pharmaceuticals plc's ordinary shares.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP, and include the accounts of Jazz Pharmaceuticals plc and our subsidiaries and intercompany transactions and balances have been eliminated. Our consolidated financial statements include the results of operations of businesses we have acquired from the date of each acquisition for the applicable reporting periods.

Significant Risks and Uncertainties

Our financial results remain significantly influenced by sales of Xyrem. In 2015, net product sales of Xyrem were \$955.2 million, which represented 73% of total net product sales. Our ability to maintain or increase sales of Xyrem in its approved indications is subject to a number of risks and uncertainties, including the potential introduction of generic competition or an alternative sodium oxybate product that competes with Xyrem; changed or increased regulatory restrictions or regulatory actions by the FDA; our suppliers' ability to obtain sufficient quotas from the U.S. Drug Enforcement Administration, or DEA; any supply, manufacturing or distribution problems arising with any of our suppliers or distributors, all of whom are sole source providers for us; any increase in pricing pressure from or restrictive conditions for reimbursement required by, and the availability of reimbursement from, third party payors; changes in healthcare laws and policy; continued acceptance of Xyrem by physicians and patients; changes to our label, including new safety warnings or changes to our boxed warning, that further restrict how we market and sell Xyrem; and operational disruptions at the central pharmacy or any failure to comply with our REMS obligations to the satisfaction of the FDA.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Seven companies have sent us notices that they have filed abbreviated new drug applications, or ANDAs, with the FDA seeking approval to market a generic version of Xyrem. We have filed lawsuits against each of these companies seeking to prevent the introduction of a generic version of Xyrem that would infringe our patents, and the litigation proceedings are ongoing. We cannot predict the timing or outcome of these proceedings. Although no trial date has been set in any of the ANDA suits, we anticipate that trial on some of the patents in the case against the first ANDA filer, Roxane Laboratories, Inc., or Roxane, could occur as early as the second quarter of 2016. Some of the ANDA filers have also filed petitions for *inter partes* review, or IPR, by the Patent Trial and Appeal Board, or the PTAB, of the U.S. Patent and Trademark Office, or USPTO, with respect to the validity of certain distribution, method of use and formulation patents covering Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to petitions related to certain patents covering the Xyrem distribution system, and we expect the PTAB to issue final decisions on the validity of these patents in July 2016. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business. We expect that the approval of an ANDA that results in the launch of a generic version of Xyrem, or the approval and launch of other sodium oxybate products that compete with Xyrem, would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In late August 2015, we implemented the final REMS that was approved by the FDA in February 2015. The process under which enrolled patients receive Xyrem is complex and includes multiple mandatory steps taken by the central pharmacy. The transition to the final approved REMS necessitated significant operational changes at the central pharmacy and revised documentation requirements for patients and prescribers. In the third quarter of 2015, Xyrem product sales were adversely impacted by operational disruption and resulting delays in prescription fills and refills. As physicians and patients familiarized themselves with the new REMS process and documentation requirements, the central pharmacy experienced a significantly increased volume of calls from patients and physicians' offices that the pharmacy was not able to timely address, resulting in a backlog of prescription fills and refills that were delayed. We identified and addressed with the central pharmacy to the extent feasible the processes that led to the operational delays. In the fourth quarter of 2015, we observed an improvement in key operational metrics compared to the third quarter of 2015, and we believe that central pharmacy operations have stabilized. However, we cannot guarantee that we will not experience further disruptions and resulting adverse impacts on Xyrem product sales. Any failure to comply with the REMS obligations could result in enforcement action by the FDA; lead to changes in our Xyrem REMS obligations; continue to negatively affect sales of Xyrem; result in additional costs and expenses for us; and/or take a significant amount of time, any of which could materially and adversely affect our business, financial condition, results of operations and growth prospects. Further, we cannot predict whether the FDA will seek to require or ultimately require modifications to the Xyrem REMS, including with respect to the distribution system, or seek to otherwise impose or ultimately impose additional requirements to the Xyrem REMS, or the potential timing, terms or propriety thereof. Any such modifications or additional requirements could potentially make it more difficult or expensive for us to distribute Xyrem, make it easier for future generic competitors, and/or negatively affect sales of Xyrem.

We may face pressure to develop a single shared REMS with potential generic competitors for Xyrem that is different from the approved Xyrem REMS or to license or share intellectual property pertinent to the Xyrem REMS, or elements of the Xyrem REMS, including proprietary data required for safe distribution of sodium oxybate, with generic competitors. The Xyrem REMS is the subject of multiple issued patents. In January 2014, the FDA held an initial meeting with us and the three then-current sodium oxybate ANDA applicants to facilitate the development of a single shared REMS for sodium oxybate. In October 2015, the FDA held a telephonic meeting with us and the seven current sodium oxybate ANDA applicants to discuss the status of the development of a single shared REMS for sodium oxybate. The parties had regular interactions with respect to developing a single shared REMS prior to this meeting, and we are seeking to continue the interactions with the goal of developing a single shared REMS. However, we are aware that, separate from the discussions with us, the FDA and ANDA applicants have exchanged communications regarding the potential development of a single shared REMS for sodium oxybate. We cannot predict whether, or to what extent, interactions among the parties will continue or whether we will develop a single shared REMS. If we do not develop a single shared REMS or license or share intellectual property pertinent to our Xyrem REMS with generic competitors within a time frame or on terms that the FDA considers acceptable, the FDA may assert that its waiver authority permits it to approve the ANDA of one or more generic competitors with a separate REMS that differs from our approved Xyrem REMS. We cannot predict the outcome or impact on our business of any future action that we may take with respect to the development of a single shared REMS for sodium oxybate, licensing or sharing intellectual property pertinent to our Xyrem REMS, or the FDA's response to a request by one or more ANDA applicants for a waiver of the requirement for a single shared REMS, including in connection with a certification that the applicant had been unable to obtain a license. In addition, the Federal Trade Commission, other governmental authorities or others could claim or determine that we are using the Xyrem REMS in an anticompetitive manner (including in light of the FDA's statement in the Xyrem REMS approval notice that the Xyrem REMS could be used in an anticompetitive manner inconsistent with applicable provisions of the Federal Food, Drug and Cosmetic Act) or have engaged in other anticompetitive practices.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Obtaining and maintaining appropriate reimbursement for Xyrem in the U.S. is increasingly challenging due to, among other things, the attention being paid to healthcare cost containment and prescription drug pricing, pricing pressure from third party payors and increasingly restrictive reimbursement conditions being imposed by third party payors. In this regard, we have experienced and expect to continue to experience increasing pressure from third party payors to agree to discounts, rebates or other pricing terms for Xyrem. Any such restrictive pricing terms or additional reimbursement conditions could have a material adverse effect on our Xyrem revenues. In addition, drug pricing by pharmaceutical companies has recently come under close scrutiny, particularly with respect to companies that have increased the price of products after acquiring those products from other companies. We expect that healthcare policies and reforms intended to curb healthcare costs will continue to be proposed, which could limit the prices that we charge for our products, including Xyrem, limit our commercial opportunity and/or negatively impact revenues from sales of our products. Also, price increases on Xyrem and our other products, and negative publicity regarding pricing and price increases generally, whether with respect to our products or products distributed by other pharmaceutical companies, could negatively affect market acceptance of Xyrem and our other products.

In 2015, sales of our second largest product, Erwinaze/Erwinase (which we refer to in this report as Erwinaze unless otherwise indicated or the context otherwise requires) were \$203.3 million, which represented 15% of total net product sales. We seek to maintain and increase sales of Erwinaze, as well as to make Erwinaze more widely available, through ongoing sales and marketing and research and development activities. However, our ability to successfully and sustainably maintain or grow sales of Erwinaze is subject to a number of risks and uncertainties, including the limited population of patients with ALL and the incidence of hypersensitivity reactions to *E. coli*-derived asparaginase within that population, our need to apply for and receive marketing authorizations, through the European Union's mutual recognition procedure or otherwise, in certain additional countries so we can launch promotional efforts in those countries, as well as those other risks and uncertainties discussed in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. In particular, a significant challenge to our ability to maintain current sales levels and to increase sales is our need to avoid supply interruptions of Erwinaze due to capacity constraints, production delays, quality or regulatory challenges or other manufacturing difficulties. Erwinaze is licensed from and manufactured by a single source, Porton Biopharma Limited, or PBL. The current manufacturing capacity for Erwinaze is nearly completely absorbed by demand for the product. We are working with PBL to evaluate potential expansion of its production capacity to increase the supply of Erwinaze over the longer term. As a consequence of constrained manufacturing capacity, we have had an extremely limited or no ability to build an excess level of product inventory that can be used to absorb disruptions to supply resulting from quality, regulatory or other issues, and we have experienced, and expect to continue to experience, manufacturing and inventory challenges that have resulted in disruptions in our ability to supply certain markets. If capacity constraints continue, whether as a result of continued quality or other manufacturing issues or otherwise, we may be unable to build a desired excess level of product inventory, and our ability to supply the market may continue to be compromised. Additional Erwinaze supply interruptions and/or our inability to expand production capacity could materially adversely affect our sales of and revenues from Erwinaze and our potential future maintenance and growth of the market for this product.

Sales of Defitelio/defibrotide were 5% of our net product sales in 2015. We acquired this product in January 2014 in connection with our acquisition of Gentium S.r.l., or Gentium, which we refer to as the Gentium Acquisition, and secured worldwide rights to the product by acquiring rights to defibrotide in the Americas in August 2014. We launched Defitelio in certain European countries in 2014 and continued to launch in additional European countries on a rolling basis through 2015. We are in the process of making pricing and reimbursement submissions with respect to Defitelio in those European countries where Defitelio is not yet launched, including in countries where pricing and reimbursement approvals are required for launch. Our ability to realize the anticipated benefits from our investment in Defitelio/defibrotide is subject to risks and uncertainties, including those discussed in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. In particular, we may not be able to successfully maintain or grow sales of Defitelio in Europe, or obtain marketing approval in other countries, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects. A key challenge to our success in maintaining or growing sales of Defitelio in Europe is our ability to obtain appropriate pricing and reimbursement approvals in those European countries where Defitelio is not yet launched. If we experience delays or unforeseen difficulties in obtaining favorable pricing and reimbursement approvals, planned launches in the affected countries would be delayed, or, if we are unable to ultimately obtain favorable pricing and reimbursement approvals in countries that represent significant markets, especially where a country's reimbursed price influences other countries, our growth prospects in Europe could be negatively affected.

In September 2015, the FDA accepted for filing with priority review our NDA for defibrotide for the treatment of VOD with evidence of multi-organ dysfunction following HSCT. Based on timelines established by the Prescription Drug User Fee Act, or PDUFA, we expect FDA review of the NDA to be completed by March 31, 2016. However, the FDA does not always meet the timelines established by PDUFA, and it is possible that the FDA's review of our NDA will not be completed by the PDUFA date, in which case our plans for commercialization of defibrotide in the U.S. may be delayed. In any event, we cannot predict whether our NDA will be approved in a timely manner, if at all.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Approval of our NDA is dependent on our and our supplier's ability to obtain FDA certification of current Good Manufacturing Practices in connection with the manufacturing of the defibrotide drug compound and the processing of defibrotide into finished product for the U.S. market and on the outcome of FDA inspections of clinical sites and potentially other entities involved in the development of defibrotide. In 2015, the FDA issued a Form FDA 483 to Patheon Italia S.p.A., or Patheon Italia, that included observations related to the Ferentino, Italy facility that manufactures the defibrotide finished product. Failure by Patheon Italia to timely remediate the observations to the FDA's satisfaction or the discovery of issues that impact the defibrotide finished product could have an adverse impact on the potential approval of our NDA for defibrotide, including the timing thereof.

In the event we are able to obtain U.S. marketing approval, we will also face other challenges that could impact the anticipated value of Defitelio/defibrotide, including the limited size of the population of VOD patients who are indicated for treatment with Defitelio/defibrotide (particularly if the FDA requires more narrow or restricted labeling than we have proposed or if changes in HSCT treatment protocols reduce the incidence of VOD); U.S. market acceptance of defibrotide at its commercial price, particularly in light of past access to defibrotide free of charge through an expanded access treatment protocol; the need to establish U.S. pricing and reimbursement support for defibrotide, including through acceptance by hospital pharmacy and therapeutics committees; the possibility that we may be required to conduct time-consuming and costly clinical trials as a condition of any U.S. marketing approval for the product; the lack of experience of U.S. physicians in diagnosing and treating VOD; and challenges to our ability to develop the product for additional indications. If sales of Defitelio/defibrotide do not reach the levels we expect, our anticipated revenue from the product would be negatively affected, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition to risks specifically related to Xyrem, Erwinaze and Defitelio/defibrotide, we are subject to other challenges and risks specific to our business and our ability to execute on our strategy, as well as risks and uncertainties common to companies in the pharmaceutical industry with development and commercial operations. These risks and uncertainties include:

- the challenges of protecting and enhancing our intellectual property rights;
- the challenges of achieving and maintaining commercial success of our products;
- delays or problems in the supply or manufacture of our products, particularly with respect to certain products as to which we maintain limited inventories, and our dependence on single source suppliers to continue to meet our ongoing commercial demand or our requirements for clinical trial supplies;
- the need to obtain and maintain appropriate pricing and reimbursement for our products in an increasingly challenging environment due to, among other things, the attention being paid to healthcare cost containment and other austerity measures in the United States and worldwide, including the need to obtain and maintain reimbursement for Xyrem in the United States in an environment in which we are subject to increasingly restrictive conditions for reimbursement required by third party payors;
- our ability to identify and acquire, in-license or develop additional products or product candidates to grow our business;
- the challenges of compliance with the requirements of the FDA, the DEA, and non-U.S. regulatory agencies, including with respect to product labeling, requirements for distribution, obtaining sufficient DEA quotas where needed, marketing and promotional activities, adverse event reporting and product recalls or withdrawals;
- the difficulty and uncertainty of pharmaceutical product development, including the timing thereof, and the uncertainty of clinical success, such as the risk that results from preclinical studies and/or early clinical trials may not be predictive of results obtained in later and larger clinical trials planned or anticipated to be conducted for our product candidates;
- the inherent uncertainty associated with the regulatory approval process, especially as we continue to undertake increased activities and make growing investment in our product pipeline development projects;
- the risks associated with business combination or product or product candidate acquisition transactions, such as the challenges inherent in the integration of acquired businesses with our historic business, the increase in geographic dispersion among our centers of operation and the risks that we may acquire unanticipated liabilities along with acquired businesses or otherwise fail to realize the anticipated benefits (commercial or otherwise) from such transactions; and
- possible restrictions on our ability and flexibility to pursue certain future opportunities as a result of our substantial outstanding debt obligations.

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Business Acquisitions

Our consolidated financial statements include the results of operations of an acquired business from the date of acquisition. We account for acquired businesses using the acquisition method of accounting. The acquisition method of accounting for acquired businesses requires, among other things, that assets acquired, liabilities assumed and any noncontrolling interests in the acquired business be recognized at their estimated fair values as of the acquisition date, with limited exceptions, and that the fair value of acquired in-process research and development, or IPR&D, be recorded on the balance sheet. Also, transaction costs are expensed as incurred. Any excess of the acquisition consideration over the assigned values of the net assets acquired is recorded as goodwill. Contingent consideration is included within the acquisition cost and is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is remeasured to fair value at each reporting date until the contingency is resolved and changes in fair value are recognized in earnings.

Concentrations of Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash, cash equivalents and marketable securities. Our investment policy permits investments in U.S. federal government and federal agency securities, corporate bonds or commercial paper issued by U.S. corporations, money market instruments, certain qualifying money market mutual funds, certain repurchase agreements, and tax-exempt obligations of U.S. states, agencies and municipalities and places restrictions on credit ratings, maturities, and concentration by type and issuer. We are exposed to credit risk in the event of a default by the financial institutions holding our cash, cash equivalents and marketable securities and issuers of investments to the extent recorded on the balance sheet.

We are also subject to credit risk from our accounts receivable related to our product sales. We monitor our exposure within accounts receivable and record a reserve against uncollectible accounts receivable as necessary. We extend credit to pharmaceutical wholesale distributors and specialty pharmaceutical distribution companies, primarily in the United States, and to other international distributors and hospitals. Customer creditworthiness is monitored and collateral is not required. We monitor deteriorating economic conditions in certain European countries which may result in variability of the timing of cash receipts and an increase in the average length of time that it takes to collect accounts receivable outstanding. Historically, we have not experienced significant credit losses on our accounts receivable and we do not expect to have write-offs or adjustments to accounts receivable which would have a material adverse effect on our financial position, liquidity or results of operations. As of December 31, 2015, five customers accounted for 90% of gross accounts receivable including Express Scripts Specialty Distribution Services, Inc. and its affiliate CuraScript, Inc., or Express Scripts, which accounted for 69% of gross accounts receivable, and IDIS Limited, which accounted for 11% of gross accounts receivable. As of December 31, 2014, five customers accounted for 86% of gross accounts receivable including Express Scripts, which accounted for 66% of gross accounts receivable, and IDIS Limited, which accounted for 11% of gross accounts receivable.

We depend on single source suppliers for each of our products, product candidates and their active pharmaceutical ingredients.

Cash Equivalents and Marketable Securities

We consider all highly liquid investments, readily convertible to cash, that mature within three months or less from date of purchase to be cash equivalents.

Marketable securities are investments in debt securities with maturities of less than one year from the balance sheet date, or securities with maturities of greater than one year that are specifically identified to fund current operations. Collectively, cash equivalents and marketable securities are considered available-for-sale and are recorded at fair value. Unrealized gains and losses, net of tax, are recorded in accumulated other comprehensive loss in shareholders' equity. We use the specific-identification method for calculating realized gains and losses on securities sold. Realized gains and losses and declines in value judged to be other than temporary on marketable securities are included in interest expense, net in the consolidated statements of income.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out method for all inventories. Our policy is to write down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value and inventory in excess of expected requirements. The estimate of excess quantities is subjective and primarily dependent on our estimates of future demand for a particular product. If our estimate of future demand changes, we consider the impact on the reserve for

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

excess inventory and adjust the reserve as required. Increases in the reserve are recorded as charges in cost of product sales. For product candidates that have not been approved by the FDA, inventory used in clinical trials is expensed at the time of production and recorded as research and development expense. For products that have been approved by the FDA, inventory used in clinical trials is expensed at the time the inventory is packaged for the clinical trial. Prior to receiving FDA approval, costs related to purchases of the active pharmaceutical ingredient and the manufacturing of the product candidate are recorded as research and development expense. All direct manufacturing costs incurred after approval are capitalized into inventory.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to 10 years. Leasehold improvements are amortized over the shorter of the noncancelable term of our operating leases or their economic useful lives. Maintenance and repairs are expensed as incurred.

Goodwill

Goodwill represents the excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed. We have determined that we operate in a single segment and have a single reporting unit associated with the development and commercialization of pharmaceutical products. The annual test for goodwill impairment is a two-step process. The first step is a comparison of the fair value of the reporting unit with its carrying amount, including goodwill. If this step indicates impairment, then, in the second step, the loss is measured as the excess of recorded goodwill over its implied fair value. Implied fair value is the excess of the fair value of the reporting unit over the fair value of all identified assets and liabilities. We test goodwill for impairment annually in October and when events or changes in circumstances indicate that the carrying value may not be recoverable.

Acquired In-Process Research and Development

The initial costs of rights to IPR&D projects acquired in an asset acquisition are expensed as IPR&D unless the project has an alternative future use. The fair value of IPR&D projects acquired in a business combination are capitalized and accounted for as indefinite-lived intangible assets until the underlying project receives regulatory approval, at which point the intangible asset will be accounted for as a finite-lived intangible asset, or discontinued, at which point the intangible asset will be written off. Development costs incurred after an acquisition are expensed as incurred.

Intangible Assets

Intangible assets with finite useful lives consist primarily of purchased developed technology and are amortized on a straight-line basis over their estimated useful lives, which range from two to 16 years. The estimated useful lives associated with finite-lived intangible assets are consistent with the estimated lives of the associated products and may be modified when circumstances warrant. Such assets are reviewed for impairment when events or circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset and its eventual disposition are less than its carrying amount. The amount of any impairment is measured as the difference between the carrying amount and the fair value of the impaired asset.

Revenue Recognition

Revenues are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed and determinable and collection is reasonably assured.

Product Sales, Net

Product sales revenue is recognized when title has transferred to the customer and the customer has assumed the risks and rewards of ownership, which is typically on delivery to the customer or, in the case of products that are subject to consignment agreements, when the customer removes product from our consigned inventory location for shipment directly to a patient.

Revenue from sales transactions where the buyer has the right to return the product is recognized at the time of sale only if (i) the seller's price to the buyer is substantially fixed or determinable at the date of sale, (ii) the buyer has paid the seller, or the buyer is obligated

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

to pay the seller and the obligation is not contingent on resale of the product, (iii) the buyer's obligation to the seller would not be changed in the event of theft or physical destruction or damage of the product, (iv) the buyer acquiring the product for resale has economic substance apart from that provided by the seller, (v) the seller does not have significant obligations for future performance to directly bring about resale of the product by the buyer, and (vi) the amount of future returns can be reasonably estimated.

Revenues from sales of products are recorded net of estimated allowances for returns, specialty distributor fees, wholesaler fees, prompt payment discounts, government rebates, government chargebacks, coupon programs and rebates under managed care plans. Provisions for returns, specialty distributor fees, wholesaler fees, government rebates, coupon programs and rebates under managed care plans are included within current liabilities in our consolidated balance sheets. Provisions for government chargebacks and prompt payment discounts are generally shown as a reduction in accounts receivable. Calculating certain of these items involves estimates and judgments based on sales or invoice data, contractual terms, historical utilization rates, new information regarding changes in these programs' regulations and guidelines that would impact the amount of the actual rebates, our expectations regarding future utilization rates for these programs and channel inventory data. Adjustments to estimates for these allowances have not been material.

Royalties and Contract Revenues

We receive royalties from third parties based on sales of our products under licensing and distribution arrangements. For those arrangements where royalties are reasonably estimable, we recognize revenues based on estimates of royalties earned during the applicable period, and adjust for differences between the estimated and actual royalties in the following quarter. Historically, these adjustments have not been significant.

Our contract revenues consist of fees and milestone payments. Non-refundable fees where we have no continuing performance obligations are recognized as revenues when there is persuasive evidence of an arrangement and collection is reasonably assured. In situations where we have continuing performance obligations, non-refundable fees are deferred and are recognized ratably over our projected performance period. We recognize at-risk milestone payments, which are typically related to regulatory, commercial or other achievements by us or our licensees and distributors, as revenues when the milestone is accomplished and collection is reasonably assured. Sales-based milestone payments are typically payments made to us that are triggered when aggregate net sales of a product by a collaborator for a specified period (for example, an annual period) reach an agreed upon threshold amount. We recognize sales-based milestone payments from a collaborator when the event which triggers the obligation of payment has occurred, there is no further obligation on our part in connection with the payment, and collection is reasonably assured. Refundable fees are deferred and recognized as revenues upon the later of when they become nonrefundable or when our performance obligations are completed.

Cost of Product Sales

Cost of product sales includes manufacturing and distribution costs, the cost of drug substance, royalties due to third parties on product sales, product liability and cargo insurance, FDA user fees, freight, shipping, handling and storage costs and salaries and related costs of employees involved with production. Cost of product sales included \$10.5 million and \$3.8 million of inventory costs associated with the fair value step-up in acquired inventory in 2014 and 2013, respectively. Excluded from cost of product sales shown on the consolidated statements of income is amortization of acquired developed technology of \$93.0 million, \$122.6 million and \$78.8 million in 2015, 2014 and 2013, respectively.

Research and Development

Research and development expenses consist primarily of costs related to clinical studies and outside services, personnel expenses and other research and development costs, including milestone payments incurred prior to regulatory approval of products. Clinical study and outside services costs relate primarily to services performed by clinical research organizations, clinical studies performed at clinical sites, materials and supplies, and other third party fees. Personnel expenses relate primarily to salaries, benefits and share-based compensation. Other research and development expenses primarily include overhead allocations consisting of various support and facilities-related costs. Research and development costs are expensed as incurred. For product candidates that have not been approved by the FDA, inventory used in clinical trials is expensed at the time of production and recorded as research and development expense. For products that have been approved by the FDA, inventory used in clinical trials is expensed at the time the inventory is packaged for the trial.

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Advertising Expenses

We expense the costs of advertising, including promotional expenses, as incurred. Advertising expenses were \$4.2 million, \$1.0 million and \$1.0 million in 2015, 2014 and 2013, respectively.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial statement carrying amount and the tax basis of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized. We account for unrecognized tax benefits using a “more-likely-than-not” threshold for recognizing and resolving unrecognized tax benefits. A recognized tax benefit is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. Interest and penalties related to unrecognized tax benefits are included in the income tax provision and classified with the related liability on the consolidated balance sheets.

Foreign Currency

Our functional and reporting currency is the U.S. dollar. The assets and liabilities of our subsidiaries that have a functional currency other than the U.S. dollar are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date with the results of operations of subsidiaries translated at the average exchange rate for the reporting period. The cumulative foreign currency translation adjustment is recorded as a component of accumulated other comprehensive income (loss) in shareholders' equity.

Transactions in foreign currencies are translated into the functional currency of the relevant subsidiary at the rate of exchange prevailing at the date of the transaction. Any monetary assets and liabilities arising from these transactions are translated into the relevant functional currency at exchange rates prevailing at the balance sheet date or on settlement. Resulting gains and losses are recorded in foreign currency gain (loss) in our consolidated statements of income.

Financing Costs

Deferred financing costs are reported at cost, less accumulated amortization and the related amortization expense is included in interest expense, net in our consolidated statements of income. The carrying amount of debt includes any related unamortized original issue discount.

Contingencies

From time to time, we may become involved in claims and other legal matters arising in the ordinary course of business. We record accruals for loss contingencies to the extent that we conclude that it is probable that a liability has been incurred and the amount of the related loss can be reasonably estimated. Legal fees and other expenses related to litigation are expensed as incurred and included in selling, general and administrative expenses.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures in the condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on assumptions believed to be reasonable under the circumstances. Actual results could differ materially from those estimates.

Net Income per Ordinary Share

Basic net income per ordinary share attributable to Jazz Pharmaceuticals plc is based on the weighted-average number of ordinary shares outstanding. Diluted net income per ordinary share attributable to Jazz Pharmaceuticals plc is based on the weighted-average number of ordinary shares outstanding and potentially dilutive ordinary shares outstanding.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Basic and diluted net income per ordinary share attributable to Jazz Pharmaceuticals plc were computed as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2015	2014	2013
Numerator:			
Net income attributable to Jazz Pharmaceuticals plc	\$329,535	\$58,387	\$216,312
Denominator:			
Weighted-average ordinary shares used in per share calculation—basic	61,232	59,746	58,298
Dilutive effect of employee equity incentive and purchase plans	1,804	2,402	1,772
Dilutive effect of warrants	—	466	1,499
Weighted-average ordinary shares used in per share calculation—diluted	63,036	62,614	61,569
Net income attributable to Jazz Pharmaceuticals plc per ordinary share:			
Basic	\$ 5.38	\$ 0.98	\$ 3.71
Diluted	\$ 5.23	\$ 0.93	\$ 3.51

Potentially dilutive ordinary shares from our employee equity incentive and purchase plans, warrants and our 1.875% exchangeable senior notes due 2021, or the 2021 Notes, are determined by applying the treasury stock method to the assumed exercise of share options and warrants, the assumed vesting of outstanding restricted stock units, or RSUs, the assumed issuance of ordinary shares under our employee stock purchase plan, or ESPP, and the assumed issuance of ordinary shares upon exchange of the 2021 Notes. The approximately 2.9 million ordinary shares issuable upon exchange of the 2021 Notes had no effect on diluted net income attributable to Jazz Pharmaceuticals plc per ordinary share because the average price of our ordinary shares for the year ended December 31, 2015 did not exceed the effective exchange price of \$199.77 per ordinary share under the 2021 Notes.

The following table represents the weighted-average ordinary shares that were excluded from the computation of diluted net income attributable to Jazz Pharmaceuticals plc per ordinary share for the periods presented because including them would have an anti-dilutive effect (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Options to purchase ordinary shares and RSUs	1,609	819	1,584
1.875% exchangeable senior notes due 2021	2,878	1,112	—

Share-Based Compensation

We account for compensation cost for all share-based awards at fair value on the date of grant. The fair value is recognized as expense over the service period, net of estimated forfeitures, using the straight-line method. The estimation of share-based awards that will ultimately vest requires judgment, and, to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We primarily consider historical experience when estimating expected forfeitures.

Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, No. 2015-17, “Balance Sheet Classification of Deferred Taxes”, or ASU No. 2015-17, which simplifies the presentation of deferred income taxes. ASU No. 2015-17 requires that deferred tax assets and liabilities be classified as non-current in a statement of financial position. We early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. Adoption of this ASU resulted in a reclassification of our net current deferred tax assets and liabilities to net non-current deferred tax assets and liabilities in our consolidated balance sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

In April 2015, the FASB issued ASU No. 2015-03, “Interest—Imputation of Interest”, or ASU No. 2015-03. ASU No. 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

instead of as an asset. ASU No. 2015-03 does not affect the recognition and measurement guidance for debt issuance costs. In August 2015, the FASB issued ASU No. 2015-15, "Interest-Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements—Amendments to SEC Paragraphs Pursuant to Staff Announcements at the June 2015 EITF Meeting", or ASU No. 2015-15. ASU No. 2015-15 indicates that the guidance in ASU No. 2015-03 did not address presentation or subsequent measurement of debt issuance costs related to line of credit arrangements. Given the absence of authoritative guidance within ASU No. 2015-03, the SEC staff has indicated that they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings on the line of credit arrangement. This guidance is effective for us beginning January 1, 2016 and requires retrospective application. This guidance is not expected to have a material impact on our consolidated balance sheets or related disclosures.

In April 2015, the FASB issued ASU No. 2015-05, "Intangibles-Goodwill and Other-Internal-Use Software", or ASU No. 2015-05. ASU No. 2015-05 provides guidance on whether a cloud computing arrangement contains a software license to be accounted for as internal-use software to assist in the evaluation of the accounting for fees paid by a customer in the arrangement. ASU No. 2015-05 will be effective for us beginning January 1, 2016 and may be applied either prospectively to new cloud computing arrangements or retrospectively. This guidance is not expected to have a material impact on our financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers", or ASU No. 2014-09, which states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this, an entity will need to identify the contract with a customer; identify the separate performance obligations in the contract; determine the transaction price; allocate the transaction price to the separate performance obligations in the contract; and recognize revenue when (or as) the entity satisfies each performance obligation. In August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers: Deferral of the Effective Date", which deferred by one year the effective date of ASU No. 2014-09 which will now be effective for us beginning January 1, 2018 and can be adopted on a full retrospective basis or on a modified retrospective basis. We are currently assessing our approach to the adoption of this standard and the potential impact on our results of operations and financial position.

3. Disposition

In March 2015, we sold certain products and the related business that we originally acquired as part of our June 2012 acquisition of EUSA Pharma Inc., or the EUSA Acquisition. The purchase price for the products and related business was \$34.0 million, subject to pre- and post-closing purchase price adjustments. We recognized a loss on disposal of \$0.2 million within selling, general and administrative expenses in our consolidated statements of income.

The related assets met the assets held for sale criteria and were reclassified to assets held for sale as of December 31, 2014. Goodwill was allocated to these assets using the relative fair value method. We have determined that the disposition of these assets did not qualify for reporting as a discontinued operation, because the sale did not represent a strategic shift that had or will have a major effect on our operations and financial results.

4. Fair Value Measurement

Cash and cash equivalents consisted of the following (in thousands):

	December 31, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents
Cash	\$274,945	\$—	\$—	\$274,945	\$274,945
Time deposits	713,840	—	—	713,840	713,840
Totals	<u>\$988,785</u>	<u>\$—</u>	<u>\$—</u>	<u>\$988,785</u>	<u>\$988,785</u>

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2014

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents
Cash	\$338,262	\$—	\$—	\$338,262	\$338,262
Time deposits	345,780	—	—	345,780	345,780
Totals	<u>\$684,042</u>	<u>\$—</u>	<u>\$—</u>	<u>\$684,042</u>	<u>\$684,042</u>

Cash equivalents are considered available-for-sale securities. We use the specific-identification method for calculating realized gains and losses on securities sold and include them in interest expense, net in the consolidated statements of income.

The following table summarizes, by major security type, our available-for-sale securities that were measured at fair value on a recurring basis and were categorized using the fair value hierarchy (in thousands):

	December 31, 2015		December 31, 2014	
	Significant Other Observable Inputs (Level 2)	Total Estimated Fair Value	Significant Other Observable Inputs (Level 2)	Total Estimated Fair Value
Time deposits	<u>\$713,840</u>	<u>\$713,840</u>	<u>\$345,780</u>	<u>\$345,780</u>

As of December 31, 2015, our available-for-sale securities included time deposits which were measured at fair value using Level 2 inputs and their carrying values were approximately equal to their fair values. Level 2 inputs, obtained from various third party data providers, represent quoted prices for similar assets in active markets, or these inputs were derived from observable market data, or if not directly observable, were derived from or corroborated by other observable market data.

There were no transfers between the different levels of the fair value hierarchy in 2015 or in 2014.

As of December 31, 2015, the estimated fair value of our 2021 Notes, which had a carrying value of \$466.0 million, was approximately \$601 million. The fair value of the 2021 Notes was estimated using quoted market prices obtained from brokers (Level 2). The estimated fair value of our borrowings under our term loan and other borrowings were approximately equal to their respective book values based on the borrowing rates currently available for variable rate loans (Level 2).

5. Inventories

Inventories consisted of the following (in thousands):

	December 31,	
	2015	2014
Raw materials	\$ 2,608	\$ 3,570
Work in process	11,836	9,870
Finished goods	5,007	16,597
Total inventories	<u>\$19,451</u>	<u>\$30,037</u>

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Property and Equipment

Property and equipment consisted of the following (in thousands):

	December 31,	
	2015	2014
Construction-in-progress	\$ 63,008	\$ 37,145
Computer software	15,797	10,634
Leasehold improvements	9,301	7,931
Computer equipment	10,963	7,670
Machinery and equipment	5,828	6,408
Furniture and fixtures	2,580	2,220
Land and buildings	1,775	1,547
Subtotal	109,252	73,555
Less accumulated depreciation and amortization	(23,680)	(15,192)
Property and equipment, net	<u>\$ 85,572</u>	<u>\$ 58,363</u>

7. Goodwill and Intangible Assets

The gross carrying amount of goodwill was as follows (in thousands):

Balance at December 31, 2014	\$702,713
Foreign exchange	(45,574)
Balance at December 31, 2015	<u>\$657,139</u>

The gross carrying amounts and net book values of our intangible assets were as follows (in thousands):

	Remaining Weighted-Average Useful Life (In years)	December 31, 2015			December 31, 2014		
		Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Acquired developed technologies	12.0	\$1,321,324	\$(324,044)	\$ 997,280	\$1,450,606	\$(259,889)	\$1,190,717
Manufacturing contracts	2.1	11,697	(5,676)	6,021	13,012	(3,060)	9,952
Trademarks	—	2,882	(2,882)	—	2,914	(2,896)	18
Total finite-lived intangible assets		1,335,903	(332,602)	1,003,301	1,466,532	(265,845)	1,200,687
Acquired IPR&D assets		182,305	—	182,305	236,748	—	236,748
Total intangible assets		<u>\$1,518,208</u>	<u>\$(332,602)</u>	<u>\$1,185,606</u>	<u>\$1,703,280</u>	<u>\$(265,845)</u>	<u>\$1,437,435</u>

The decrease in the gross carrying amount of intangible assets as of December 31, 2015 compared to December 31, 2014 is primarily due to the negative impact of foreign currency translation adjustments due to the strengthening of the U.S. dollar against the euro.

The assumptions and estimates used to determine future cash flows and remaining useful lives of our intangible and other long-lived assets are complex and subjective. They can be affected by various factors, including external factors, such as industry and economic trends, and internal factors such as changes in our business strategy and our forecasts for specific product lines.

As a result of our decision to terminate a pivotal Phase 2 clinical trial of JZP-416, we recognized an impairment charge of \$31.5 million to our acquired IPR&D asset in the fourth quarter of 2015.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Based on finite-lived intangible assets recorded as of December 31, 2015, and assuming the underlying assets will not be impaired and that we will not change the expected lives of the assets, future amortization expenses were estimated as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Estimated Amortization Expense</u>
2016	\$ 90,442
2017	90,442
2018	87,636
2019	87,419
2020	86,249
Thereafter	561,113
Total	<u>\$1,003,301</u>

8. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Rebates and other sales deductions	\$ 67,454	\$ 51,899
Employee compensation and benefits	35,595	46,143
Contract claim settlement	18,000	—
Sales returns reserve	6,110	14,039
Royalties	4,211	7,964
Accrued interest	4,043	10,327
Professional fees	3,038	3,295
Accrued construction-in-progress	1,637	4,931
Other	23,982	25,493
Total accrued liabilities	<u>\$164,070</u>	<u>\$164,091</u>

9. Debt

The following table summarizes the carrying amount of our indebtedness (in thousands):

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
1.875% exchangeable senior notes due 2021	\$ 575,000	\$ 575,000
Unamortized discount on 1.875% exchangeable senior notes due 2021	(109,048)	(124,735)
1.875% exchangeable senior notes due 2021, net	465,952	450,265
Term loans	738,038	890,479
Other borrowings	513	1,684
Total debt	1,204,503	1,342,428
Less current portion	37,587	9,428
Total long-term debt	<u>\$1,166,916</u>	<u>\$1,333,000</u>

Credit Agreement

On June 18, 2015, Jazz Pharmaceuticals plc, as guarantor, and certain of its wholly owned subsidiaries, as borrowers, entered into a credit agreement, which we refer to as the June 2015 credit agreement, that provides for a \$750.0 million principal amount term loan, which was drawn in full at closing, and a \$750.0 million revolving credit facility, of which \$160.0 million was drawn at closing and subsequently

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

repaid. We used the proceeds from initial borrowings under the June 2015 credit agreement to repay in full the \$893.1 million principal amount of term loans outstanding under the credit agreement that we entered into in June 2012, as subsequently amended, which we refer to as the previous credit agreement, and to pay related fees and expenses. The previous credit agreement was terminated upon repayment of the term loans outstanding thereunder.

Under the June 2015 credit agreement, the term loan matures on June 18, 2020 and the revolving credit facility terminates, and any loans outstanding thereunder become due and payable, on June 18, 2020.

Borrowings under the June 2015 credit agreement bear interest, at our option, at a rate equal to either (a) the LIBOR rate, plus an applicable margin ranging from 1.50% to 2.25% per annum, based upon our secured leverage ratio, or (b) the prime lending rate, plus an applicable margin ranging from 0.50% to 1.25% per annum, based upon our secured leverage ratio. The revolving credit facility has a commitment fee payable on the undrawn amount ranging from 0.25% to 0.35% per annum based upon our secured leverage ratio.

As of December 31, 2015, the interest rate on the term loan was 2.36% and the effective interest rate was 2.38%. As of December 31, 2015, we had undrawn revolving credit facilities totaling \$750.0 million of which \$1.1 million was committed for an outstanding letter of credit.

Jazz Pharmaceuticals plc and certain of our wholly owned subsidiaries are borrowers under the June 2015 credit agreement. The borrowers' obligations under the June 2015 credit agreement, and any hedging or cash management obligations entered into with a lender, are guaranteed on a senior secured basis by Jazz Pharmaceuticals plc and certain of its subsidiaries (including the issuer of the 2021 Notes as described below) and are secured by substantially all of Jazz Pharmaceuticals plc's, the borrowers' and the guarantor subsidiaries' assets.

We may make voluntary prepayments of principal at any time without payment of a premium. We are required to make mandatory prepayments of the term loan (without payment of a premium) with (1) net cash proceeds from certain non-ordinary course asset sales (subject to reinvestment rights and other exceptions), (2) net cash proceeds from issuances of debt (other than certain permitted debt), and (3) casualty proceeds and condemnation awards (subject to reinvestment rights and other exceptions).

Principal repayments of the term loan, which are due quarterly, began in December 2015 and are equal to 5.0% per annum of the original principal amount of \$750.0 million during the first two years, 7.5% per annum during the third year, 10.0% per annum during the fourth year and 12.5% per annum during the fifth year, with any remaining balance payable on the maturity date.

The June 2015 credit agreement contains financial covenants that require Jazz Pharmaceuticals plc and its restricted subsidiaries to not (a) exceed a maximum secured net leverage ratio or (b) fall below a cash interest coverage ratio. We were, as of December 31, 2015, and are currently, in compliance with these financial covenants.

In connection with our entry into the June 2015 credit agreement and termination of the previous credit agreement, we recorded a loss on extinguishment and modification of debt of \$16.8 million, which was comprised of \$16.0 million related to the expensing of unamortized deferred financing costs and unamortized original issue discount associated with extinguished debt and \$0.8 million related to new third party fees associated with modified debt.

Exchangeable Senior Notes

In August 2014, we completed a private placement of the 2021 Notes. Interest on the 2021 Notes is payable semi-annually in cash in arrears on February 15 and August 15 of each year, beginning on February 15, 2015, at a rate of 1.875% per year. In certain circumstances, we may be required to pay additional amounts as a result of any applicable tax withholding or deductions required in respect of payments on the 2021 Notes. The 2021 Notes mature on August 15, 2021, unless earlier exchanged, repurchased or redeemed.

The holders of the 2021 Notes have the ability to require us to repurchase all or a portion of their 2021 Notes for cash in the event Jazz Pharmaceuticals plc undergoes certain fundamental changes. Prior to August 15, 2021, we may redeem the 2021 Notes, in whole but not in part, subject to compliance with certain conditions, if we have, or on the next interest payment date would, become obligated to pay to the holder of any 2021 Note additional amounts as a result of certain tax-related events. We also may redeem the 2021 Notes on or after August 20, 2018, in whole or in part, if the last reported sale price per ordinary share has been at least 130% of the exchange price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide the notice of redemption.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The 2021 Notes are exchangeable at an initial exchange rate of 5.0057 ordinary shares per \$1,000 principal amount of 2021 Notes, which is equivalent to an initial exchange price of approximately \$199.77 per ordinary share. Upon exchange, the 2021 Notes may be settled in cash, ordinary shares or a combination of cash and ordinary shares, at our election. Our intent and policy is to settle the principal amount of the 2021 Notes in cash upon exchange. The exchange rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain make-whole fundamental changes occurring prior to the maturity date of the 2021 Notes or upon our issuance of a notice of redemption, we will in certain circumstances increase the exchange rate for holders of the 2021 Notes who elect to exchange their 2021 Notes in connection with that make-whole fundamental change or during the related redemption period. Prior to February 15, 2021, the 2021 Notes will be exchangeable only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

The 2021 Notes were issued by Jazz Investments I Limited, or the Issuer, a 100%-owned finance subsidiary of Jazz Pharmaceuticals plc. The Issuer's obligations under the 2021 Notes are fully and unconditionally guaranteed on a senior unsecured basis by Jazz Pharmaceuticals plc. No subsidiary of Jazz Pharmaceuticals plc guaranteed the 2021 Notes. Subject to certain local law restrictions on payment of dividends, among other things, and potential negative tax consequences, we are not aware of any significant restrictions on the ability of Jazz Pharmaceuticals plc to obtain funds from the Issuer or Jazz Pharmaceuticals plc's other subsidiaries by dividend or loan, or any legal or economic restrictions on the ability of the Issuer or Jazz Pharmaceuticals plc's other subsidiaries to transfer funds to Jazz Pharmaceuticals plc in the form of cash dividends, loans or advances. There is no assurance that in the future such restrictions will not be adopted.

In accounting for the issuance of the 2021 Notes, we separated the 2021 Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the estimated fair value of a similar liability that does not have an associated exchange feature. The carrying amount of the equity component representing the exchange option was determined by deducting the fair value of the liability component from the face value of the 2021 Notes as a whole. The excess of the principal amount of the liability component over its carrying amount will be amortized to interest expense over the expected life of the 2021 Notes using the effective interest method with an effective interest rate of 6.4% per annum. We have determined the expected life of the 2021 Notes to be equal to the original seven-year term. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. As of December 31, 2015, the "if-converted value" did not exceed the principal amount of the 2021 Notes.

We allocated the total issuance costs incurred of \$16.1 million to the liability and equity components based on their relative values. Issuance costs attributable to the liability component will be amortized to expense over the term of the 2021 Notes, and issuance costs attributable to the equity component were included with the equity component in our shareholders' equity.

For the years ended December 31, 2015 and 2014, we recognized \$26.5 million and \$9.9 million, respectively, in interest expense, net related to the contractual coupon rate and amortization of the debt discount on the 2021 Notes.

As of December 31, 2015, the carrying value of the equity component of the 2021 Notes, net of equity issuance costs, was \$126.9 million.

Scheduled maturities with respect to our long-term debt are as follows (in thousands):

Year Ending December 31,	Scheduled Long-Term Debt Maturities
2016	\$ 37,587
2017	42,280
2018	61,034
2019	79,789
2020	520,420
Thereafter	575,028
Total	\$1,316,138

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. Deferred Revenue

The deferred revenue balance primarily relates to an agreement we have with UCB Pharma Limited, or UCB, under which UCB has the right to market Xyrem for certain indications in various countries outside of the U.S. We recognized contract revenues of \$1.1 million during each of 2015, 2014 and 2013 relating to two upfront payments received from UCB in 2006 totaling \$15.0 million. The deferred revenue balance related to this agreement is being recognized ratably through 2019.

11. Commitments and Contingencies

Indemnification

In the normal course of business, we enter into agreements that contain a variety of representations and warranties and provide for general indemnification, including indemnification associated with product liability or infringement of intellectual property rights. Our exposure under these agreements is unknown because it involves future claims that may be made but have not yet been made against us. To date, we have not paid any claims or been required to defend any action related to these indemnification obligations.

We have agreed to indemnify our officers, directors and certain other employees for losses and costs incurred in connection with certain events or occurrences, including advancing money to cover certain costs, subject to certain limitations. The maximum potential amount of future payments we could be required to make under the indemnification obligations is unlimited; however, we maintain insurance policies that may limit our exposure and may enable us to recover a portion of any future amounts paid. Assuming the applicability of coverage, the willingness of the insurer to assume coverage, and subject to certain retention, loss limits and other policy provisions, we believe the fair value of these indemnification obligations is not significant. Accordingly, we have not recognized any liabilities relating to these obligations as of December 31, 2015 and December 31, 2014. No assurances can be given that the covering insurers will not attempt to dispute the validity, applicability, or amount of coverage without expensive litigation against these insurers, in which case we may incur substantial liabilities as a result of these indemnification obligations.

Lease and Other Commitments

We have noncancelable operating leases for our office buildings and we are obligated to make payments under noncancelable operating leases for automobiles used by our sales force.

Lease expense under our operating leases was as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Lease expense	\$10,479	\$10,678	\$9,114

Future minimum lease payments under our noncancelable operating and facility leases at December 31, 2015, were as follows (in thousands):

Year ending December 31,	Lease Payments
2016	\$ 11,757
2017	12,709
2018	8,310
2019	7,165
2020	6,735
Thereafter	66,562
Total	\$113,238

In January 2015, we entered into an agreement to lease office space located in Palo Alto, California in a building to be constructed by the landlord. We expect to occupy this office space by the end of 2017. The lease has a term of 12 years from the commencement date as defined in the lease agreement and we have an option to extend the term of the lease twice for a period of five years each. We are

Form 10-K

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

obligated to make lease payments totaling approximately \$88 million over the initial term of the lease. In connection with this lease, the landlord is providing a tenant improvement allowance for the costs associated with the design, development and construction of tenant improvements for the leased facility. We are obligated to fund all costs incurred in excess of the tenant improvement allowance. The scope of the planned tenant improvements do not qualify as “normal tenant improvements” under the lease accounting guidance. Accordingly, for accounting purposes, we have concluded we are the deemed owner of the building during the construction period. As of December 31, 2015, we recorded project construction costs of \$4.4 million incurred by the landlord as construction-in-progress in property and equipment, net and a corresponding financing obligation in other non-current liabilities in our consolidated balance sheets. We will increase the asset and financing obligation as additional building costs are incurred by the landlord during the construction period. In the year ended December 31, 2015, we recorded rent expense associated with the ground lease of \$1.8 million in our consolidated statements of income.

As of December 31, 2015, we had \$97.5 million of noncancelable purchase commitments due within one year, primarily related to agreements with third party manufacturers.

Legal Proceedings

We are involved in legal proceedings, including the following matters:

Xyrem ANDA Matters. On October 18, 2010, we received a notice of Paragraph IV Certification from Roxane that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Roxane’s initial notice alleged that all five patents then listed for Xyrem in the FDA’s publication “Approved Drug Products with Therapeutic Equivalence Evaluations,” or Orange Book, on the date of the notice are invalid, unenforceable or not infringed by Roxane’s proposed generic product. On November 22, 2010, we filed a lawsuit against Roxane in response to Roxane’s initial notice in the U.S. District Court for the District of New Jersey, or the District Court, seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe our patents. In accordance with the Hatch-Waxman Act, as a result of our having filed a timely lawsuit against Roxane, FDA approval of Roxane’s ANDA was stayed for 30 months, or until April 2013. That stay has expired. Additional patents covering Xyrem have been issued since December 2010, and after receiving Paragraph IV Certification notices from Roxane with respect to those patents, we have filed additional lawsuits against Roxane to include these additional patents in the litigation. All of the lawsuits filed against Roxane between 2010 and 2012 have been consolidated by the District Court into a single case, or the first Roxane consolidated case, alleging that 10 of our patents covering Xyrem are or will be infringed by Roxane’s ANDA and seeking a permanent injunction to prevent Roxane from launching a generic version of Xyrem that would infringe these patents. After receiving additional Paragraph IV Certification notices from Roxane, on February 20, 2015 and June 1, 2015, we filed two actions against Roxane in the District Court that have since been consolidated, or the second Roxane consolidated case, alleging that four of our patents covering Xyrem are or will be infringed by Roxane’s ANDA and seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe those patents. After receiving an additional Paragraph IV Certification notice from Roxane on December 14, 2015, we filed an action against Roxane on January 27, 2016 alleging that one of our patents covering Xyrem is or will be infringed by Roxane’s ANDA and seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe that patent.

In December 2013, the District Court permitted Roxane to amend its answer in the first Roxane consolidated case to allege certain equitable defenses, and the parties were given additional time for discovery on those new defenses. In addition, in March 2014, the District Court granted our motion to bifurcate and stay the portion of the first Roxane consolidated case regarding patents related to the distribution system for Xyrem. Although no trial date has been scheduled, based on the District Court’s current schedule, we anticipate that trial on the patents in the first Roxane consolidated case that are not subject to the stay could occur as early as the second quarter of 2016. We do not have any estimate of a possible trial date for trial on the patents in the first Roxane consolidated case that are currently subject to the stay or for any other Roxane cases.

On April 20, 2015, Roxane moved in the second Roxane consolidated case to dismiss claims involving our patent covering a part of the Xyrem label that instructs prescribers on adjusting the dose of Xyrem when it is being co-administered with divalproex sodium (also known as valproate or valproic acid) on the grounds that this patent does not cover patentable subject matter. On October 29, 2015, the District Court administratively terminated this motion to dismiss (without prejudice) pending the outcome of IPR proceedings before the PTAB, relating to the patent that was the subject of Roxane’s motion. The actual timing of events in our litigation with Roxane may be significantly earlier or later than we currently anticipate. We cannot predict the specific timing or outcome of events in these matters or the impact of these matters on any of the Roxane cases or other ongoing proceedings with any ANDA filer.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On December 10, 2012, we received notice of Paragraph IV Certification from Amneal Pharmaceuticals, LLC, or Amneal, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On January 18, 2013, we filed a lawsuit against Amneal in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Amneal's ANDA and seeking a permanent injunction to prevent Amneal from introducing a generic version of Xyrem that would infringe these patents. On November 21, 2013, we received notice of Paragraph IV Certification from Par Pharmaceutical, Inc., or Par, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On December 27, 2013, we filed a lawsuit against Par in the District Court, alleging that our patents covering Xyrem are infringed or will be infringed by Par's ANDA and seeking a permanent injunction to prevent Par from introducing a generic version of Xyrem that would infringe these patents.

In April 2014, Amneal asked the District Court to consolidate its case with the Par case, stating that both cases would proceed on the schedule for the Par case. The District Court granted this request in May 2014. The order consolidating the cases provides that Amneal's 30-month stay period will be extended to coincide with the date of Par's 30-month stay period. As a result, FDA's approval of both Amneal's and Par's ANDAs is stayed until the earlier of (i) May 20, 2016, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed.

Additional patents covering Xyrem have issued since April 2014 and have been listed in the Orange Book for Xyrem. Amneal and Par have given us additional notices of Paragraph IV Certifications regarding such patents, and we have filed additional lawsuits against Amneal and Par in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Amneal's and Par's ANDAs and seeking a permanent injunction to prevent Amneal and Par from introducing a generic version of Xyrem that would infringe these patents.

On June 4, 2014, we received a notice of Paragraph IV Certification from Ranbaxy Laboratories Limited, or Ranbaxy, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On July 15, 2014, we filed a lawsuit against Ranbaxy in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Ranbaxy's ANDA and seeking a permanent injunction to prevent Ranbaxy from introducing a generic version of Xyrem that will infringe these patents. Since June 2014, we have received additional notices of Paragraph IV Certification from Ranbaxy regarding newly issued patents for Xyrem listed in the Orange Book, and we have filed additional lawsuits against Ranbaxy in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Ranbaxy's ANDA and seeking a permanent injunction to prevent Ranbaxy from introducing a generic version of Xyrem that would infringe these patents.

On October 30, 2014, we received a notice of Paragraph IV Certification from Watson Laboratories, Inc., or Watson, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On December 11, 2014, we filed a lawsuit against Watson in the District Court alleging that our patents covering Xyrem are or will be infringed by Watson's ANDA and seeking a permanent injunction to prevent Watson from introducing a generic version of Xyrem that would infringe these patents. On March 23, 2015, Watson moved to dismiss the portion of the case based on our Orange Book-listed patents covering the distribution system for Xyrem on the grounds that these patents do not cover patentable subject matter. On November 4, 2015, the District Court administratively terminated this motion to dismiss (without prejudice) pending the outcome of IPR proceedings before the PTAB relating to the patents that were the subject of Watson's motion. Since March 2015, we have received an additional notice of Paragraph IV Certification from Watson regarding newly issued patents for Xyrem listed in the Orange Book, and we have filed an additional lawsuit against Watson in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Watson's ANDA and seeking a permanent injunction to prevent Watson from introducing a generic version of Xyrem that would infringe these patents.

In April 2015, the District Court issued an order that consolidated all then-pending lawsuits against Amneal, Par, Ranbaxy and Watson into one case.

On June 8, 2015, we received a Paragraph IV Certification from Wockhardt Bio AG, or Wockhardt, that it has submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On July 17, 2015, we filed a lawsuit in the District Court alleging that our patents covering Xyrem are or will be infringed by Wockhardt's ANDA and seeking a permanent injunction to prevent Wockhardt from introducing a generic version of Xyrem that would infringe our patents. Since July 2015, we have received an additional notice of Paragraph IV Certification from Wockhardt regarding newly issued patents listed in the Orange Book, and we have filed an additional lawsuit against Wockhardt in the District Court alleging that our patents covering Xyrem are infringed or will be infringed by Watson's ANDA and seeking a permanent injunction to prevent Watson from introducing a generic version of Xyrem that would infringe these patents.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On July 23, 2015, we received a Paragraph IV Certification from Lupin Inc., or Lupin, that it has submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. On September 2, 2015, we filed a lawsuit in the District Court alleging that our patents covering Xyrem are or will be infringed by Lupin's ANDA and seeking a permanent injunction to prevent Lupin from introducing a generic version of Xyrem that would infringe our patents.

On January 14, 2016, the District Court issued an order consolidating all of the cases then pending against Amneal, Par, Ranbaxy, Watson, Wockhardt and Lupin into a single case for all purposes. We cannot predict the timing or outcome of events in this matter or the impact of developments involving any specific parties or patents on other ongoing proceedings with any ANDA filer.

Xyrem Post-Grant Patent Review Matters. In January 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of six patents covering the distribution system for Xyrem. In July 2015, the PTAB issued decisions instituting IPR trials with respect to these petitions, and we expect the PTAB to issue final decisions on the validity of the patents in July 2016. In September 2015, certain of the ANDA filers filed a petition for IPR with respect to the validity of an additional patent covering the distribution system for Xyrem. In October 2015, certain of the ANDA filers filed petitions for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium (also known as valproate or valproic acid). In December 2015, Wockhardt filed a petition for IPR with respect to the validity of one of our patents covering the formulation of Xyrem. In February 2016, Amneal filed a petition for IPR with respect to the validity of one of our patents covering a method for prescribing Xyrem when it is being co-administered with divalproex sodium. We cannot predict whether additional post-grant patent review challenges will be filed by any of the ANDA filers or any other entity, the outcome of any IPR or other proceeding, whether the PTAB will institute any petitioned IPR proceeding that has not yet been instituted, or the impact any IPR or other proceeding might have on ongoing ANDA litigation proceedings or other aspects of our Xyrem business.

Cutler Matter. On October 19, 2011, Dr. Neal Cutler, one of the original owners of FazaClo, filed a complaint against Azur Pharma Public Limited Company, or Azur Pharma, and one of its subsidiaries, as well as Avanir Pharmaceuticals, Inc., or Avanir, in the California Superior Court in the County of Los Angeles, or the Superior Court. The complaint alleged that Azur Pharma and its subsidiary breached certain contractual obligations that would have required Azur Pharma to pay Cutler approximately \$35 million under a contract it assumed when it acquired FazaClo from Avanir in 2007, and further alleged that Cutler was entitled to unspecified punitive damages and attorneys' fees. On December 21, 2015, Cutler filed a First Amended Complaint, and the Superior Court set a trial date for July 2016. Effective February 10, 2016, we entered into a settlement agreement with Cutler resolving all claims in the lawsuit. The settlement amount was included within accrued liabilities in our consolidated balance sheet as of December 31, 2015.

From time to time we are involved in legal proceedings arising in the ordinary course of business. We believe there is no other litigation pending that could have, individually or in the aggregate, a material adverse effect on our results of operations or financial condition.

Other Contingencies

We have not previously submitted pricing data for two radiopharmaceutical products, Quadramet® (samarium sm 153 lexitronam injection) and ProstaScint® (capromab pendetide), for Medicaid and the Public Health Service's 340B drug pricing discount program. We engaged in interactions with the Centers for Medicare and Medicaid Services, or CMS, and a trade group, the Council on Radionuclides and Radiopharmaceuticals, or CORAR, regarding the reporting of Medicaid pricing data and paying Medicaid rebates for radiopharmaceutical products. In addition to the discussions with CMS as part of CORAR, we have had separate discussions with CMS directly regarding Quadramet. We sold Quadramet to a third party in December 2013, but we retained any liabilities related to sales of the product during prior periods. Similarly, we sold ProstaScint to a third party in May 2015, but we retained any liabilities related to sales of the product during prior periods. We are currently unable to predict whether price reporting and rebates will be required for Quadramet and ProstaScint and, if so, for what period they will be required. The initiation of any reporting of Medicaid pricing data for Quadramet or ProstaScint could result in retroactive 340B ceiling price liability for these two products. We are currently unable to reasonably estimate an amount or range of a potential contingent loss. Any material liability resulting from radiopharmaceutical price reporting would negatively impact our financial results.

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Shareholders' Equity

Share Repurchase Program

In May 2013, our board of directors authorized a share repurchase program pursuant to which we were authorized to repurchase a number of ordinary shares having an aggregate repurchase price of up to \$200.0 million, exclusive of any brokerage commissions. In August 2015, we completed repurchases under the May 2013 share repurchase program. On November 5, 2015, our board of directors authorized a new share repurchase program pursuant to which we are authorized to repurchase a number of ordinary shares having an aggregate purchase price of up to \$300.0 million, exclusive of any brokerage commissions. Under this share repurchase program, which has no expiration date, we may repurchase ordinary shares from time to time on the open market. The timing and amount of repurchases will be at management's discretion and will depend on a variety of factors, including the price of our ordinary shares, alternative investment opportunities, restrictions under the June 2015 credit agreement, corporate and regulatory requirements and market conditions. The share repurchase program may be modified, suspended or discontinued at any time without prior notice. In 2015, under both repurchase programs, we spent a total of \$61.6 million to repurchase 0.4 million of our ordinary shares at an average total purchase price, including brokerage commissions, of \$150.24 per share. All ordinary shares repurchased were canceled. As of December 31, 2015, the remaining amount authorized under the November 2015 share repurchase program was \$259.8 million.

Authorized But Unissued Ordinary Shares

We had reserved the following shares of authorized but unissued ordinary shares (in thousands):

	December 31, 2015
2011 Equity Incentive Plan	11,900
2007 Equity Incentive Plan	937
2007 Employee Stock Purchase Plan	512
Amended and Restated 2007 Non-Employee Directors Stock Option Plan	451
Amended and Restated Directors Deferred Compensation Plan	178
Total	<u>13,978</u>

13. Comprehensive Income (Loss)

Comprehensive income (loss) includes net income and all changes in shareholders' equity during a period, except for those changes resulting from investments by shareholders or distributions to shareholders.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss attributable to Jazz Pharmaceuticals plc at December 31, 2015 and December 31, 2014 were as follows (in thousands):

	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Loss
Balance at December 31, 2014	\$(122,097)	\$(122,097)
Other comprehensive loss	(145,375)	(145,375)
Balance at December 31, 2015	<u>\$(267,472)</u>	<u>\$(267,472)</u>

In 2015, other comprehensive loss reflects foreign currency translation adjustments, primarily due to the strengthening of the U.S. dollar against the euro, resulting in a reduction in the dollar value of certain non-current euro denominated assets.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. Segment and Other Information

Our operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker or, CODM. Our CODM has been identified as our chief executive officer. We have determined that we operate in one business segment, which is the development and commercialization of meaningful products that address unmet medical needs. The following table presents a summary of total revenues (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Xyrem	\$ 955,187	\$ 778,584	\$569,113
Erwinaze/Erwinase	203,261	199,665	174,251
Defitelio/defibrotide	70,731	70,537	—
Prialt® (ziconotide) intrathecal infusion	26,440	26,421	27,103
Psychiatry	37,135	40,879	49,226
Other	24,065	46,630	45,705
Product sales, net	1,316,819	1,162,716	865,398
Royalties and contract revenues	7,984	10,159	7,025
Total revenues	\$1,324,803	\$1,172,875	\$872,423

The following table presents a summary of total revenues attributed to geographic sources (in thousands):

	Year Ended December 31,		
	2015	2014	2013
United States	\$1,192,879	\$1,007,396	\$792,518
Europe	103,614	126,715	61,843
All other	28,310	38,764	18,062
Total revenues	\$1,324,803	\$1,172,875	\$872,423

The following table presents a summary of the percentage of total revenues from customers that represented more than 10% of our total revenues:

	Year Ended December 31,		
	2015	2014	2013
Express Scripts	72%	66%	65%
Accredo Health Group, Inc.	6%	14%	16%

The following table presents total long-lived assets by location (in thousands):

	December 31,	
	2015	2014
Ireland	\$62,795	\$37,775
United States	12,794	9,795
Italy	7,928	8,462
Other	2,055	2,331
Total long-lived assets (1)	\$85,572	\$58,363

(1) Long-lived assets consist of property and equipment.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

15. Share-Based Compensation

2011 Equity Incentive Plan

On January 18, 2012, the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma were combined in a merger transaction, or the Azur Merger. In connection with the Azur Merger, Jazz Pharmaceuticals, Inc.'s board of directors adopted the 2011 Equity Incentive Plan, or the 2011 Plan, in October 2011 and its stockholders approved the 2011 Plan at the special meeting of the stockholders held in December 2011 in connection with the Azur Merger. The 2011 Plan became effective immediately before the consummation of the Azur Merger and was assumed and adopted by us upon the consummation of the Azur Merger. The terms of the 2011 Plan provide for the grant of stock options, stock appreciation rights, restricted stock awards, RSUs, other stock awards, and performance awards that may be settled in cash, shares, or other property. All outstanding grants under the 2011 Plan were granted to employees and vest ratably over service periods of four years and expire no more than 10 years after the date of grant. As of December 31, 2015, a total of 16,278,263 of our ordinary shares had been authorized for issuance under the 2011 Plan. In addition, the share reserve under the 2011 Plan will automatically increase on January 1 of each year through January 1, 2022, by the least of (a) 4.5% of the total number of ordinary shares outstanding on December 31 of the preceding calendar year, (b) 5,000,000 shares, or (c) such lesser number of ordinary shares as determined by our board of directors. On January 1, 2016, the share reserve under the 2011 Plan automatically increased by 2,758,722 ordinary shares pursuant to this provision.

2007 Equity Incentive Plan

The 2007 Equity Incentive Plan, or the 2007 Plan, which was initially adopted by the Jazz Pharmaceuticals, Inc. board of directors and approved by the Jazz Pharmaceuticals, Inc. stockholders in connection with its initial public offering, was continued and assumed by us upon consummation of the Azur Merger. The 2007 Plan provided for the grant of stock options, restricted stock awards, RSUs, stock appreciation rights, performance stock awards and other forms of equity compensation to employees, including officers, non-employee directors and consultants. Prior to the consummation of the Azur Merger, all of the grants under the 2007 Plan were granted to employees and vest ratably over service periods of three to five years and expire no more than 10 years after the date of grant. Effective as of the closing of the Azur Merger on January 18, 2012, the number of shares reserved for issuance under the 2007 Plan was set to 1,000,000 ordinary shares. The share reserve under the 2007 Plan will not automatically increase. Since the Azur Merger, all of the new grants under the 2007 Plan were granted to non-employee directors, vest ratably over service periods of one to three years and expire no more than 10 years after the date of grant.

2007 Employee Stock Purchase Plan

In 2007, Jazz Pharmaceuticals, Inc.'s employees became eligible to participate in the Employee Stock Purchase Plan, or ESPP. The ESPP was amended and restated by Jazz Pharmaceuticals, Inc.'s board of directors in October 2011 and approved by its stockholders in December 2011. The amended and restated ESPP became effective immediately prior to the effective time of the Azur Merger and was assumed by us upon the consummation of the Azur Merger. The amended and restated ESPP allows our eligible employee participants (including employees of any of a parent or subsidiary company if our board of directors designates such company as eligible to participate) to purchase our ordinary shares at a discount of 15% through payroll deductions. The ESPP consists of a fixed offering period of 24 months with four purchase periods within each offering period. The number of shares available for issuance under our ESPP during any six-month purchase period is 175,000 shares. As of December 31, 2015, a total of 2,660,000 of our ordinary shares had been authorized for issuance under the ESPP. The share reserve under the ESPP will automatically increase on January 1 of each year through January 1, 2022, by the least of (a) 1.5% of the total number of ordinary shares outstanding on December 31 of the preceding calendar year, (b) 1,000,000 shares, or (c) such lesser number of ordinary shares as determined by our board of directors or a duly-authorized committee thereof. Our compensation committee determined not to automatically increase the share reserve under the ESPP on January 1, 2016.

Amended and Restated 2007 Non-Employee Directors Stock Option Plan

The Amended and Restated 2007 Non-Employee Directors Stock Option Plan, or the 2007 Directors Option Plan, which was initially adopted by the Jazz Pharmaceuticals, Inc. board of directors and approved by the Jazz Pharmaceuticals, Inc. stockholders in connection with its initial public offering, was continued and assumed by us upon the consummation of the Azur Merger. Until October 2011, the 2007 Directors Option Plan provided for the automatic grant of stock options to purchase shares of Jazz Pharmaceuticals, Inc.'s common stock to its non-employee directors initially at the time any individual first became a non-employee director, which vest over three years, and then annually over their period of service on its board of directors, which vest over one year. On October 24, 2011, Jazz Pharmaceuticals, Inc.'s

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

board of directors amended the 2007 Directors Option Plan to eliminate all future initial and annual automatic grants so that future automatic grants would not be made that would be subject to the excise tax imposed by Section 4985 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, in connection with the Azur Merger. Accordingly, all future stock option grants under the 2007 Directors Option Plan will be at the discretion of our board of directors. Since the Azur Merger, all of the new grants under the 2007 Directors Option Plan were granted to non-employee directors and vest ratably over service periods of one to three years and expire no more than 10 years after the date of grant. In addition, the 2007 Directors Option Plan provides the source of shares to fund distributions made prior to August 15, 2010 under the Directors Deferred Compensation Plan described below. As of December 31, 2015, a total of 869,768 of our ordinary shares had been authorized for issuance under the 2007 Directors Option Plan. The number of shares reserved for issuance under the 2007 Directors Plan automatically increases on each January 1, from January 1, 2008 through (and including) January 1, 2017, by the excess of (a) the number of shares subject to options granted, over (b) the number of shares added back to the share reserve, in each case, during the preceding calendar year under the 2007 Directors Plan; provided, that, for any year, the automatic increase may not exceed 200,000 shares and the board of directors may approve a lesser, or no, automatic increase. On January 1, 2016, the share reserve under the 2007 Directors Option Plan automatically increased by 34,150 ordinary shares pursuant to this provision.

Amended and Restated Directors Deferred Compensation Plan

In May 2007, the Jazz Pharmaceuticals, Inc. board of directors adopted the Directors Deferred Compensation Plan, or the Directors Deferred Plan, which was amended in December 2008 and was then amended and restated in August 2010, and which was continued and assumed by us upon consummation of the Azur Merger. The Directors Deferred Plan allows each non-employee director to elect to defer receipt of all or a portion of his or her annual retainer fees to a future date or dates. Amounts deferred under the Directors Deferred Plan are credited as shares of Jazz Pharmaceuticals, Inc.'s common stock (or our ordinary shares following the Azur Merger) to a phantom stock account, the number of which are based on the amount of the retainer fees deferred divided by the market value of Jazz Pharmaceuticals, Inc.'s common stock (or our ordinary shares following the Azur Merger) on the first trading day of the first open window period following the date the retainer fees are deemed earned. On the 10th business day following the day of separation from the board of directors or the occurrence of a change in control, or as soon thereafter as practical once the non-employee director has provided the necessary information for electronic deposit of the deferred shares, each non-employee director will receive (or commence receiving, depending upon whether the director has elected to receive distributions from his or her phantom stock account in a lump sum or in installments over time) a distribution of his or her phantom stock account, in our ordinary shares (i) reserved under the 2007 Directors Option Plan prior to August 15, 2010 and (ii) from a new reserve of 200,000 shares set up under the Directors Deferred Plan on August 15, 2010. Although we continue to maintain the Directors Deferred Plan, since the consummation of the Azur Merger we have not permitted and will not permit non-employee directors to defer any annual retainer fees under the Directors Deferred Plan. We recorded no expense in 2015, 2014 and 2013 related to retainer fees earned and deferred. As of December 31, 2015, 14,499 of our ordinary shares that were unissued related to retainer fees that were deferred under the Directors Deferred Plan.

Share-Based Compensation

The table below shows, for all share option grants, the weighted-average assumptions used in the Black-Scholes option pricing model and the resulting weighted-average grant date fair value of share options granted in each of the past three years:

	Year Ended December 31,		
	2015	2014	2013
Grant date fair value	\$ 57.19	\$ 60.29	\$ 29.09
Volatility	39%	45%	58%
Expected term (years)	4.2	4.3	4.4
Range of risk-free rates	1.1-1.5%	1.1-1.4%	0.5-1.4%
Expected dividend yield	— %	— %	— %

We rely on a blend of the historical and implied volatilities of our own ordinary shares to determine expected volatility for share option grants. In addition, we use a single volatility estimate for each share option grant. The weighted-average volatility is determined by calculating the weighted average of volatilities for all share options granted in a given year.

The expected term of share option grants represents the weighted-average period the awards are expected to remain outstanding and our estimates were based on historical exercise data. The risk-free interest rate assumption was based on zero coupon U.S. Treasury

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

instruments whose term was consistent with the expected term of our share option grants. The expected dividend yield assumption was based on our history and expectation of dividend payouts.

Share-based compensation expense related to share options, RSUs and grants under our ESPP was as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Selling, general and administrative	\$ 74,653	\$ 55,083	\$ 35,674
Research and development	13,356	12,179	6,673
Cost of product sales	3,541	2,376	2,204
Total share-based compensation expense, pre-tax	91,550	69,638	44,551
Tax benefit from share-based compensation expense	(26,608)	(20,795)	(13,822)
Total share-based compensation expense, net of tax	<u>\$ 64,942</u>	<u>\$ 48,843</u>	<u>\$ 30,729</u>

We realized tax benefits related to share option exercises of \$15.4 million, \$11.8 million and \$6.7 million in 2015, 2014 and 2013, respectively.

Share Options

The following table summarizes information as of December 31, 2015 and activity during 2015 related to our share option plans:

	Shares Subject to Outstanding Options (In thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding at January 1, 2015	3,870	\$ 72.77		
Options granted	1,118	173.30		
Options exercised	(732)	45.04		
Options forfeited	(319)	118.05		
Options expired	—	—		
Outstanding at December 31, 2015	<u>3,937</u>	102.81	7.4	\$198,666
Vested and expected to vest at December 31, 2015	3,731	99.87	7.3	196,654
Exercisable at December 31, 2015	1,992	64.48	6.3	159,156

Aggregate intrinsic value shown in the table above is equal to the difference between the exercise price of the underlying share options and the fair value of our ordinary shares for share options that were in the money. The aggregate intrinsic value changes based on the fair market value of our ordinary shares. The aggregate intrinsic value of share options exercised was \$93.3 million, \$138.2 million and \$46.0 million during 2015, 2014 and 2013, respectively. We issued new ordinary shares upon exercise of share options.

As of December 31, 2015, total compensation cost not yet recognized related to unvested share options was \$75.2 million, which is expected to be recognized over a weighted-average period of 2.4 years.

As of December 31, 2015, total compensation cost not yet recognized related to grants under the ESPP was \$4.0 million, which is expected to be recognized over a weighted-average period of less than one year.

Restricted Stock Units

In 2015, we granted RSUs covering an equal number of our ordinary shares to employees with a weighted-average grant date fair value of \$173.25. The fair value of RSUs is determined on the date of grant based on the market price of our ordinary shares as of that date. The fair value of the RSUs is recognized as expense ratably over the vesting period of four years. In 2015, 414,000 RSUs were released with 265,000 ordinary shares issued and 149,000 ordinary shares withheld for tax purposes. The total fair value of shares vested was \$72.2 million, \$50.9 million and \$16.1 million during 2015, 2014 and 2013, respectively.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of December 31, 2015, total compensation cost not yet recognized related to unvested RSUs was \$84.9 million, which is expected to be recognized over a weighted-average period of 2.1 years.

The following table summarizes information as of December 31, 2015 and activity during 2015 related to our RSUs:

	Number of RSUs (in thousands)	Weighted- Average Grant-Date Fair Value	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding at January 1, 2015	1,188	\$ 96.41		
RSUs granted	430	173.25		
RSUs released	(414)	86.03		
RSUs forfeited	(150)	113.44		
RSUs expired	—	—		
Outstanding at December 31, 2015	<u>1,054</u>	129.40	1.2	\$148,172

16. Employee Benefit Plans

We operate a number of defined contribution retirement plans. The costs of these plans are charged to the consolidated statements of income in the period they are incurred. We recorded expense related to our defined contribution plans of \$2.2 million, \$2.0 million and \$1.1 million in 2015, 2014 and 2013, respectively. In Ireland, we operate a defined contribution plan in which we contribute up to 8% of an employee's eligible earnings. We recorded expense of \$0.6 million, \$0.5 million and \$0.3 million in 2015, 2014 and 2013, respectively, in connection with the contributions we made under the Irish defined contribution plan. In the United States, we provide a qualified 401(k) savings plan for our U.S.-based employees. All U.S.-based employees are eligible to participate, provided they meet the requirements of the plan. In 2013, we elected to match certain employee contributions under the 401(k) savings plan and recorded expense of \$1.1 million, \$1.0 million and \$0.4 million in 2015, 2014 and 2013, respectively. In the United Kingdom, we operate a defined contribution plan in which we contribute up to 12% of an employee's eligible earnings. We recorded expense of \$0.4 million, \$0.5 million and \$0.4 million in 2015, 2014 and 2013, respectively, in connection with contributions we made under the U.K. defined contribution plan. In France, we accrue for a potential liability which is payable if an employee retires. The accrued liability for France was \$0.2 million, \$0.4 million and \$0.3 million as of December 31, 2015, 2014 and 2013, respectively. In Italy, we accrue for a potential liability which is payable if an employee leaves employment. The accrued liability for Italy was \$0.3 million and \$0.4 million as of December 31, 2015 and 2014, respectively.

17. Restructuring

In the fourth quarter of 2015, we recorded severance costs of \$1.1 million for terminated employees in connection with the reorganization of our operations in France. These one-time termination benefits were recorded over the remaining service period where employees were required to stay through their termination date to receive the benefits and included within cost of product sales and selling, general and administrative expenses in our consolidated statements of income. We expect to incur additional one-time termination benefit costs of \$0.6 million in 2016.

In 2014, we recorded severance costs for terminated employees in connection with our decision to discontinue sales representative-led promotion of our psychiatry products starting in 2015. In addition, we initiated a restructuring plan related to the consolidation of our U.K. office locations and recorded severance costs for terminated employees and facility closure costs in connection with this plan. The one-time termination benefits were recorded over the remaining service period where employees were required to stay through their termination date to receive the benefits. We recorded costs related to these one-time termination benefits of \$0.4 million and \$1.8 million in 2015 and 2014, respectively, within selling, general and administrative expenses in our consolidated statements of income. Facility closure costs of \$0.2 million and \$0.1 million were incurred in 2015 and 2014, respectively, and recorded within selling, general and administrative expenses in our consolidated statements of income.

In June 2012, we initiated a restructuring plan to re-align certain support functions across the company following the Azur Merger and the EUSA Acquisition. In connection with this restructuring plan, we incurred restructuring costs of \$1.5 million in the year ended December 31, 2013, which were recorded within selling, general and administrative expenses in our consolidated statements of income.

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the amounts related to restructuring through December 31, 2015 (in thousands):

	Termination Benefits	Facility Closure Costs	Total
Balance at December 31, 2012	\$ 1,227	\$ —	\$ 1,227
Expense	1,045	412	1,457
Payments	<u>(2,272)</u>	<u>(160)</u>	<u>(2,432)</u>
Balance at December 31, 2013	—	252	252
Expense	1,823	118	1,941
Payments	<u>—</u>	<u>(252)</u>	<u>(252)</u>
Balance at December 31, 2014	1,823	118	1,941
Expense	1,469	172	1,641
Payments	<u>(2,187)</u>	<u>(290)</u>	<u>(2,477)</u>
Balance at December 31, 2015	<u>\$ 1,105</u>	<u>\$ —</u>	<u>\$ 1,105</u>

The balances as of December 31, 2015, 2014 and 2013 were included within accrued liabilities in our consolidated balance sheets.

18. Income Taxes

The components of income before the income tax provision were as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Ireland	\$233,785	\$ 238,351	\$186,903
United States	285,420	222,328	132,855
Other	<u>(83,272)</u>	<u>(309,122)</u>	<u>(11,808)</u>
Total	<u>\$435,933</u>	<u>\$ 151,557</u>	<u>\$307,950</u>

The following table sets forth the details of the income tax provision (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Current			
Ireland	\$ 22,599	\$ 23,506	\$ 17,089
United States	116,301	97,679	71,964
Other	<u>28,708</u>	<u>16,469</u>	<u>12,682</u>
Total current income tax	<u>167,608</u>	<u>137,654</u>	<u>101,735</u>
Deferred, exclusive of other components below			
Ireland	494	2,323	8,353
United States	332	(15,003)	(3,513)
Other	<u>(40,532)</u>	<u>(30,743)</u>	<u>(14,937)</u>
Total deferred, exclusive of other components	<u>(39,706)</u>	<u>(43,423)</u>	<u>(10,097)</u>
Deferred, change in tax rates			
United States	294	—	—
Other	<u>(21,797)</u>	<u>—</u>	<u>—</u>
Total deferred, change in tax rates	<u>(21,503)</u>	<u>—</u>	<u>—</u>
Total deferred income tax benefit	<u>(61,209)</u>	<u>(43,423)</u>	<u>(10,097)</u>
Total income tax provision	<u>\$106,399</u>	<u>\$ 94,231</u>	<u>\$ 91,638</u>

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Our income tax provision was \$106.4 million, \$94.2 million and \$91.6 million in 2015, 2014 and 2013, respectively, related to tax arising on income in Ireland, the United States and certain other foreign jurisdictions, certain unrecognized tax benefits and various expenses not deductible for tax purposes.

The effective tax rates for 2015, 2014 and 2013 were 24.4%, 62.2% and 29.8%, respectively. After adjusting the income before income tax provision for the year ended December 31, 2014 by excluding a total of \$202.0 million in upfront and milestone payments for rights to JZP-110 and to defibrotide in the Americas, which were acquired by our subsidiaries in a non-taxable jurisdiction, the effective tax rate on the resulting income before income tax provision for 2014 was 26.7%. The effective tax rate for 2015 was higher than the Irish statutory rate of 12.5%, primarily due to income taxable at a rate higher than the Irish statutory rate, unrecognized tax benefits, and various expenses not deductible for tax purposes, partially offset by originating tax credits, deductions available in relation to subsidiary equity and reductions in tax rates in certain jurisdictions. The effective tax rates for 2014 and 2013 were higher than the Irish statutory rate of 12.5%, primarily due to income taxable at a rate higher than the Irish statutory rate, unrecognized tax benefits, current year losses in some jurisdictions for which no tax benefit is available and various expenses not deductible for tax purposes, partially offset by changes in U.S. state valuation allowances in 2014 and benefits from certain originating income tax credits. The decrease in the effective tax rate in 2015 compared to 2014 was primarily due to changes in income mix among the various jurisdictions in which we operate, increased originating tax credits, increased deductions available in relation to subsidiary equity and reductions in tax rates in certain jurisdictions, partially offset by the impact of impairments of intangible assets and changes in U.S. state valuation allowances during 2014. The decrease in the effective tax rate, after excluding the upfront and milestone payments, for 2014 compared to 2013 was primarily due to changes in income mix among the various jurisdictions in which we operate, changes in U.S. state valuation allowances and benefits from certain originating income tax credits. We are currently paying taxes in Ireland, the United States and certain other foreign jurisdictions where we have operations and either all net operating losses, or NOLs, have been utilized, or are restricted as a result of the Azur Merger.

The reconciliation between the statutory income tax rate applied to income before income tax provision and our effective income tax rate was as follows:

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutory income tax rate	12.5%	12.5%	12.5%
Foreign income tax rate differential	19.1%	50.0%	10.3%
Change in tax rate	(4.5)%	— %	— %
Research and other tax credits	(3.8)%	(9.4)%	(1.9)%
Change in unrecognized tax benefits	3.6%	6.2%	2.8%
Deduction on subsidiary equity	(2.7)%	(7.5)%	— %
Change in estimates	(1.0)%	(3.0)%	1.1%
Non-deductible compensation	1.9%	4.6%	1.3%
Change in valuation allowance	(0.6)%	5.7%	1.1%
Financing costs	(0.4)%	0.7%	— %
Acquisition-related costs	— %	3.1%	1.7%
Other	0.3%	(0.7)%	0.9%
Effective income tax rate	<u>24.4%</u>	<u>62.2%</u>	<u>29.8%</u>

Deferred income taxes reflect the tax effects of NOLs and tax credit carryforwards and the net temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes using currently enacted tax rates and regulations that are expected to be in effect when the differences are expected to be recovered or settled.

JAZZ PHARMACEUTICALS PLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Significant components of our net deferred tax assets/(liabilities) were as follows (in thousands):

	December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforwards	\$ 57,091	\$ 74,057
Tax credit carryforwards	36,797	23,946
Intangible assets	25,384	19,507
Share-based compensation	20,050	14,033
Accruals	32,355	36,157
Other	31,144	36,222
Total deferred tax assets	202,821	203,922
Valuation allowance	(33,949)	(29,697)
Net deferred tax assets	168,872	174,225
Deferred tax liabilities:		
Acquired intangible assets	(307,356)	(395,651)
Other	(33,138)	(39,124)
Total deferred tax liabilities	(340,494)	(434,775)
Net deferred tax liabilities	\$(171,622)	\$(260,550)

The net change in valuation allowance was \$4.3 million, \$9.0 million and \$3.2 million in 2015, 2014 and 2013, respectively.

The following table presents the breakdown between current and non-current deferred tax assets/(liabilities) (in thousands):

	Year Ended December 31,	
	2015	2014
Current deferred tax assets	\$ —	\$ 48,440
Current deferred tax liabilities	—	(9,430)
Non-current deferred tax assets	122,863	75,494
Non-current deferred tax liabilities	(294,485)	(375,054)
Net deferred tax liabilities	\$(171,622)	\$(260,550)

During November 2015, the FASB issued ASU 2015-17 which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified as non-current in a statement of financial position. We early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. Adoption of this ASU resulted in a reclassification of our net current deferred tax assets and liabilities to net non-current deferred tax assets and liabilities in our consolidated balance sheet as of December 31, 2015. No prior periods were retrospectively adjusted.

As of December 31, 2015, we had NOL carryforwards and tax credit carryforwards for U.S. federal income tax purposes of approximately \$227.7 million and \$60.5 million, respectively, available to reduce future income subject to income taxes. The NOL carryforwards are inclusive of \$97.1 million from the EUSA Acquisition in 2012. The federal NOL carryforwards will expire, if not utilized, in the tax years 2016 to 2034, and the federal tax credits will expire, if not utilized, in the tax years 2016 to 2035, with the exception of alternative minimum tax credits, which have no expiration date. In addition, we had approximately \$234.7 million of NOL carryforwards and \$7.0 million of tax credit carryforwards as of December 31, 2015 available to reduce future taxable income for state income tax purposes. The state NOL carryforwards will expire, if not utilized, in the tax years 2016 to 2034. The state tax credits have no expiration date. In addition, as of December 31, 2015, there were NOL carryforwards for income tax purposes of approximately \$64.8 million and \$65.3 million available to reduce future income subject to income taxes in the United Kingdom and Italy, respectively. The NOLs generated in the United Kingdom and Italy have no expiration period. We also had excess foreign tax credits, as of December 31, 2015, of \$4.2 million, which may only be utilized against certain sources of income. The excess foreign tax credits have no expiration period.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Utilization of certain of our NOL and tax credit carryforwards in the United States is subject to annual limitation due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code and similar state provisions. Such an annual limitation may result in the expiration of certain NOLs and tax credits before future utilization. We currently estimate that we have an annual limitation on the utilization of certain acquired federal NOLs and credits of \$23.5 million, before tax effect, for 2016 and a combined total of \$27.5 million, before tax effect, for 2017 to 2026. In addition, as a result of the Azur Merger, until 2022 we are subject to certain limitations under the Internal Revenue Code in relation to the utilization of U.S. NOLs to offset U.S. taxable income resulting from certain transactions.

Approximately \$170.4 million of both the U.S. federal and state NOL carryforwards as of December 31, 2015 included above resulted from exercises of employee share options and certain sales by employees of shares issued under other employee equity compensation plans. We have not recorded the tax benefit of the deduction related to these exercises and sales as deferred tax assets on our balance sheet. When we realize the tax benefit as a reduction to taxable income in our tax returns, we will account for the tax benefit as a credit to shareholders' equity rather than as a reduction of our income tax provision in our financial statements.

Valuation allowances require an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable. Such assessment is required on a jurisdiction-by-jurisdiction basis. Our valuation allowance was \$33.9 million and \$29.7 million as of December 31, 2015 and 2014, respectively, for certain U.S. state and foreign deferred tax assets which we maintain until sufficient positive evidence exists to support reversal. During 2015, as part of the overall change in valuation allowance, we recognized a net income tax expense of \$2.4 million relating to the creation of a valuation allowance against certain deferred tax assets primarily associated with NOLs arising during the year, partially offset by a release of a valuation allowance due to the impact of the reduction of tax rates in certain jurisdictions on certain deferred tax assets primarily associated with NOLs. During 2014, as part of the overall change in valuation allowance, we recognized a net income tax benefit of \$7.7 million relating to the net reversal of a valuation allowance against certain deferred tax assets associated with NOLs and tax credit carryforwards. During 2013, as part of the overall change in valuation allowance, we recognized an income tax expense of \$2.3 million relating to the creation of a valuation allowance against certain U.S. state deferred tax assets associated with tax credit carryforwards. We periodically evaluate the likelihood of the realization of deferred tax assets and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of tax audits and the regulatory approval of products currently under development. Realization of substantially all the deferred tax assets is dependent on future book income.

Temporary differences related to investments in foreign subsidiaries totaled approximately \$983.8 million and \$736.9 million as of December 31, 2015 and 2014, respectively. In the event of the distribution of those earnings in the form of dividends, a sale of the subsidiaries, or certain other transactions, we may be liable for income taxes, subject to an adjustment, if any, for foreign tax credits and foreign withholding taxes payable to certain foreign tax authorities. As of December 31, 2015, it was not practicable to determine the amount of the income tax liability related to these investments.

We are required to recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As a result, we have established a liability for certain tax benefits which we judge may not be sustained upon examination. A reconciliation of our gross unrecognized tax benefits follows (in thousands):

	December 31,		
	2015	2014	2013
Balance at the beginning of the year	\$40,802	\$21,637	\$ 7,288
Increases related to current year tax positions	23,664	19,837	14,308
Increases related to prior year tax positions	2,833	—	183
Decreases related to prior year tax positions	(646)	(672)	(142)
Lapse of the applicable statute of limitations	(268)	—	—
Balance at the end of the year	<u>\$66,385</u>	<u>\$40,802</u>	<u>\$21,637</u>

The unrecognized tax benefits were included in other non-current liabilities and deferred tax assets, net, non-current in our consolidated balance sheets. Interest related to our unrecognized tax benefits is recorded in income tax provision in our consolidated statements of income. As of December 31, 2015 and 2014, our accrued interest and penalties related to unrecognized tax benefits were not significant. Included in the balance of unrecognized tax benefits were potential benefits of \$48.1 million and \$29.7 million at December 31, 2015 and 2014, respectively, that, if recognized, would affect the effective tax rate on income.

JAZZ PHARMACEUTICALS PLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Our most significant tax jurisdictions are Ireland, the United States (both at the federal level and in various state jurisdictions), Italy and France. Because of our NOL carryforwards and tax credit carryforwards, substantially all of our tax years remain open to federal, state, and foreign tax examination. Certain of our subsidiaries are currently under examination by the French tax authorities for fiscal years 2012 and 2013 and by the Italian tax authorities for fiscal year 2012. These examinations may lead to ordinary course adjustments or proposed adjustments to our taxes. In December 2015, we received proposed tax assessment notices from the French tax authorities for 2012 and 2013 relating to certain transfer pricing adjustments. The notices propose additional French tax of approximately \$41.8 million, including interest and penalties, based on the foreign exchange rate at December 31, 2015 through the date of the assessment. We disagree with the proposed assessment and intend to contest it vigorously.

19. Quarterly Financial Data (Unaudited)

The following interim financial information presents our 2015 and 2014 results of operations on a quarterly basis (in thousands, except per share amounts):

	2015			
	March 31	June 30	September 30	December 31
Revenues	\$309,303	\$333,747	\$340,872	\$340,881
Gross margin (1)	278,737	310,293	310,369	314,894
Net income attributable to Jazz Pharmaceuticals plc	70,700	88,114	87,960	82,761
Net income attributable to Jazz Pharmaceuticals plc per ordinary share, basic	1.16	1.44	1.43	1.35
Net income attributable to Jazz Pharmaceuticals plc per ordinary share, diluted	1.12	1.40	1.39	1.32
	2014			
	March 31	June 30	September 30	December 31
Revenues	\$246,919	\$291,230	\$306,584	\$328,142
Gross margin (1)	214,062	258,408	277,413	295,415
Net income (loss) attributable to Jazz Pharmaceuticals plc	(92,650)	43,659	25,766	81,612
Net income (loss) attributable to Jazz Pharmaceuticals plc per ordinary share, basic	(1.58)	0.73	0.43	1.35
Net income (loss) attributable to Jazz Pharmaceuticals plc per ordinary share, diluted	(1.58)	0.70	0.41	1.30

(1) Gross margin is computed by subtracting cost of product sales (excluding amortization and impairment of intangible assets) from product sales, net.

The tables above include the following items:

- Impairment charges of \$31.5 million in the fourth quarter of 2015 and \$32.8 million and \$6.6 million in the second and fourth quarters of 2014, respectively. The 2015 charge resulted from our decision to terminate a pivotal Phase 2 clinical trial of JZP-416. The 2014 charges related to certain products acquired as part of the EUSA Acquisition that we sold in March 2015;
- Upfront and milestone payments of \$25.0 million in the third quarter of 2015 and \$127.0 million, \$75.0 million and \$0.6 million in the first, third and fourth quarters of 2014, respectively;
- A one-time charge of \$18.0 million in the fourth quarter of 2015 for settlement of a contract claim that was originally asserted against Azur Pharma prior to the Azur Merger;
- A loss on extinguishment and modification of debt of \$16.8 million in the second quarter of 2015;
- Acquisition accounting inventory value step-up adjustments \$8.0 million and \$2.5 million in the first and second quarters of 2014, respectively; and
- Transaction costs of \$17.1 million, \$4.4 million, \$0.7 million and \$5.2 million in the first, second, third and fourth quarters of 2014, respectively.

Schedule II
Valuation and Qualifying Accounts
(In thousands)

		<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Other Additions</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
For the year ended December 31, 2015						
Allowance for doubtful accounts	(1)	\$ 530	\$ —	\$ —	\$ (41)	\$ 489
Allowance for sales discounts	(1)	238	2,900	—	(2,957)	181
Allowance for chargebacks	(1)	2,715	39,079	—	(38,771)	3,023
Deferred tax asset valuation allowance	(2)(3)(4)	29,697	5,044	1,888	(2,680)	33,949
For the year ended December 31, 2014						
Allowance for doubtful accounts	(1)	\$ 594	\$ —	\$ —	\$ (64)	\$ 530
Allowance for sales discounts	(1)	378	3,794	—	(3,934)	238
Allowance for chargebacks	(1)	2,708	28,614	—	(28,607)	2,715
Deferred tax asset valuation allowance	(2)(3)	20,691	18,971	—	(9,965)	29,697
For the year ended December 31, 2013						
Allowance for doubtful accounts	(1)	\$ 715	\$ (4)	\$ —	\$ (117)	\$ 594
Allowance for sales discounts	(1)	528	5,267	—	(5,417)	378
Allowance for chargebacks	(1)	2,536	21,047	—	(20,875)	2,708
Deferred tax asset valuation allowance	(2)	17,471	3,220	—	—	20,691

- (1) Shown as a reduction of accounts receivable. Charges related to sales discounts and chargebacks are reflected as a reduction of revenue.
- (2) Additions to the deferred tax asset valuation allowance relate to movements on certain U.S. state and other foreign deferred tax assets where we continue to maintain a valuation allowance until sufficient positive evidence exists to support reversal.
- (3) Deductions to the deferred tax asset valuation allowance include movements relating to utilization of NOLs and tax credit carryforwards, release in valuation allowance and other movements including adjustments following finalization of tax returns.
- (4) Other additions to the deferred tax asset valuation allowance relate to currency translation adjustments recorded directly in equity.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Document</u>
2.1	Agreement and Plan of Merger and Reorganization, dated as of September 19, 2011, by and among Azur Pharma Limited (now Jazz Pharmaceuticals plc), Jaguar Merger Sub Inc., Jazz Pharmaceuticals, Inc. and Seamus Mulligan, solely in his capacity as the Indemnitors' Representative (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals, Inc.'s Current Report on Form 8-K (File No. 001-33500) filed with the SEC on September 19, 2011).
2.2	Letter Agreement, dated as of January 17, 2012, by and among Jazz Pharmaceuticals plc, Jaguar Merger Sub Inc. Jazz Pharmaceuticals, Inc. and Seamus Mulligan, solely in his capacity as the Indemnitors' Representative (incorporated by reference to Exhibit 2.2 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
2.3	Agreement and Plan of Merger, dated as of April 26, 2012, by and among Jazz Pharmaceuticals plc, Jewel Merger Sub Inc., EUSA Pharma Inc., and Essex Woodlands Health Ventures, Inc., Mayflower L.P., and Bryan Morton, in their capacity as the representatives of the equity holders of EUSA Pharma Inc. (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on April 27, 2012).
2.4	Assignment, dated as of June 11, 2012, by and among Jazz Pharmaceuticals plc and Jazz Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 2.1B in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on June 12, 2012).
2.5	Tender Offer Agreement, dated December 19, 2013, by and among Jazz Pharmaceuticals Public Limited Company, Jazz Pharmaceuticals Italy S.r.l. and Gentium S.p.A. (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K/A (File No. 001-33500), as filed with the SEC on December 20, 2013).
2.6†	Asset Purchase Agreement, dated January 13, 2014, by and among Jazz Pharmaceuticals International III Limited, Aerial BioPharma, LLC and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 13, 2014).
2.7†	Assignment Agreement, dated July 1, 2014, by and among Jazz Pharmaceuticals International II Limited, Sigma-Tau Pharmaceuticals, Inc., Jazz Pharmaceuticals plc and Gentium S.p.A. (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on August 5, 2014).
2.8	Amended and Restated Agreement for the Acquisition of the Topaz Portfolio Business of Jazz Pharmaceuticals plc, dated March 20, 2015, between Jazz Pharmaceuticals plc and Essex Bidco Limited (incorporated herein by reference to Exhibit 2.1 in Jazz Pharmaceuticals plc's current report on Form 8-K (File No. 001-33500), as filed with the SEC on March 23, 2015).
3.1	Memorandum and Articles of Association of Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 3.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
4.1	Reference is made to Exhibit 3.1.
4.2A	Investor Rights Agreement, dated July 7, 2009 by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 10.88 in Jazz Pharmaceuticals, Inc.'s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on July 7, 2009).
4.2B	Assignment, Assumption and Amendment Agreement, dated as of January 18, 2012, by and among Jazz Pharmaceuticals, Inc., Jazz Pharmaceuticals plc and the other parties named therein (incorporated herein by reference to Exhibit 4.7B in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals, Inc. with the SEC on February 28, 2012).
4.2C	Indenture, dated as of August 13, 2014, by and among Jazz Pharmaceuticals plc, Jazz Investments I Limited and U.S. Bank National Association (incorporated herein by reference to Exhibit 4.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on August 13, 2014).
4.2D	Form of 1.875% Exchangeable Senior Note due 2021 (incorporated herein by reference to Exhibit 4.2 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on August 13, 2014).
10.1†	Supply Agreement, dated as of April 1, 2010, by and between Jazz Pharmaceuticals, Inc. and Siegfried (USA) Inc. (incorporated herein by reference to Exhibit 10.54 in Jazz Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2010, as filed with the SEC on May 6, 2010).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.2†	Master Services Agreement, dated April 15, 2011, by and between Jazz Pharmaceuticals, Inc., CuraScript, Inc. and Express Scripts Specialty Distribution Services, Inc. (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2011, as filed with the SEC on May 9, 2011).
10.3†	Royalty Bearing License Agreement and Supply Agreement Re Erwinia-Derived Asparaginase, dated July 22, 2005, between Public Health England (formerly Health Protection Agency) and EUSA Pharma SAS (formerly OPI, S.A.), as amended on each of December 22, 2009, March 23, 2012 and August 8, 2012 (incorporated herein by reference to Exhibit 10.11 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q/A (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 9, 2012).
10.4	Novation Agreement relating to Royalty Bearing Licence Agreement and Supply Agreement re Erwinia-Derived Asparaginase, dated as of May 13, 2015, by and among EUSA Pharma SAS, the Secretary of State for Health acting through Public Health England and Porton Biopharma Limited (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2015, as filed with the SEC on August 5, 2015).
10.5*	Master Manufacturing Services Agreement, dated as of October 1, 2015, by and between Jazz Pharmaceuticals Ireland Limited and Patheon Pharmaceuticals Inc.
10.6	Credit Agreement, dated as of June 18, 2015, among Jazz Pharmaceuticals plc, Jazz Securities Limited, Jazz Pharmaceuticals, Inc., Jazz Financing I Limited, Jazz Pharmaceuticals Ireland Limited, the lenders party thereto and Bank of America, N.A., as Collateral Agent, Administrative Agent, Swing Line Lender and L/C Issuer (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 0001-33500), as filed with the SEC on June 18, 2015).
10.7A	Commercial Lease, dated as of June 2, 2004, by and between Jazz Pharmaceuticals, Inc. and The Board of Trustees of the Leland Stanford Junior University (incorporated herein by reference to Exhibit 10.52 in Jazz Pharmaceuticals, Inc.'s registration statement on Form S-1, as amended (File No. 333-141164), as filed with the SEC on March 27, 2007).
10.7B	First Amendment of Lease, dated June 1, 2009, by and between Jazz Pharmaceuticals, Inc. and Wheatley-Fields, LLC, successor in interest to The Board of Trustees of the Leland Stanford Junior University (incorporated herein by reference to Exhibit 10.86 in Jazz Pharmaceuticals, Inc.'s Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on June 4, 2009).
10.7C	Second Amendment of Lease, dated February 28, 2012, by and between Jazz Pharmaceuticals, Inc. and Wheatley-Fields, LLC, successor in interest to The Board of Trustees of the Leland Stanford Junior University (incorporated herein by reference to Exhibit 10.31 in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals, Inc. with the SEC on February 28, 2012).
10.8	Lease, dated May 8, 2012, by and between John Ronan and Castle Cove Property Developments Limited and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.9	Commercial Lease, dated as of January 7, 2015, by and between The Board of Trustees of the Leland Stanford Junior University and Jazz Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.10 in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2014, as filed with the SEC on February 24, 2015).
10.10+	Form of Indemnification Agreement between Jazz Pharmaceuticals plc and its officers and directors (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
10.11+	Offer Letter from Jazz Pharmaceuticals, Inc. to Suzanne Sawochka Hooper (incorporated herein by reference to Exhibit 10.19 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2012, as filed with the SEC on May 8, 2012).
10.12+	Offer Letter from Jazz Pharmaceuticals, Inc. to Matthew Young (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2014, as filed with the SEC on May 8, 2014).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.13A+	Employment Agreement by and between EUSA Pharma Inc. and Iain McGill (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2014, as filed with the SEC on November 4, 2014).
10.13B+	Amendment to Employment Agreement by and between Iain McGill and EUSA Pharma (Europe) Limited (incorporated herein by reference to Exhibit 10.15B in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2014, as filed with the SEC on February 24, 2015).
10.14+	Offer Letter from Jazz Pharmaceuticals, Inc. to Michael Miller (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2014, as filed with the SEC on November 4, 2014).
10.15A+	Employment Agreement by and between Jazz Pharmaceuticals Ireland Limited and Paul Treacy (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2014, as filed with the SEC on November 4, 2014).
10.15B+	Amendment to Employment Agreement by and between Jazz Pharmaceuticals Ireland Limited and Paul Treacy (incorporated herein by reference to Exhibit 10.15A in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2014, as filed with the SEC on February 24, 2015).
10.16+	Amended and Restated Offer Letter, dated as of July 29, 2015, from Jazz Pharmaceuticals, Inc. to Karen Smith, M.D., Ph.D. (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2015, as filed with the SEC on November 9, 2015).
10.17A+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.3 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).
10.17B+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan Sub-Plan Governing Awards to Participants in the Republic of Ireland (incorporated herein by reference to Exhibit 10.3B in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals Inc. with the SEC on February 28, 2012).
10.17C+	Form of Notice of Grant of Stock Options and Form of Option Agreement (U.S.) under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27C in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.17D+	Form of Notice of Grant of Stock Options and Form of Option Agreement (Irish) under Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27D in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.17E+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (U.S.) under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27E in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500), as filed with the SEC on February 26, 2013).
10.17F+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (Irish) under the Jazz Pharmaceuticals plc 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.27F in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.17G+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan—Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.17H+	Jazz Pharmaceuticals plc 2007 Equity Incentive Plan—Form of Non-U.S. Restricted Stock Unit Award Grant Notice and Form of Non-U.S. Restricted Stock Unit Award Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18A+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 99.1 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.18B+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan Sub-Plan Governing Awards to Participants in the Republic of Ireland (incorporated herein by reference to Exhibit 10.39B in the Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2011, as filed by Jazz Pharmaceuticals plc on behalf of and as successor to Jazz Pharmaceuticals Inc. with the SEC on February 28, 2012).
10.18C+	Form of Option Grant Notice and Form of Stock Option Agreement (U.S.) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18D+	Form of Stock Option Grant Notice and Form of Option Agreement (Irish) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.8 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18E+	Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.28E in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.18F+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (U.S.) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.9 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18G+	Form of Restricted Stock Unit Grant Notice and Form of Restricted Stock Unit Award Agreement (Irish) under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.10 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2012, as filed with the SEC on August 7, 2012).
10.18H+	Form of Non-U.S. Restricted Stock Unit Grant Notice and Form of Non-U.S. Restricted Stock Unit Award Agreement under the Jazz Pharmaceuticals plc 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.28H in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.18I+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of U.S. Option Grant Notice and Form of U.S. Option Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18J+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of U.S. Restricted Stock Unit Award Grant Notice and Form of U.S. Restricted Stock Unit Award Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.4 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18K+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.5 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.18L+	Jazz Pharmaceuticals plc 2011 Equity Incentive Plan—Form of Non-U.S. Restricted Stock Unit Award Grant Notice and Form of Non-U.S. Restricted Stock Unit Award Agreement (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.6 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.19+	Jazz Pharmaceuticals plc Amended and Restated Directors Deferred Compensation Plan (incorporated herein by reference to Exhibit 99.6 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).
10.20A+	Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Option Plan (incorporated herein by reference to Exhibit 99.4 in Jazz Pharmaceuticals plc's registration statement on Form S-8 (File No. 333-179075), as filed with the SEC on January 18, 2012).

<u>Exhibit Number</u>	<u>Description of Document</u>
10.20B+	Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement under the Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Option Plan (incorporated herein by reference to Exhibit 10.30B in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.20C+	Jazz Pharmaceuticals plc Amended and Restated 2007 Non-Employee Directors Stock Option Plan—Form of Non-U.S. Option Grant Notice and Form of Non-U.S. Option Agreement (approved August 1, 2013) (incorporated herein by reference to Exhibit 10.7 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended September 30, 2013, as filed with the SEC on November 5, 2013).
10.21A+	Jazz Pharmaceuticals plc 2007 Employee Stock Purchase Plan, as amended and restated (incorporated herein by reference to Exhibit 10.31A in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.21B+	Jazz Pharmaceuticals plc 2007 Employee Stock Purchase Plan Sub-Plan Governing Purchase Rights to Participants in the Republic of Ireland (incorporated by reference herein to Exhibit 10.14C in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2012, as filed with the SEC on May 8, 2012).
10.22A+	Jazz Pharmaceuticals plc Cash Bonus Plan for U.S. Affiliates (incorporated herein by reference to Exhibit 10.32B in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2012, as filed with the SEC on February 26, 2013).
10.22B+	Jazz Pharmaceuticals plc Cash Bonus Plan for U.S. Affiliates (approved November 4, 2015).
10.22C+	Jazz Pharmaceuticals Cash Bonus Plan for International Affiliates (2014) (incorporated herein by reference to Exhibit 10.24D in Jazz Pharmaceuticals plc's Annual Report on Form 10-K (File No. 001-33500) for the period ended December 31, 2013, as filed with the SEC on February 25, 2014).
10.22D+	Jazz Pharmaceuticals Cash Bonus Plan (Ireland and Other Specified Affiliates) (Calendar Year 2016).
10.23+	Jazz Pharmaceuticals plc Amended and Restated Executive Change in Control and Severance Benefit Plan (approved February 10, 2016).
10.24+	Jazz Pharmaceuticals plc 2015 Executive Officer Compensation Arrangements (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2015, as filed with the SEC on May 7, 2015).
10.25A+	Jazz Pharmaceuticals plc Non-Employee Director Compensation Policy (approved May 1, 2014) (incorporated herein by reference to Exhibit 10.6 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500) for the period ended March 31, 2014, as filed with the SEC on May 8, 2014).
10.25B+	Jazz Pharmaceuticals plc Non-Employee Director Compensation Policy (approved April 30, 2015) (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's Quarterly Report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2015, as filed with the SEC on August 5, 2015).
10.26+	Named Officer 2015 Target Bonus Opportunity (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals plc's Current Report on Form 8-K (File No. 001-33500), as filed with the SEC on February 18, 2015).
21.1	Subsidiaries of Jazz Pharmaceuticals plc.
23.1	Consent of KPMG, Independent Registered Public Accounting Firm.
24.1	Power of Attorney (included on the signature page hereto).
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document

<u>Exhibit Number</u>	<u>Description of Document</u>
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

+ Indicates management contract or compensatory plan.

† Confidential treatment has been granted for portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

* Confidential treatment has been requested with respect to certain portions of this exhibit.

** The certifications attached as Exhibit 32.1 accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Executive Committee

Bruce C. Cozadd

Chairman and Chief Executive Officer

Russell J. Cox

Executive Vice President and Chief Operating Officer

Suzanne Sawochka Hooper

Executive Vice President and General Counsel

Matthew P. Young

Executive Vice President and Chief Financial Officer

Heather McGaughey

Senior Vice President, Human Resources

Iain McGill

Senior Vice President, Europe and Rest of World

Robert McKague

Senior Vice President and Chief Compliance Officer

Michael P. Miller

Senior Vice President, U.S. Commercial

Karen Smith, M.D., Ph.D.

Global Head of Research and Development
and Chief Medical Officer

Paul Treacy

Senior Vice President, Technical Operations

Board of Directors

Paul L. Berns

Chairman and Chief Executive Officer, Anacor Pharmaceuticals, Inc.

Bruce C. Cozadd

Chairman and Chief Executive Officer, Jazz Pharmaceuticals plc

Patrick G. Enright

Managing Director, Longitude Capital

Peter Gray

Chairman, UDG Healthcare plc

Heather Ann McSharry

Director, CRH plc and Greencore Group plc

Seamus Mulligan

Chairman and Chief Executive Officer, Adapt Pharma Limited

Kenneth W. O'Keefe

Chief Executive Officer, Beecken Petty O'Keefe & Company

Norbert G. Riedel, Ph.D.

President and Chief Executive Officer, Aptinix, Inc.

Elmar Schnee

Chief Operating Officer, MindMaze

Catherine A. Sohn

Director, Neuralstem, Inc. and Landec Corporation

Rick E. Winningham

Lead Independent Director, Jazz Pharmaceuticals plc
Chairman and Chief Executive Officer, Theravance Biopharma, Inc.

Company Secretary

Shawn Mindus

Vice President, Financial Planning, Analysis and Strategy

Ordinary Shares

Jazz Pharmaceuticals plc ordinary shares are traded on the
NASDAQ Global Select Market under the symbol "JAZZ"

Jazz Pharmaceuticals plc Corporate Headquarters

Fourth Floor, Connaught House
One Burlington Road, Dublin 4, Ireland
+353 1 634 7800
+353 1 634 7850 fax
www.jazzpharmaceuticals.com

Annual General Meeting

The annual general meeting of shareholders will be held at 10:00 a.m.
local time on August 4, 2016 at the Company's corporate
headquarters located at Fourth Floor, Connaught House,
One Burlington Road, Dublin 4, Ireland

Registrar and Transfer Agent

Computershare

www.computershare.com

Ireland

+353 1 447 5566
+353 1 447 5571 fax
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18, Ireland

United States

+1 781 575 2879 (outside U.S.)
+1 877 373 6374 (inside U.S.)
P.O. Box 30170
College Station, TX 77842 U.S.A.

Independent Registered Public Accounting Firm

KPMG, Dublin, Ireland

For More Information

Information about Jazz Pharmaceuticals plc can be found on the internet at www.jazzpharmaceuticals.com. Inquiries regarding Jazz Pharmaceuticals plc and its activities may be directed to the Investor Relations Department at investorinfo@jazzpharmaceuticals.com or +353 1 634 7892 (Ireland) or + 650 496 2800 (U.S.). Communications concerning shares and transfer requirements, lost certificates or changes of address should be directed to the Transfer Agent.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This communication contains forward-looking statements, including, but not limited to, statements related to Jazz Pharmaceuticals' growth strategy and goals, including key financial, commercial and R&D goals and potential value creation therefrom; the potential expansion of the company's business and delivery of long-term value for shareholders through execution of corporate development opportunities; and other statements that are not historical facts. These forward-looking statements are based on the company's current plans, objectives, estimates, expectations and intentions, and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks and uncertainties associated with maintaining or increasing sales of and revenue from Xyrem, such as the potential introduction of generic competition or other competitive sodium oxybate products; regulatory restrictions and requirements applicable to Xyrem and ongoing patent litigation and related proceedings; effectively commercializing the company's other products and product candidates; protecting and enhancing the company's intellectual property rights; delays or problems in the supply or manufacture of the company's products and product candidates; complying with applicable U.S. and non-U.S. regulatory requirements; the difficulty and uncertainty of pharmaceutical product development and the uncertainty of clinical success; identifying and acquiring, in-licensing or developing additional products or product candidates and financing and integrating these transactions; and other risks and uncertainties affecting the company, including those described from time to time under the caption "Risk Factors" and elsewhere in Jazz Pharmaceuticals plc's Securities and Exchange Commission filings and reports (Commission File No. 001-33500), including the company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and future filings and reports by the company. Other risks and uncertainties of which the company is not currently aware may also affect the company's forward-looking statements and may cause actual results and timing of events to differ materially from those anticipated. The forward-looking statements herein are made only as of the date hereof or as of the dates indicated in the forward-looking statements, even if they are subsequently made available by the company on its website or otherwise. The company undertakes no obligation to update or supplement any forward-looking statements to reflect actual results, new information, future events, changes in its expectations or other circumstances that exist after the date as of which the forward-looking statements were made.



Jazz Pharmaceuticals®

Fourth Floor, Connaught House
One Burlington Road
Dublin 4
Ireland
+353 1 634 7800

www.jazzpharmaceuticals.com