

Jazz Pharmaceuticals plc
Form 10-K/A
April 27, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(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, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 001-33500

JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Filed on behalf of and as successor to Jazz Pharmaceuticals, Inc.

Edgar Filing: Jazz Pharmaceuticals plc - Form 10-K/A

Ireland
(State or other jurisdiction of incorporation or organization)
45 Fitzwilliam Square
Dublin 2, Ireland
011-353-1-634-4183
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

98-1032470
(I.R.S. Employer Identification No.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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)

Edgar Filing: Jazz Pharmaceuticals plc - Form 10-K/A

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

This Annual Report on Form 10-K is being filed by the registrant on behalf of and as successor to Jazz Pharmaceuticals, Inc. The aggregate market value of the voting and non-voting stock held by non-affiliates of Jazz Pharmaceuticals, Inc. as of June 30, 2011, based upon the last sale price reported for such date on the NASDAQ Global Market, was \$769,138,777. The calculation of the aggregate market value of voting and non-voting stock excludes 18,625,735 shares of Jazz Pharmaceuticals, Inc. s common stock held by executive officers, directors, and stockholders that Jazz Pharmaceuticals, Inc. concluded were affiliates of Jazz Pharmaceuticals, Inc. on that date.

On January 18, 2012, all of the issued and outstanding shares of the Jazz Pharmaceuticals, Inc. s common stock, par value \$0.0001 per share, were canceled and automatically converted into and became the right to receive ordinary shares, nominal value \$0.0001 per share, of the registrant. As of April 18, 2012, a total of 56,614,232 ordinary shares, nominal value \$0.0001 per share, of Jazz Pharmaceuticals plc were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

The registrant is filing this Amendment No. 1 to Annual Report on Form 10-K/A, or this Amendment, to amend the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (Commission File Number (001-33500)), or the 10-K, as filed by the registrant on behalf of and as successor to Jazz Pharmaceuticals, Inc. with the Securities and Exchange Commission, or the SEC, on February 28, 2012. The principal purpose of this Amendment is to include in Part III the information that was to be incorporated by reference from the Proxy Statement for the registrant's 2012 Annual General Meeting of Shareholders, as well as to update certain of the information included on the cover page of the 10-K. This Amendment hereby amends the cover page, Part III, Items 10 through 14, and Part IV, Item 15. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, new certifications by the registrant's principal executive officer and principal financial officer are filed as exhibits to this Amendment.

No attempt has been made in this Amendment to modify or update the other disclosures presented in the 10-K. This Amendment does not reflect events occurring after the filing of the original 10-K (i.e., those events occurring after February 28, 2012) or modify or update those disclosures that may be affected by subsequent events. Accordingly, this Amendment should be read in conjunction with the 10-K and the registrant's other filings with the SEC, including the separate Annual Report on Form 10-K that covers the last full fiscal year of Azur Pharma Public Limited Company, or Azur Pharma, and includes the historical financial statements of Azur Pharma, which was filed by the registrant under Azur Pharma's initial Commission File Number (333-177528).

As discussed in the Explanatory Note in the 10-K, the registrant is deemed to be the successor to Jazz Pharmaceuticals, Inc. pursuant to Rule 12g-3(a) under the Exchange Act. In accordance with Rule 12g-3(g) under the Exchange Act, the 10-K and this Amendment cover the last full fiscal year of Jazz Pharmaceuticals, Inc. and contain information that would be required if filed by Jazz Pharmaceuticals, Inc. The 10-K and this Amendment also cover information regarding the registrant, as successor to Jazz Pharmaceuticals, Inc., following the merger described below.

The registrant is an Irish public limited company that was formerly named Azur Pharma. Pursuant to an Agreement and Plan of Merger and Reorganization, or Merger Agreement, dated as of September 19, 2011, as amended, a wholly-owned subsidiary of the registrant merged with and into Jazz Pharmaceuticals, Inc., with Jazz Pharmaceuticals, Inc. surviving the merger and becoming a wholly-owned subsidiary of the registrant. The merger was consummated on January 18, 2012. Pursuant to the Merger Agreement, the registrant changed its name to Jazz Pharmaceuticals Public Limited Company (referred to herein as Jazz Pharmaceuticals plc), and each share of the common stock of Jazz Pharmaceuticals, Inc. issued and outstanding immediately prior to the effective time of the merger was canceled and automatically converted into and became the right to receive one ordinary share of the registrant. The registrant's ordinary shares trade on the same exchange, The NASDAQ Global Select Market, and under the same trading symbol, JAZZ, as the Jazz Pharmaceuticals, Inc. common stock prior to the merger. Jazz Pharmaceuticals, Inc. is treated as the acquiring company in the merger for accounting purposes, and the transaction is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations.

Unless otherwise indicated or the context otherwise requires, all references in this Amendment to Jazz Pharmaceuticals, the company, we, us, and our refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries, including its predecessor Jazz Pharmaceuticals, Inc., except that all such references prior the effective time of the merger are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. All references to Azur Pharma are references to Jazz Pharmaceuticals plc (f/k/a Azur Pharma Public Limited Company) and its consolidated subsidiaries prior to the effective time of the merger. The historical financial information set forth in this report, unless otherwise indicated or the context otherwise requires, reflects the consolidated results of operations and financial position of Jazz Pharmaceuticals, Inc. prior to the merger.

JAZZ PHARMACEUTICALS PLC

2011 ANNUAL REPORT ON FORM 10-K

Amendment No. 1

(filed on behalf of and as successor to Jazz Pharmaceuticals, Inc.)

TABLE OF CONTENTS

	Page
<u>PART III</u>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	3
Item 11. <u>Executive Compensation</u>	10
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	47
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	53
Item 14. <u>Principal Accounting Fees and Services</u>	57
<u>PART IV</u>	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	60
<u>Signatures</u>	69

Unless otherwise indicated or the context otherwise requires, all references herein to Jazz Pharmaceuticals, the company, we, us, and our refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries, including its predecessor Jazz Pharmaceuticals, Inc., except that all such references prior the effective time of the merger described below are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. All references to Azur Pharma are references to Jazz Pharmaceuticals plc (f/k/a Azur Pharma Public Limited Company) and its consolidated subsidiaries prior to the effective time of the merger described below. The historical financial information set forth in this report, unless otherwise indicated or the context otherwise requires, reflects the consolidated results of operations and financial position of Jazz Pharmaceuticals, Inc. prior to the merger.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

On January 18, 2012, Azur Pharma and Jazz Pharmaceuticals, Inc. completed a merger transaction, or the 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. In the 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. Our ordinary shares trade on the same exchange, The NASDAQ Global Select Market, and under the same trading symbol, JAZZ, as the Jazz Pharmaceuticals, Inc. common stock prior to the merger. Jazz Pharmaceuticals, Inc. is treated as the acquiring company in the merger for accounting purposes, and the merger is accounted for as a reverse acquisition under the acquisition method of accounting for business combinations. We are also considered to be the successor to Jazz Pharmaceuticals, Inc. for certain purposes under both the Securities Act of 1933, as amended, or the Securities Act, and the Securities Exchange Act of 1934, as amended, or the Exchange Act.

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information with respect to our board of directors and executive officers, which, except as noted, provides information with respect to our company following the merger, as successor to Jazz Pharmaceuticals, Inc.

Our Board of Directors

Our board of directors is divided into three classes, designated Class I, Class II and Class III. The term of the initial Class I directors will terminate on the date of our 2012 annual general meeting of shareholders; the term of the initial Class II directors will terminate on the date of our 2013 annual general meeting of shareholders; and the term of the initial Class III directors will terminate on the date of our 2014 annual general meeting of shareholders. At each annual general meeting of shareholders, beginning in 2012, successors to the class of directors whose term expires at that annual general meeting will be elected for a three-year term.

Effective upon or in connection with the consummation of the merger, the following individuals, each of whom served as a member of Jazz Pharmaceuticals, Inc.'s board of directors as of immediately prior to the merger, were elected to our board of directors: Bryan C. Cressey, Kenneth W. O'Keefe and Alan M. Sebulsky were appointed as Class I directors; Paul L. Berns and Patrick G. Enright were appointed as Class II directors; and Bruce C. Cozadd, James C. Momtazee and Rick E. Winningham were appointed as Class III directors. Seamus Mulligan, who served on Azur Pharma's board of directors, remained as a member of our board of directors and was appointed as a Class II director in connection with the merger. In addition, effective upon consummation of the merger, the persons who served as executive officers of Jazz Pharmaceuticals, Inc. as of immediately prior to the merger became our executive officers.

The following is a brief biography of each member of our board of directors, as of April 18, 2012, with each biography including information regarding the experiences, qualifications, attributes or skills that caused our board of directors to determine that each member of our board of directors should serve as a director.

Class I Directors Continuing in Office Until the 2012 Annual General Meeting

Bryan C. Cressey, age 62, has served as a member of our board of directors since the merger and was a director of Jazz Pharmaceuticals, Inc. from 2006 until the merger. Since 2007, he has been a Partner of Cressey and Company, LLC, and since 1998, he has been a Partner of Thoma Cressey Bravo, Inc., both private equity firms of which he is a founder. Mr. Cressey serves as the Chairman of the board of directors of Belden, Inc., a networking cable technology company, and on the boards of Select Medical Corporation, a healthcare services company, and several privately-held healthcare services companies. He received a B.A. from the University of Washington, a J.D. from Harvard Law School and an M.B.A. from Harvard Business School. As the founder of the health care focused private equity firm Cressey and Company, LLC and board member of several health care companies, Mr. Cressey brings to our board of directors many years of experience and expertise as an investor in and advisor to companies in the health care sector.

Kenneth W. O Keefe, age 45, has served as a member of our board of directors since the merger and was a director of Jazz Pharmaceuticals, Inc. from 2004 until the merger. Since 1997, he has been Managing Director of Beecken Petty O Keefe & Company, a private equity firm, which he co-founded. He serves on the boards of several privately held healthcare companies. He received a B.A. from Northwestern University and an M.B.A. from the University of Chicago. As a member of the private equity firm Beecken Petty O Keefe, 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 health care industry. As Chair of our audit committee and the chair of the audit committee of Jazz Pharmaceuticals, Inc.'s board of directors for several years, Mr. O Keefe has detailed knowledge of our financial position and financial statements.

Alan M. Sebulsky, age 53, has served as a member of our board of directors since the merger and was a director of Jazz Pharmaceuticals, Inc. from 2004 until the merger. Since 2003, he has served as a Managing Partner of Apothecary Capital LLC, an investment advisory firm. From 1994 to 2002, he held various positions, most recently as a Managing Director, at Lincoln Capital Management, a private investment management firm, where he was responsible for investments in the health care industry. He received a B.B.A. and an M.S. from the University of Wisconsin, Madison. In the past five years, he served as a director of Arrow International. Mr. Sebulsky brings to our board of directors the perspectives of a former Wall Street healthcare stock analyst and an investor who actively follows the health care industry and manages a dedicated healthcare investment fund.

Class II Directors Continuing in Office Until the 2013 Annual General Meeting

Paul L. Berns, age 45, has served as a member of our board of directors since the merger and was a director of Jazz Pharmaceuticals, Inc. from 2010 until the merger. Since March 2006, he has served as the President and Chief Executive Officer, and as a member of the board of directors, of Allos Therapeutics, 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 director of Xenoport, Inc. since 2005. Mr. Berns received a B.S. in Economics from the University of Wisconsin. Mr. Berns' experience as Chief Executive Officer of Allos Therapeutics and Bone Care International provides significant management expertise and industry knowledge to our board of directors.

Patrick G. Enright, age 50, has served as a member of our board of directors since the merger and was a director of Jazz Pharmaceuticals, Inc. from 2009 until the 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 where he co-led the life sciences investment practice. Mr. Enright also has significant life sciences operations experience, beginning his career more than 25 years ago at Sandoz (now Novartis). He currently serves on the boards of directors of Corcept Therapeutics Incorporated, a pharmaceutical company, and several privately held companies. In the past five years he also served as a director of Threshold Pharmaceuticals, Sequenom Inc., and Valentis, Inc. Mr. Enright received a B.S. from Stanford University and an M.B.A. from the Wharton School at the University of Pennsylvania. As a venture capital investor focused on life science companies and someone who has worked in the pharmaceutical industry, Mr. Enright brings to our board of directors both operating experience and financial expertise in the life sciences industry.

Seamus Mulligan, age 51, has served as a member of our board of directors since the merger and was a founder and principal investor of Azur Pharma. 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 merger. Mr. Mulligan has served as our Chief Business Officer, International Business Development since the merger. From 1984 until 2004, he held various positions with Elan Corporation, a pharmaceutical company, most recently as its Executive Vice President, Business and Corporate Development. Previously at Elan Corporation, he held the roles of President, Elan Pharmaceutical Technologies, the drug delivery division of Elan, Executive Vice President, Pharmaceutical Operations, Vice President, U.S. Operations and Vice President, Product Development. Mr. Mulligan is Chairman and owner of Circ Pharma Limited and its subsidiaries, a development stage group. 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, Ireland. As a founder of Azur Pharma and a senior executive of Elan Corporation for 20 years, Mr. Mulligan brings his expertise in business development and deep knowledge of the pharmaceutical industry to our board of directors.

Class III Directors Continuing in Office Until the 2014 Annual General Meeting

Bruce C. Cozadd, age 48, has served as our Chairman and Chief Executive Officer since the merger. He was a co-founder and has served (and continues to serve) as Chairman and Chief Executive Officer of Jazz Pharmaceuticals, Inc. since April 2009. Mr. Cozadd serves as a member of both our and Jazz Pharmaceuticals, Inc.'s board of directors. He also served on Jazz Pharmaceuticals, Inc.'s board of directors prior to the merger. From 2003 until 2009, he served as Jazz Pharmaceuticals, Inc.'s Executive Chairman. From 1991 until 2001, he held various positions with ALZA Corporation, a pharmaceutical company now owned by Johnson & Johnson, most recently as its 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 biopharmaceutical company, Threshold Pharmaceuticals, a biotechnology company, and The Nueva School and Stanford Hospital and Clinics, both non-profit organizations. 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.

James C. Momtazee, age 40, has served as a member of our board of directors since January 19, 2012 and was a director of Jazz Pharmaceuticals, Inc. from 2004 until the merger. He is a member of KKR Management LLC, the general partner of KKR & Co. L.P., and he has been employed by Kohlberg Kravis Roberts & Co. L.P., or KKR, since 1996. Funds affiliated with KKR are our largest shareholders. He serves on the boards of directors of HCA Inc., a healthcare services company, and Accellent Inc., a manufacturing and engineering services company. In the past five years he also served as a director of Alliance Imaging. He received an A.B. from Stanford University and an M.B.A. from the Stanford Graduate School of Business. As a Member of KKR and a board member of other health care companies, Mr. Momtazee brings to our board of directors significant expertise in financing and financial matters, including expertise and experience in structuring complex financial transactions and a broad understanding of the market related to those transactions.

Rick E Winningham, age 52, has served as a member of our board of directors since the merger and was a director of Jazz Pharmaceuticals, Inc. from 2010 until the merger. Since 2001, he has served as the Chief Executive Officer and a member of the board of directors of Theravance, Inc., a biopharmaceutical company, and in April 2010, he was appointed Chairman of the board of directors of Theravance. From 1997 to 2001, he served as the President of Bristol-Myers Squibb Oncology/Immunology/Oncology Therapeutics Network and, from 2000 to 2001, as President of Global Marketing. He is a member of the External Advisory Board for the College of Business and Administration and Business Hall of Fame at Southern Illinois University. 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.

Our Executive Officers

The following table sets forth certain information concerning our executive officers as of April 18, 2012:

Name	Age	Position
Bruce C. Cozadd	48	Chairman and Chief Executive Officer
Russell J. Cox	48	Executive Vice President and Chief Commercial Officer
Kathryn E. Falberg	51	Executive Vice President and Chief Financial Officer
Suzanne Sawochka Hooper	46	Executive Vice President and General Counsel
Jeffrey K. Tobias, M.D.	57	Executive Vice President, Research and Development and Chief Medical Officer
Karen J. Wilson	48	Vice President, Finance and Principal Accounting Officer

Bruce C. Cozadd. Biographical information regarding Mr. Cozadd is set forth above under *Our Board of Directors*.

Russell J. Cox was appointed our Executive Vice President and Chief Commercial Officer as of March 2012 and served as our Senior Vice President, Sales and Marketing from the merger until March 2012. Prior to the merger, he served in a variety of escalating senior management sales, marketing and commercial 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, 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 and Johnson later 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 (PTL) responsible for the Growth Hormone franchise and led numerous product launches as a Group Product Manager. Mr. Cox received a B.S. in Biomedical Science from Texas A&M University.

Kathryn E. Falberg was appointed our Executive Vice President and Chief Financial Officer as of March 2012 and served as our Senior Vice President and Chief Financial Officer from the merger until March 2012. Prior to the merger, she served as Jazz Pharmaceuticals, Inc.'s Senior Vice President and Chief Financial Officer since joining Jazz Pharmaceuticals, Inc. in December 2009. From 1995 through 2001, Ms. Falberg was with Amgen, Inc., where she served as Senior Vice President Finance, Strategy and Chief Financial Officer, and before that as Vice President, Controller and Chief Accounting Officer, and Vice President, Treasurer. From 2003 to 2008, Ms. Falberg was President of Canyon Capital & Consulting, a private investment and consulting firm, where she worked with a number of smaller companies while also serving as a corporate director and audit committee chair for several companies, and from February 2009 to November 2009, she was Chief Financial Officer and Chief Operating Officer at ARCA biopharma, Inc., a biopharmaceutical company. Ms. Falberg received an M.B.A. and B.A. in Economics from the University of California, Los Angeles and is a Certified Public Accountant (inactive). Ms. Falberg currently serves on the boards, and is Chair of the audit committees, of the biopharmaceutical companies Halozyme Therapeutics and QLT, Inc.

Suzanne Sawochka Hooper was appointed our Executive Vice President and General Counsel as of March 2012. From 1996 through early 2012, she was a Partner at the law firm Cooley LLP. Ms. Hooper served for several years as a member of Cooley's Management Committee and Vice Chair of the Business department. While at Cooley, Ms. Hooper practiced corporate and securities law, primarily with companies and investors in the life sciences industry, and with an emphasis on securities transactions and mergers and acquisitions. 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.

Jeffrey K. Tobias, M.D., was appointed our Executive Vice President, Research and Development and Chief Medical Officer as of March 2012 and served as our Senior Vice President, Research and Development and Chief Medical Officer from the merger until March 2012. Prior to the merger, he served as Jazz Pharmaceuticals, Inc.'s Senior Vice President, Research and Development and Chief Medical Officer since joining Jazz Pharmaceuticals, Inc. in October 2011. From January 2010 to October 2011, Dr. Tobias served as Executive Vice President, Research and Development at NeurogesX, Inc.; prior to that, he served as NeurogesX's Chief Medical Officer since November 2005. Dr. Tobias was founder and managing director of the Aquila Consulting Group, LLC, a biopharmaceutical consulting firm, from September 1996 to November 2005. Prior to these activities, Dr. Tobias was a Director, New Product Discovery at ALZA Corporation, Director, Clinical Development at Chiron Corporation and Director, Clinical Research at Xoma Corporation. Dr. Tobias received board-certification in both Internal Medicine and Pulmonary Medicine and completed training in Critical Care Medicine at the University of California, Los Angeles. He received his bachelor's degree and medical degree with honors from the University of Illinois.

Karen J. Wilson has served as our Vice President, Finance and Principal Accounting Officer since the merger. Prior to the 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. 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. 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 (inactive) in the State of California and received a B.S. in Business from the University of California, Berkeley.

Directors and Executive Officers of Jazz Pharmaceuticals, Inc.

Immediately prior the merger, Jazz Pharmaceuticals, Inc.'s board of directors consisted of Messrs. Berns, Cozadd, Cressey, Enright, Momtazee, O'Keefe, Sebulsky and Winningham. In connection with the merger, each of the foregoing directors resigned from Jazz Pharmaceuticals, Inc.'s board of directors, with the exception of Mr. Cozadd. As of April 18, 2012, Jazz Pharmaceuticals, Inc.'s board of directors consisted of Mr. Cozadd, Ms. Falberg and Ms. Hooper.

Effective upon consummation of the merger, the persons who served as executive officers of Jazz Pharmaceuticals, Inc. as of immediately prior to the merger became our executive officers. As of April 18, 2012, Jazz Pharmaceuticals, Inc.'s executive officers consisted of the same persons serving as our executive officers, with the exception of the substitution of Ms. Hooper for Carol Gamble, our former General Counsel, who retired on March 12, 2012.

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 common stock and other equity securities. Officers, directors and greater than ten percent stockholders are required by SEC regulation 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, 2011, all Section 16(a) filing requirements applicable to Jazz Pharmaceuticals, Inc.'s officers, directors and greater than ten percent beneficial owners were complied with. Azur Pharma had no class of securities registered pursuant to Section 12 of the Exchange Act at any point during the fiscal year ended December 31, 2011. Accordingly, none of its officers, directors and greater than ten percent beneficial owners were required to file reports under Section 16(a) of the Exchange Act with respect to such fiscal year.

CERTAIN CORPORATE GOVERNANCE MATTERS

Set forth below is information with respect to certain corporate governance matters which, except as noted, provides information with respect to our company following the merger, as successor to Jazz Pharmaceuticals, Inc.

Director Nominations and Recommendations

Director Nominations. The Irish Companies Acts of 1963 to 2009, or the Companies Acts, provide that shareholders holding not less than 10% of the total voting rights may call an extraordinary general meeting for the purpose of considering director nominations or other proposals.

Our memorandum and 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 executed by a shareholder accompanied by certain background and other information specified in the memorandum and articles of association.

Such written notice and information must be received by our company secretary not less than 90 days nor more than 150 days before the first anniversary of the date of our proxy statement was first released to our shareholders for 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 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.

Our memorandum and articles of association provide that a resolution on 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; or (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 resolution may properly be regarded as within the scope of the relevant meeting.

Director Recommendations. Our 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 45 Fitzwilliam Square, Dublin 2

Ireland and providing 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.

As a result of the merger, Jazz Pharmaceuticals, Inc. became our wholly-owned subsidiary and there are no longer any procedures for the recommendation of directors of Jazz Pharmaceuticals, Inc. There were no material changes to the procedures by which security holders were able to recommend nominees to Jazz Pharmaceuticals, Inc.'s board of directors prior to the completion of the merger.

Audit Committee

We have a standing audit committee that is currently composed of three directors (Messrs. Enright, O'Keefe and Sebulsky). Our board of directors has determined that Messrs. Enright, O'Keefe and Sebulsky meet the independence requirements of Rule 10A-3 of the Exchange Act and NASDAQ listing standards with respect to audit committee members. Our board of directors has also determined that Mr. O'Keefe qualifies as an audit committee financial expert within the meaning of SEC regulations. In making this determination, our board of directors considered the overall knowledge, experience and familiarity of Mr. O'Keefe with accounting matters, in analyzing and evaluating financial statements, and in managing private equity investments. Mr. O'Keefe serves as chairperson of the audit committee.

Immediately prior to the completion of the merger, the members of the audit committee of Jazz Pharmaceuticals, Inc.'s board of directors were Messrs. Enright, O'Keefe and Sebulsky. Each of Messrs. Enright, O'Keefe and Sebulsky were members of the audit committee of Jazz Pharmaceuticals, Inc.'s board of directors during all of 2011. Mr. Cressey was also a member of the audit committee of Jazz Pharmaceuticals, Inc.'s board of directors until May 24, 2011. Jazz Pharmaceuticals, Inc.'s board of directors determined that Messrs. Cressey, Enright, O'Keefe and Sebulsky met the independence requirements of Rule 10A-3 of the Exchange Act and NASDAQ listing standards with respect to audit committee members. Jazz Pharmaceuticals, Inc.'s board of directors has also determined that Mr. O'Keefe qualified as an audit committee financial expert within the meaning of SEC regulations while serving on the audit committee of Jazz Pharmaceuticals, Inc.'s board of directors. Azur Pharma did not have a standing audit committee.

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, including Jazz Pharmaceutical, Inc. The Code of Conduct is available on our website at www.jazzpharmaceuticals.com under the section entitled About Us at Corporate Responsibility. Shareholders may request a free copy of the Code of Conduct by submitting a written request to Jazz Pharmaceuticals plc, Attention: Investor Relations, c/o Jazz Pharmaceuticals, Inc., 3180 Porter Drive, Palo Alto, California 94304. If we make any substantive amendments to the Code of Conduct or grant any waiver from a provision of the Code of Conduct to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website.

Prior to the merger, Jazz Pharmaceuticals, Inc. maintained a Code of Conduct that applied to all of its employees, directors and officers, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and those of its subsidiaries, which Code of Conduct is substantially similar to the Code of Conduct currently maintained by us. As noted above, our Code of Conduct now applies to our employees, directors and officers of Jazz Pharmaceuticals plc.

Item 11. Executive Compensation

The compensation amounts and other information presented in the following Compensation Discussion and Analysis and elsewhere in this Item 11 focus on the most recently completed fiscal year of Jazz Pharmaceuticals, Inc. and do not include any historical compensation information relating to Azur Pharma. As successor to Jazz Pharmaceuticals, Inc., we believe that the information in this Item 11 provides investors with the most relevant disclosure pertaining to the compensation practices that have been and will be followed by us. In particular, effective upon consummation of the merger, the persons who served as executive officers of Jazz Pharmaceuticals, Inc. as of immediately prior to the merger became our executive officers, and in connection with the merger, we succeeded to or assumed and adopted Jazz Pharmaceuticals, Inc.'s executive compensation arrangements.

Unless otherwise indicated or the context otherwise requires, all references in this Item 11 to Jazz Pharmaceuticals, the company, we, us, and refer to Jazz Pharmaceuticals plc and its consolidated subsidiaries, including its predecessor Jazz Pharmaceuticals, Inc., except that all such references prior to the effective time of the merger on January 18, 2012 are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. All references to Azur Pharma are references to Jazz Pharmaceuticals plc (f/k/a Azur Pharma Public Limited Company) and its consolidated subsidiaries prior to the effective time of the merger on January 18, 2012. The historical information, including historical financial and compensation information, included in this Item 11 is that of Jazz Pharmaceuticals, Inc. prior to the merger.

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for the individuals who served as Jazz Pharmaceuticals, Inc.'s principal executive officer, principal financial officer and three other most highly compensated executive officers as of December 31, 2011, or the named executive officers: Bruce C. Cozadd, Chairman and Chief Executive Officer, Kathryn E. Falberg, Senior Vice President and Chief Financial Officer, Russell J. Cox, Senior Vice President, Sales and Marketing, Carol A. Gamble, Senior Vice President and General Counsel, and Karen J. Wilson, Vice President, Finance and Principal Accounting Officer. Ms. Gamble retired from our company effective on March 12, 2012. The compensation committee is primarily responsible for decisions regarding compensation of Jazz Pharmaceuticals' executive officers, including the named executive officers.

Executive Summary

The compensation committee believes that our executive compensation program is appropriately designed and reasonable in light of the executive compensation programs of its peer group companies and responsible in that it both encourages executive officers to work for meaningful shareholder returns and reflects a pay-for-performance philosophy, without encouraging employees to assume excessive risks.

2011 was an exceptional year for Jazz Pharmaceuticals. The highlights of our performance during the year include:

The price of our common stock increased 96%. As of December 31, 2011, our one-year and three-year average annualized total shareholder returns were approximately 96% and 172%, respectively, and significantly outperformed the Global Industry Classification Standard Pharmaceuticals and Biotechnology median one-year and three-year total shareholder returns of -7% and 10% for the same periods (as published by Institutional Shareholder Services).

We achieved our second successive year of profitability, with significant increases in net income and operating cash flows, driven by increases in product sales, in particular an increase in sales of Xyrem.

- Net income and operating cash flows were \$125.0 million and \$151.6 million, respectively, representing increases of 281% and 158% over 2010, respectively.

- In July 2011, with cash generated from operations, we repaid in full the \$33.3 million principal amount of our term loan.
- As of December 31, 2011, we had \$157.9 million of cash, cash equivalents and marketable securities and no debt.
- For the full year, we achieved GAAP net income per share of \$2.67.

The merger with Azur Pharma was announced in September 2011 and completed in January 2012.

The highlights of our executive compensation program for 2011 include:

As a general practice, we do not maintain employment agreements with our executive officers. Our executive officers are employed at-will and are expected to demonstrate high-quality performance in order to continue serving as members of our executive team.

We maintain a change in control severance benefit plan, or severance benefit plan, that complies with corporate governance best practices:

- the severance benefit plan is limited to double-trigger payments (requiring termination other than for cause or voluntary resignation for good reason in connection with a change in control to trigger payments); and
- the severance benefit plan does not provide for any tax gross-ups.

The compensation committee regularly assesses our individual and total compensation programs against comprehensive market data and utilizes an independent compensation consultant to engage in ongoing review of all aspects of our executive compensation programs. These inputs and data serve as guidelines to the compensation committee in determining the compensation programs and levels for our executive officers. The compensation committee also meets in executive session, without management, with its independent compensation consultant.

The principal, ongoing elements of the compensation of senior management and executive officers (i.e., base salary, cash bonus and long-term equity awards) were, on average, targeted at the 50th to 60th percentile for similarly positioned executives based on the comparative market data (which is periodically reviewed and updated by the compensation committee in consultation with the independent compensation consultant).

We have responsible internal pay equity practices. For 2011, the Chief Executive Officer's total cash compensation (base salary and cash bonus) was slightly more than one and a half times the Chief Financial Officer's total cash compensation, which reflects internal fairness and an important benchmark to avoid excessive compensation of the Chief Executive Officer.

Our Chief Executive Officer's performance bonus is based 100% on our company's overall performance and achievement of corporate objectives, which aligns our Chief Executive Officer's interests with our shareholders' interests.

We do not provide any executive fringe benefits, such as car allowances, personal security, financial planning advice or club memberships.

Overview

Edgar Filing: Jazz Pharmaceuticals plc - Form 10-K/A

Our executive compensation program is designed to help attract, as needed, talented individuals to manage and operate all aspects of our business, to reward those individuals fairly over time, and to retain those individuals who continue to 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 combines 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 objectives. 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 only if our share price appreciates over time. We consider our annual performance bonus awards and equity grants to be at risk, or performance-based compensation, because our annual bonus awards are not earned unless pre-determined levels of performance are achieved against approved goals, and our stock options will not provide realizable value unless there is an increase in the value of our stock during the stock option terms. Our executive compensation program is intended to keep us competitive in the core geographic markets where we compete, and in the life sciences industry, where there is significant competition for talented employees, and to be fair relative to other professionals within our organization. We believe that we must provide competitive compensation packages to attract and retain executive officers and to help our executive management function as a stable team that will 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, effective March 1. The base salary rates are determined, in consultation with the compensation committee's independent compensation consultant, based on each executive officer's responsibilities, individual performance, achievement of corporate and strategic goals and a review of competitive salary and total cash compensation data.

Performance Bonus Awards. We have an annual performance-based incentive bonus plan, or the performance bonus plan, for our employees and executive officers, under which bonuses may be paid after the end of each year, at the discretion of the compensation committee (and the board of directors in the case of the Chairman and Chief Executive Officer), based on our performance in meeting designated corporate objectives for the prior year and each individual's performance and 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.

The compensation committee does not have any formal policies for allocating compensation among salary, performance bonus awards and equity grants. Instead, the compensation committee used its judgment to establish for each named executive officer a mix of current, short-term and long-term incentive compensation, and cash and non-cash compensation, that it believes appropriate to achieve the compensation and corporate objectives described above. However, because we believe it is important to our success to aggressively pursue long-term goals, to avoid excessive risk taking, and to preserve our cash resources, a significant portion of our named executive officers' total compensation is comprised of performance-based bonus opportunities and long-term equity awards which align the executive officers' incentives with the interests of our shareholders. In keeping with our pay-for-performance philosophy, the compensation market data provided by Radford, a nationally recognized compensation consulting firm and our compensation committee's independent compensation consultant, and our continued success in achieving corporate goals and significantly increasing total shareholder return in 2010 as compared to 2009, the compensation committee determined that a greater proportion of total compensation should consist of performance-based bonuses and long-term equity incentive compensation for 2011.

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 our named executive officers and other members of senior management. In making its executive compensation determinations, the compensation committee considers recommendations from the Chairman and Chief Executive Officer. While the Chairman and Chief

Executive Officer discusses his recommendations with the compensation committee, he does not participate in determining his own compensation or in any of the deliberations with respect thereto. In making his recommendation, the Chairman and Chief Executive 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. Our General Counsel and Senior Vice President, Human Resources, also participate in the compensation committee meetings, but do not participate in any discussions of executive officer compensation. None of the other named executive officers or other executive officers participate in the compensation committee's executive compensation discussions. The compensation committee discusses and makes determinations with respect to executive compensation matters without any named executive officers present. The compensation committee does not delegate any of its functions to others in determining executive compensation.

As described below, the compensation committee generally 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. In late 2009, 2010 and 2011, the compensation committee engaged Radford, an Aon Hewitt Company, to provide benchmark and industry compensation data and provide the compensation committee with advice concerning setting the executive officers' 2010, 2011 and 2012 base salaries, performance-based bonuses and long-term equity compensation. The compensation committee additionally has consulted with Radford periodically with respect to specific questions or as new compensation programs are considered and to update the benchmarking information on an annual basis. Specific examples of services provided by Radford include salary compensation reports for the executive officers against our company's peer group in preparation for 2010, 2011 and 2012 compensation decisions, and preparation of equity guidelines for executive officers and key personnel in 2010, 2011 and 2012 for equity awards to be made in 2010, 2011 and 2012. Radford reports directly to the compensation committee, which maintains the authority to direct their work and engagement. 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, as needed, in executive session, to address various compensation matters.

The compensation committee is (and was at all times during 2011) 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 the Senior Vice President, Human Resources, and/or General Counsel and Chairman and Chief Executive Officer, and is reviewed with the Chairman of the compensation committee. However, from time to time, various 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 met nine times and acted by unanimous written consent four times in 2011. In 2012, the compensation committee acted by unanimous written consent one time before the merger was completed and has met two times between the merger and the filing of this report in 2012.

Benchmarking of Cash and Long-Term Compensation

We aim to attract and retain the most highly qualified executives 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 publicly held companies with which we compete for top talent. To this end, the compensation committee reviews market and peer company data, which include competitive information relating to the mix and levels of compensation for executives in the life sciences industry.

In early 2011, the compensation committee engaged Radford to provide a comprehensive market review of executive compensation, consistent with its past practice in previous years. Radford reexamined our company's compensation philosophy and peer group and based on the increase in our revenues, market capitalization and product on the market, recommended updates to the list of peer companies that were developed in 2010. Specifically, Radford recommended that Acorda Therapeutics, Inc., Alkermes, Inc., Enzon Pharmaceuticals, Inc., Onyx Pharmaceuticals, Inc., Theravance, Inc. and ViroPharma Incorporated be added to the peer company list and Affymax, Inc., Arena Pharmaceuticals, Inc., Cypress Bioscience, Inc., Durect Corporation, Halozyme Therapeutics, MAP Pharmaceuticals, Inc., Sequenom, Inc., Vical Incorporated, XenoPort, Inc. and ZymoGenetics, Inc. be removed from the peer company list. In developing the revised list of our 2011 peers, Radford selected companies that were in the life sciences industries with a product on the market, were located in biotechnology hubs, had revenues generally in \$50 million to \$300 million range, employee size between 100 and 500 to reflect job scope and complexity, and market values between \$375 million and \$2.5 billion.

Based on these parameters, Radford recommended and our compensation committee approved the following companies as our appropriate peer group for 2011: Acorda Therapeutics, Inc., Alkermes, Inc., Auxilium Pharmaceuticals, Inc., Depomed, Inc., Enzon Pharmaceuticals, Inc., InterMune, Inc., Isis Pharmaceuticals, Inc., ISTA Pharmaceuticals, Inc., Nektar Therapeutics, Onyx Pharmaceuticals, Inc., Questcor Pharmaceuticals, Inc., Santarus, Inc., Theravance, Inc. and ViroPharma Incorporated. In making 2011 compensation decisions, the compensation committee reviewed data from this updated group of peer companies.

Radford also provided our compensation committee with two sets of data from the Radford Global Life Sciences Survey to provide an additional source of data to better inform the compensation committee in making pay decisions. The first set of data related to the peer companies listed above, or the peer survey data, and the second set of data related to all of the companies in the Radford Global Life Sciences Survey, or the general survey data. The survey data included 100 public companies (including the peer group companies) in the life sciences industry, with 100 to 500 employees. The publicly disclosed information from the peer companies, the peer survey data and the general survey data, or all three types of data together, the market data, provided a robust set of information which, with assistance from Radford, the compensation committee used to set compensation.

The compensation committee generally benchmarks both cash compensation and equity compensation to the market data primarily to ensure that our executive compensation program as a whole is competitive. Consistent with the compensation committee's philosophy of maintaining compensation levels that attract and retain the highest caliber executives, the compensation committee generally targets total cash compensation (including both base salary and annual performance bonus opportunities) at the 50th percentile and equity compensation at the 60th percentile of market data for executive officers in similar positions with similar responsibilities. The components of the market data used for benchmarking are based on the availability of sufficient comparative data for an executive's position. Market data most often includes the publicly disclosed peer company data and the peer survey data, however sometimes there is a lack of sufficient peer company data due to the timing of peer company disclosure and/or a particular executive's position. If there is a lack of peer company data, the market data the compensation committee uses for benchmarking purposes will consist solely of the general survey data. If there is a lack of sufficient comparative data from the general survey data for an executive's position, the compensation committee engages in an internal pay equity analysis, where it reviews our company's other employees' historical compensation levels and compares differences in compensation levels in order to set the appropriate compensation for such individual. The compensation committee applies its professional experience and judgment when interpreting the market data. An individual may receive compensation above or below the targeted percentiles based on performance, job criticality, experience and skill set.

The compensation committee benchmarked against the market data described above, as well as considered specific recommendations from Radford on where to set salary, bonus incentives and equity grants in determining the compensation for the named executive officers for 2011. Based on Radford's recommendation, the market data the compensation committee used in 2011 for benchmarking the compensation of Mr. Cozadd, Mr. Cox, Ms. Falberg, Ms. Gamble and Ms. Wilson consisted of the survey data.

In preparation for establishing cash compensation following the merger, in late 2011, Radford reexamined our compensation philosophy and peer group and recommended updates to the list of peer companies to reflect the increase in our share price, revenues, market capitalization, and the likely expansion of our geographic reach, product portfolio and headcount through the anticipated closing of the merger in early 2012. Accordingly, Radford recommended that Alexion Pharmaceuticals, Inc., Amylin Pharmaceuticals, Inc., BioMarin Pharmaceutical Inc., Cubist Pharmaceuticals, Inc., Elan Corporation, plc, Endo Pharmaceuticals Holdings Inc., Impax Laboratories, Inc., Myriad Genetics, Inc., Regeneron Pharmaceuticals, Inc., Salix Pharmaceuticals, Ltd., The Medicines Company and United Therapeutics Corporation be added to our peer company list, and Depomed, Inc., Enzon Pharmaceuticals, Inc., Inspire Pharmaceuticals, Inc., Isis Pharmaceuticals, Inc., ISTA Pharmaceuticals, Inc., Nektar Therapeutics, Questcor Pharmaceuticals, Inc., Santarus, Inc. and Theravance, Inc. be removed from the peer company list. In addition, Radford again provided the compensation committee with survey data to provide an additional source of data to better inform the compensation committee in making pay decisions, which was updated to include public companies in the life sciences industry with higher revenues and a greater number of employees than the survey data used for 2011 compensation decisions to reflect our company's increased revenues, market value and headcount. In making 2012 compensation decisions, the compensation committee reviewed data from this updated group of peer companies and survey data.

Advisory Vote on Executive Compensation

At the 2011 annual meeting of stockholders of Jazz Pharmaceuticals, Inc., the stockholders approved, on an advisory basis, the compensation of our 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 stockholder support (99% of total votes cast), concluded that our compensation program continues to provide a competitive pay-for-performance package that effectively incentivizes our named executive officers and encourages long-term retention. Accordingly, the compensation committee determined not to make any significant changes to the executive compensation policies or decisions as a result of the vote. Our compensation committee will continue to consider the outcome of our say-on-pay votes and our shareholder views when making future compensation decisions for the named executive officers.

Executive Compensation Program

Our executive compensation program currently consists of three principal components: base salary, annual performance bonuses (if approved by the compensation committee) and long-term incentive compensation currently in the form of stock options. We also offer to our executive officers certain severance and change in control benefits as part of our severance benefit plan. Finally, the named executive officers have the opportunity to participate in the Jazz Pharmaceuticals, Inc. 401(k) plan, employee stock purchase plan and other benefits generally available to all employees. Each component of compensation is evaluated based on the factors discussed below.

Base Salary

None of our named executive officers has a guaranteed base salary; base salary is set each year by the compensation committee. The compensation committee reviews and determines the appropriate level of base salary for our named executive officers effective March 1 of each year. We generally aim to ensure that the base salaries and total cash compensation (including performance bonuses) of our executive officers, including the named executive officers, are maintained at competitive levels, which levels are generally targeted, on average, at the 50th percentile of the appropriate market data for executive officers in comparable positions with similar responsibilities. The compensation committee believes this is appropriate for several reasons. We have a complex business model and are pursuing multiple commercial opportunities. We do not have any significant laboratories or manufacturing facilities, and therefore conduct our development, manufacturing and clinical activities through arrangements with third parties. As a result, our executives are required to manage both internal and significant external resources.

Additionally, competition for executive talent is intense in our industry and in our geographic areas. Our executives 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 executives' base salaries and total cash compensation as a group is maintained at the competitive levels described above, the base salaries and total cash compensation of individual executive officers may fall outside of the 50th percentile range, based on a particular individual's experience, overall qualifications and current and expected future contribution to our company's success.

Performance Bonus Plan

In accordance with the performance bonus plan, we maintain an annual bonus award program to reward our named executive officers (and other employees) for attaining our company's corporate performance objectives and their individual contributions toward such achievements. Corporate objectives under the performance bonus plan generally relate to our commercial efforts, financial measures (such as sales and adjusted net income targets), and financing efforts, strategic transactions, progress of our clinical development programs, regulatory matters, as well as regulatory and sales and marketing compliance and effective employee engagement, alignment and professional development. At the beginning of each year, the compensation committee assigns each executive a target bonus level under the performance bonus plan, as a percentage of the base salary the executive earns for the respective plan year, except that the percentage is set as a percentage range instead of a specific percentage for vice president level executives, including Ms. Wilson. The compensation committee determines the appropriate target bonus level based on such executive's position. Generally, the target percentages are reviewed on an annual basis and are generally set at a level that would result in total annual cash compensation at the 50th percentile of the market data for total annual cash compensation of executives in comparable positions with similar responsibilities, for the reasons described above under the heading entitled *Executive Compensation Program Base Salary*. Target bonus opportunities are generally higher for those executives who have a greater opportunity to impact corporate performance.

The actual performance bonus awarded to an executive officer in any year, if any, may be more or less than the target, depending primarily on our company's achievement of corporate objectives and the executive's individual performance with respect to such objectives. Whether or not a bonus is paid for any year is within the discretion of the compensation committee based on such achievement. At the end of each year, the compensation committee determines the size of the total bonus pool under the performance bonus plan. Before 2011, the bonus payout was based primarily on the board of directors' determination of our company's success in achieving its corporate objectives for the plan year. For 2011, the compensation committee took a more formulaic approach in keeping with our pay-for-performance philosophy and industry best practices. The compensation committee assigned individual weighting to each financial objective and a separate weighting to the qualitative objectives together. A payout algorithm was defined for calculating the payout rates for the financial objectives. As for the qualitative objectives, the payout continued to be evaluated based on the compensation committee's determination of the company's success in achieving such objectives during the year.

The compensation committee determines the portion of the pool, if any, that will be allocated to the executive officers, including the named executive officers, as a group and the bonuses for each individual executive officer. Actual performance bonus awards to executive officers are determined to a larger extent based on the compensation committee's (and in the case of Mr. Cozadd, the board of directors') subjective assessment of executive officers' contributions as a group to the achievement of our company's corporate objectives and, to a lesser extent, on each individual executive officer's contribution to the achievement of such corporate objectives. Mr. Cozadd provides input 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, we pay signing bonuses in connection with the commencement of employment of executive officers, contingent upon their continued service, such as the signing bonus paid to Ms. Falberg pursuant to her offer letter, or

bonuses paid in connection with the retirement of executive officers, such as the bonus paid to Ms. Gamble, described below under the heading *Description of Compensation Arrangements Executive Employment Agreements*.

As a public company, if we are required to restate our financial results due to its material noncompliance with any financial reporting requirements under the federal securities laws, as a result of misconduct, the Chairman and 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 Dodd-Frank Wall Street Reform and Consumer Protection Act compliant clawback policy as soon as 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 such performance by executive officers through the use of equity incentives. Historically the compensation committee has believed that long term incentive compensation in the form of stock option grants provides our executive officers with meaningful compensation awards that aligns their incentives with shareholder value creation.

Stock option grants may be made at varying times and in varying amounts in the discretion of the compensation committee, but are generally made to executive officers, including the named executive officers, once a year unless such executive officer is promoted, in which case a grant will normally be made at that time, or for recognition of outstanding performance. Additionally, the compensation committee may grant a stock option shortly after an executive officer commences employment. We do not time the granting of equity awards with any favorable or unfavorable news, and the proximity of the grant of any equity awards to an earnings announcement or other market events is coincidental. In addition, our stock option grant policy since the initial public offering of Jazz Pharmaceuticals, Inc. has been to generally grant equity awards to executive officers only during open stock trading window periods. After the merger, our board of directors has approved an equity incentive grant policy that was adapted from Jazz Pharmaceuticals, Inc.'s stock option grant policy and continued to require that equity grants to executive officers be made only during an open trading window. The exercise price of Jazz Pharmaceuticals, Inc.'s stock options was always at least equal to the fair market value (the closing price on NASDAQ) of Jazz Pharmaceuticals, Inc.'s common stock on the date of grant. Stock option grants generally vest 25% upon the one year anniversary of the grant date and the remaining shares vest each month for 36 months thereafter until such grant is fully vested on the four year anniversary of the grant date, subject to potential vesting acceleration as described under the heading *Potential Payments upon Termination or Change in Control* below.

The number of shares subject to stock options granted to our named executive officers is generally targeted at the 60th percentile of the appropriate market data, and the vesting schedules are established to ensure a meaningful incentive to remain employed with our company and to work toward its success. Accor