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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, 2013

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	**98-1032470**
(State or other jurisdiction of incorporation or organization)	**(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:

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 x	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 28, 2013, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $3,527,521,407 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 6,924,013 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 19, 2014, a total of 58,068,360 ordinary shares, nominal value $0.0001 per share, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2014 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 are incorporated by reference in Part III, Items 10-14 of this Form 10-K.

JAZZ PHARMACEUTICALS PLC
2013 ANNUAL REPORT ON FORM 10-K

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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, Xyrem Success Program®, Erwinaze® (asparaginase Erwinia chrysanthemi), Erwinase®, Defitelio® (defibrotide), Prialt® (ziconotide) intrathecal infusion, FazaClo® (clozapine, USP), Versacloz™ (clozapine) oral suspension, Asparec™ (mPEG-r-crisantaspase), Leukotac™ (inolimomab), ProstaScint® (capromab pendetide), JumpStart™ and NAVIGATOR Reimbursement and Access Program™. This report also includes trademarks, service marks, and trade names of other companies.

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, or the Exchange Act, 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," "intend," "continue," "potential," "possible," "foreseeable," "likely" 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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 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 the Azur Merger, in which case such terms are references to Jazz Pharmaceuticals, Inc. and its consolidated subsidiaries. The disclosures in this report relating to the pre-Azur Merger business of Jazz Pharmaceuticals pertain to the business of Jazz Pharmaceuticals, Inc. prior to the Azur Merger.

PART I

Item 1. Business

Overview

We are a specialty biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing differentiated products that address unmet medical needs. Our strategy is to continue to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying new growth opportunities;
- Acquiring additional marketed specialty products or products close to regulatory approval to leverage our existing expertise and infrastructure; and
- Pursuing targeted development of a pipeline of post-discovery specialty product candidates.

In 2013 and to date in 2014, we have made substantial progress in the execution of our strategy. Our strong revenue growth continued, primarily from the sales of our lead marketed products, Xyrem® (sodium oxybate) oral solution and Erwinaze® (asparaginase *Erwinia chrysanthemi*), called Erwinase® in markets outside of the United States. We acquired the product Defitelio® (defibrotide) as a result of our acquisition pursuant to a tender offer of approximately 98% of the outstanding and fully diluted voting securities of Gentium S.p.A., or Gentium, as of February 21, 2014, for an aggregate acquisition cost of approximately $993 million, which we refer to as the Gentium Acquisition. For a detailed discussion of the Gentium Acquisition, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations." In October 2013, the European Commission granted marketing authorization under exceptional circumstances for Defitelio for the treatment of severe hepatic veno-occlusive disease, or severe VOD, in adults and children undergoing hematopoietic stem cell transplantation, or HSCT, therapy. We plan to launch Defitelio in selected European Union, or EU, countries during 2014, and expect to begin these efforts in the first half of 2014 after Defitelio's patient registry has been established and is open for

recruitment, subject to the receipt of a positive recommendation by the Pharmacovigilance Risk Assessment Committee, or PRAC, at the European Medicines Agency, or EMA, on the patient registry design. We are engaged in pricing and reimbursement submissions in applicable EU countries in preparation for planned launches in these countries. We intend eventually to promote Defitelio in all EU markets where it has marketing authorization. In February 2014, we launched Versacloz™ (clozapine) oral suspension in the United States for treatment-resistant schizophrenia and for reducing the risk of recurrent suicidal behavior in patients with schizophrenia or schizoaffective disorders.

As a result, going into 2014, we have a portfolio of approved products that address medical needs in the following therapeutic areas, including:

Narcolepsy: Xyrem, the only product approved by the United States Food and Drug Administration, or FDA, for the treatment of both cataplexy and excessive daytime sleepiness in patients with narcolepsy;

Hematology/Oncology: Erwinaze, a treatment for patients with acute lymphoblastic leukemia, or ALL, who have developed hypersensitivity to *E. coli*-derived asparaginase, and Defitelio, for the treatment of severe VOD in adults and children undergoing HSCT therapy;

Pain: Prialt® (ziconotide) intrathecal infusion, the only non-opioid intrathecal analgesic indicated for the management of severe chronic pain for patients who are intolerant of or refractory to other treatments; and

Psychiatry: A portfolio of products, including FazaClo® (clozapine, USP) HD and FazaClo LD, orally disintegrating clozapine tablets indicated for treatment-resistant schizophrenia, and Versacloz.

We also commercialize a portfolio of other products, mostly in markets outside of the United States. These products are primarily in the oncology, critical care and oncology supportive care therapeutic areas.

In addition, we made significant progress and investment in expanding our product development pipeline. In February 2013, we licensed rights to JZP-386, an early-stage investigational compound being developed for potential use in narcolepsy, from Concert Pharmaceuticals, Inc., or Concert. In January 2014, we acquired rights to JZP-110 (formerly known as ADX-N05), a late-stage investigational compound being developed for potential treatment of excessive daytime sleepiness, or EDS, in patients with narcolepsy from Aerial BioPharma LLC, or Aerial. We also intend to pursue development of JZP-110 for EDS in patients with obstructive sleep apnea, or OSA. In addition to its existing approved indication in the EU, Defitelio has the potential to be developed for approval in other indications, and for approval in countries outside the EU, including the United States. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States. Finally, we are conducting ongoing trials involving Asparec™ (mPEG-r-crisantaspase), a pegylated recombinant *Erwinia* asparaginase for the treatment of patients with ALL with *E. coli* asparaginase hypersensitivity, and Leukotac™ (inolimomab), an anti-CD25 monoclonal antibody for the treatment of steroid-refractory acute graft versus host disease, or GvHD.

Our development pipeline projects also include line extensions for existing products and the generation of additional clinical data for existing products. We plan to conduct a clinical trial to further evaluate the use of Erwinaze in young adults age 18 to 39 with ALL who are hypersensitive to *E. coli*-derived asparaginase.

In addition, through the Gentium Acquisition we acquired a manufacturing facility that produces active pharmaceutical ingredients, including defibrotide, the drug substance in Defitelio, and in February 2014 we announced we commenced construction of a manufacturing and development facility in Ireland.

Over the past two years, we have made targeted investments to strengthen our capabilities and enhance and diversify our commercial and development portfolio. We intend to continue to leverage our commercial, medical and scientific experience to seek to maximize the potential of our existing and potential products. Our investments have allowed us to build a scalable infrastructure designed to support future growth and to continue to create shareholder value.

Our Products

Xyrem® (sodium oxybate) oral solution

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, an endogenous neurotransmitter and metabolite of gamma-aminobutyric acid. Xyrem was approved 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, hypnogogic 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 social anxiety disorder, OSA, bipolar disorder, depression, hypercholesterolaemia, diseases of the digestive system, cardiovascular diseases, upper respiratory tract diseases and hypertension.

It is estimated that narcolepsy affects approximately 1 in 2,000 people in the United States, or approximately 157,000 people. Less than half of those people have been definitively diagnosed with narcolepsy. In the fourth quarter of 2013, the average number of patients receiving Xyrem treatment was approximately 11,250 patients in the United States, and we believe that there are significantly more patients with narcolepsy and cataplexy and/or EDS who might benefit from treatment with Xyrem. In an effort to reach more patients, we are seeking to expand the base of physicians who prescribe Xyrem through a number of initiatives, including increased outreach to prescribers who treat narcolepsy and through physician disease education.

In 2013, net product sales of Xyrem were $569.1 million, which represented 65.8% of our total net product sales.

We promote Xyrem in the United States 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 management and controlled distribution system, which we refer to as the Xyrem Risk Management Program, that was required 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. Elements of the Xyrem Risk Management Program, adopted in 2002 before the FDA had authority to require a risk evaluation and mitigation strategy, or REMS, are deemed to be an approved REMS pursuant to the Food and Drug Administration Amendments Act of 2007, or the FDAAA. The Xyrem Risk Management Program, however, is not in the form that is now required for REMS documents. The FDAAA requires that deemed REMS and related documents be updated to comply with the current requirements for REMS documents. We are engaged in ongoing communications with the FDA with respect to our REMS documents for Xyrem, but we have not reached agreement on certain significant terms. For example, we disagree with the FDA's current position that, as part of the current REMS process, the Xyrem deemed REMS should be modified to enable the distribution of Xyrem through more than one pharmacy, or potentially through retail pharmacies and wholesalers, as well as with certain modifications proposed by the FDA that would, in the FDA's view, make the REMS more consistent with the FDA's current practices for REMS documents.

The FDA has notified us that it would exercise its claimed authority to modify our REMS and that it would finalize the REMS as modified by the FDA unless we initiate dispute resolution procedures with respect to the modification of the Xyrem deemed REMS. Given these circumstances, we will initiate dispute resolution procedures with the FDA by the end of February 2014. We cannot predict whether, or on what terms, we will reach agreement with the FDA on final REMS documents for Xyrem, whether we will initiate additional dispute resolution proceedings with the FDA or other legal proceedings prior to finalizing the REMS documents, or the outcome or timing of any such proceedings. We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. 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.

Three companies have notified us that they have filed abbreviated new drug applications, or ANDAs, with the FDA seeking FDA approval to market a generic version of Xyrem. We initiated lawsuits against each of these companies, and the litigation proceedings are ongoing. In January 2014, the FDA held an initial meeting with us and current Xyrem ANDA applicants to facilitate the development of a single shared system REMS for Xyrem (sodium oxybate). We also expect to face pressure to license or share our Xyrem Risk Management Program, which is the subject of multiple issued patents, or elements of it, with generic competitors. 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 system REMS for Xyrem (sodium oxybate), licensing or sharing our REMS, or the FDA's response to a certification that a third party had been unable to obtain a license. See the discussion under "Government Regulation" in this Item 1.

Under our current Xyrem Risk Management Program, all of the Xyrem sold in the United States must be shipped directly to patients through a single central pharmacy, Express Scripts Specialty Distribution Services and its affiliate CuraScript, Inc., or ESSDS. Xyrem may not be stocked in retail pharmacies. Physicians and patients must enroll in the Xyrem Success Program®, which is part of our Xyrem Risk Management Program, prior to fulfillment of Xyrem prescriptions. Each physician and patient receives materials concerning the risks and benefits of the product before the physician can prescribe, or a patient

can receive, Xyrem. Whenever a prescription is received by the central pharmacy, the central pharmacy verifies the prescription and must speak with the patient before each shipment of Xyrem is 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 only be for up to a one-month supply, and refill orders may be for up to a three-month supply. ESSDS also provides reimbursement support to patients by coordinating insurance coverage for Xyrem, and as applicable, referring qualified patients to various patient savings or assistance programs.

Pursuant to our agreement, ESSDS exclusively distributes Xyrem in the United States and provides customer support services related to the sales and marketing of Xyrem in the United States. Our agreement, which has been in effect since July 2002, expires on June 30, 2015, 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 of the standard operating procedures, business rules and intellectual property, and the agreement provides for ESSDS to assist in the orderly transfer of the services that ESSDS provides to us and the related intellectual property, including intellectual property related to the patient database, to any new pharmacy that we may we engage.

Xyrem is a controlled substance in the United States, and 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 contract manufacturer.

Outside of the United States, we have licensed to UCB Pharma Limited, or UCB, the exclusive right to market Xyrem for the treatment of narcolepsy in 54 countries in exchange for milestone and royalty payments to us. UCB currently markets the product in Mexico and 22 countries in Europe. 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 fourteen U.S. patents covering Xyrem, which expire at various times from December 2019 to June 2024. Our issued patents relate to Xyrem's stable and microbially resistant formulation, its manufacturing process and its method of use, including its restricted distribution system. There are currently three Xyrem ANDA applicants and we are involved in litigation with all three companies. For a description of these matters, please see Item 3. "Legal Proceedings."

Erwinaze® (asparaginase Erwinia chrysanthemi)

Erwinaze, a biologic product, is 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 is a crucial component of their therapeutic regimen. Erwinaze is currently approved in the United States for administration via intramuscular injection in conjunction with chemotherapy. Erwinaze was originally developed by Public Health England, a U.K. national executive agency, or PHE. Erwinaze was approved by the FDA under a biological license application, or BLA, and was launched in the United States in November 2011. Outside of the United States, Erwinaze is sold under the name Erwinase pursuant to marketing authorizations, named patient programs, temporary use authorizations or similar authorizations in multiple countries in Europe and elsewhere.

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 United States in 2013. 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 and 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 papers published in *Pediatric Blood & Cancer* and *Journal of Clinical Oncology* suggest that approximately 20% of ALL patients 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 adolescent and young adult ALL patients 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 incorporate the use of asparaginase-based regimens in adult centers, 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. In February 2013, a third party 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 broad adoption of this assay to be limited until its use is included in existing pediatric and adult treatment protocols.

We promote Erwinaze in the United States through a specialty sales force of approximately 25 sales professionals. 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.

In Europe and elsewhere around the world, Erwinase is sold pursuant to marketing authorizations, named patient programs, temporary use authorizations or similar authorizations. By the time of the planned launch of Defitelio, as described below, our hematology and oncology sales force outside of the United States is expected to have approximately 35 sales professionals responsible for promoting Erwinase and Defitelio in approved markets and approximately 15 medical science liaisons and medical directors responsible for responding to medical information requests and for providing information consistent with local treatment protocols.

In 2013, net product sales of Erwinaze/Erwinase were $174.3 million, which represented 20.1% of our total net product sales.

Erwinaze is exclusively licensed to us for worldwide marketing, sales and distribution by PHE, which also manufactures the product for us. PHE is our sole supplier for Erwinaze. We are obligated to make tiered royalty payments to PHE based on worldwide net sales of Erwinaze and Erwinase.

Although Erwinaze is not covered by any patents, Erwinaze has orphan drug marketing exclusivity in the United States through 2018 (seven years from its FDA approval), and we expect to receive data exclusivity for Erwinaze in the United States through 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 the restoration of the balance between clot formation and breakdown in the blood.

Gentium historically focused the development of defibrotide on 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 high-dose conditioning regimens used as part of HSCT can damage the lining cells of 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 estimate that of the approximately 35,000 patients undergoing HSCT annually in the EU, approximately 6,300 are considered at high risk for the development of VOD, and the incidence of VOD is approximately 3,600 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.

Defibrotide has been granted orphan drug designation to treat severe VOD and to prevent VOD by the FDA, by the EMA and by 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 severe VOD. In November 2013, the EMA also granted orphan drug designation to defibrotide for the prevention of GvHD, another potentially fatal complication of HSCT that afflicts up to 50% of all donor transplant patients.

In October 2013, the European Commission granted marketing authorization under exceptional circumstances for Defitelio for the treatment of severe VOD in adults and children undergoing HSCT therapy. Defitelio is the first approved treatment in the 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 plan to launch Defitelio in selected EU countries during 2014, and expect to begin these efforts in the first half of 2014 after Defitelio’s patient registry has been established and is open for recruitment, subject to the receipt of a positive recommendation by the PRAC on the patient registry design. We are engaged in pricing and reimbursement submissions in applicable EU countries in preparation for planned launches in those countries. We intend eventually to promote Defitelio in all EU markets where it has marketing authorization. We expect to promote Defitelio along with Erwinase to many of the same hematology and oncology specialists, and believe that we can benefit from the operational synergy in commercializing these

products to the same targeted audience. Defitelio is currently available in approximately 40 countries through ten distribution partnerships on a named patient basis.

Under a license and supply agreement, Gentium has licensed the rights to commercialize defibrotide for the treatment and prevention of VOD in North America, Central America and South America, subject to receipt of marketing authorization in the applicable territory, if any, to Sigma-Tau Pharmaceuticals, Inc., or Sigma-Tau. Pursuant to the terms of the license and supply agreement, Sigma-Tau has agreed to reimburse us for certain costs associated with the development of defibrotide. In addition, we are entitled to certain milestone payments following regulatory approval in the United States and to royalty payments equal to 7% of Sigma-Tau's net sales of defibrotide as well as a supply margin equal to the greater of 31% of net sales or €50 (approximately $68) per unit of defibrotide finished product.

There are currently no approved treatments for severe VOD in the United States. Defibrotide is being distributed to patients diagnosed with severe VOD in the United States through an expanded access program pursuant to a treatment investigational new drug, or IND, protocol. Defibrotide also received Fast Track designation by the FDA to treat severe VOD. The Fast Track program is designed to enable more frequent interactions with the FDA during drug development and to expedite the FDA's review of a new drug candidate. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States.

The drug substance defibrotide was developed and is manufactured in a facility in Italy that we acquired through the Gentium Acquisition. The finished product is manufactured for us by a single source contract manufacturer. 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 of defibrotide, methods of use and methods of characterization, which will expire at various times between April 2017 and June 2032.

Prialt® (ziconotide) intrathecal infusion

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. Ziconotide is a synthetic neuroactive peptide known as conotoxin and is the synthetic equivalent of a naturally-occurring conopeptide found in the piscivorous marine snail, *Conus Magus*. Ziconotide is thought to inhibit pain signals transmitted via N-type calcium channels, most densely located in the dorsal horn of the spinal cord, although the precise mechanism of action in humans is unknown. 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.

Azur Pharma acquired the rights to Prialt from Elan Pharmaceuticals, Inc. (subsequently acquired by Perrigo Company plc), or Elan, in May 2010. Pursuant to an asset purchase agreement executed between Azur Pharma and Elan in April 2010, Azur Pharma acquired worldwide rights to Prialt excluding those territories licensed by Elan to Eisai Co. Limited, or Eisai, which consist of 34 countries outside of the United States, mainly in Europe. We supply Prialt to Eisai. Azur Pharma paid Elan $5 million on the closing of the transaction, with an additional $12 million in deferred payments, which we paid to Elan in 2012. We are also obligated to pay up to a maximum aggregate amount of $120 million in tiered contingent payments, with the first such payment becoming due if net sales of at least $75 million are achieved in a calendar year, as well as a tiered royalty payment in the teens based on net sales.

We promote Prialt through a specialty sales force of approximately 30 sales professionals. We use a centralized distribution system for Prialt, the NAVIGATOR Reimbursement and Access Program™. This distribution system provides a simplified single point of access to Prialt, offering reimbursement and insurance support that is intended to reduce the burden on physicians and patients and providing information and support through a dedicated Prialt call center outsourced to a third party vendor. Our field-based reimbursement team provides additional support, dealing specifically with the more complex needs of physicians and payors. In 2013, we expanded our collaboration with Medtronic Inc., the maker of SynchroMed® II programmable implantable pumps approved by the FDA for use with Prialt, to enhance our ability to access physicians and provide education regarding the use of Prialt.

The finished product and active pharmaceutical ingredient are each manufactured for us by a single source contract manufacturer. We have three U.S. patents covering Prialt, which will expire from June 2015 to December 2016.

Psychiatry Products

We market FazaClo HD and FazaClo LD, each of which is an orally disintegrating tablet formulation of clozapine that is indicated for the management of severely ill schizophrenic patients who fail to respond adequately to standard drug treatment for schizophrenia and for reduction in the risk of recurrent suicidal behavior in patients with schizophrenia or schizoaffective

disorder who are judged to be at chronic risk for re-experiencing suicidal behavior, based on history and recent clinical state. FazaClo LD, comprising the original three lower dosage strength presentations, was approved by the FDA in February 2004 with respect to the 25mg and 100mg tablets and in May 2007 for the 12.5mg tablets. Azur Pharma acquired the rights to FazaClo LD from Avanir Pharmaceuticals, Inc., or Avanir, in August 2007. FazaClo HD, comprising the two high dosage strengths of 150mg and 200mg tablets, was developed by Azur Pharma and received FDA approval in July 2010.

In February 2014, we launched Versacloz, an oral suspension formulation of clozapine, for treatment-resistant schizophrenia and for reducing the risk of recurrent suicidal behavior in patients with schizophrenia or schizoaffective disorders. Versacloz was approved by the FDA for both indications in February 2013. In February 2010, Azur Pharma entered into a license and supply agreement with Douglas Pharmaceuticals America Limited, or Douglas Pharmaceuticals, and obtained an exclusive license to market, distribute and sell Versacloz in the United States and Mexico from Douglas Pharmaceuticals. The initial term of the license and supply agreement expires 10 years after the first commercial sale of Versacloz in the United States, subject to automatic extension for additional five-year terms unless terminated by either party subject to certain conditions.

According to Symphony Health Solutions, the U.S. clozapine market is dominated by generics, which accounted for approximately 95.3% of clozapine prescription volumes in 2013. Our FazaClo HD and FazaClo LD products accounted for approximately 1.3% and 3.4%, respectively, of clozapine prescription volumes in 2013. An authorized generic version of FazaClo LD launched in August 2012. Other clozapine generics are referenced to Clozaril, a standard immediate release tablet formulation of clozapine from Novartis Pharmaceuticals Corporation. FazaClo HD and FazaClo LD incorporate the DuraSolv® orally disintegrating tablet technology that we license from CIMA Labs Inc., or CIMA, now a subsidiary of Teva Pharmaceutical Industries Limited, or Teva, which enables the products to dissolve without the need to chew or to swallow with water. FazaClo HD and FazaClo LD (including its authorized generic version) are currently the only orally disintegrating tablet formulations of clozapine available in the United States. Versacloz is currently the only oral suspension formulation of clozapine available in the United States.

Versacloz is sold under an approved REMS. FazaClo HD and FazaClo LD are sold under a risk management plan in the United States. One element of the risk management plan for FazaClo HD and FazaClo LD is a patient registry. The FDA requires that patients being prescribed any clozapine product, including FazaClo HD, FazaClo LD and Versacloz, must be enrolled in an FDA-approved patient registry, a database monitoring patients' white blood cell counts and absolute neutrophil counts to permit early detection of clozapine-induced leukopenia or agranulocytosis. The authorized generic form of FazaClo LD is part of the FazaClo HD and FazaClo LD patient registry. Similarly, as part of the REMS for Versacloz, patients who are prescribed Versacloz are required to be enrolled in the Versacloz patient registry.

The FazaClo HD and FazaClo LD risk management plan is not in the form that is now required for a REMS. In 2012, the FDA notified us, along with other holders of applications for products containing clozapine, that a single shared system should be used to implement the REMS for this entire class of products, including Versacloz. We are working with other manufacturers of clozapine products to address the FDA's requirements.

We promote FazaClo HD, FazaClo LD and Versacloz in the United States through a specialty sales force of approximately 25 sales professionals, with the support of our in-house registry team and a team of clinical compliance liaisons, who provide patient registry support services for FazaClo HD, FazaClo LD and Versacloz.

FazaClo HD and FazaClo LD are covered by three U.S. formulation patents. All are licensed by us, one from Ethypharm S.A., expiring in December 2017, and the other two from CIMA, expiring April 2018. The patentability of certain claims of two formulation patents that we license from CIMA and which cover FazaClo HD and FazaClo LD were confirmed by the U.S. Patent and Trademark Office, or the USPTO, in 2013. Versacloz is covered by a U.S. formulation patent and a pending U.S. patent application that we license from Douglas Pharmaceuticals. The patent expires in May 2028. We have single source third party suppliers for each of FazaClo LD, FazaClo HD and Versacloz.

Three generic manufacturers have filed ANDAs requesting approval to market generic versions of FazaClo LD, and one of them, Teva, has also submitted an ANDA requesting approval to market a generic version of FazaClo HD. Azur Pharma brought lawsuits against each of them and settled the lawsuit with Teva in 2011. In the settlement agreement, Azur Pharma granted a sublicense to an affiliate of Teva of Azur Pharma's rights to have manufactured, market and sell a generic version of both FazaClo LD and FazaClo HD, as well as an option for supply of authorized generic product. The sublicenses for FazaClo LD commenced in July 2012, and the sublicense for FazaClo HD will commence in May 2015, or earlier upon the occurrence of certain events. Teva exercised its option for supply of an authorized generic product for FazaClo LD and launched the authorized generic product in August 2012.

Research and Development

Our development pipeline projects currently include clinical development of new product candidates, line extensions for existing products and the generation of additional clinical data for existing products. These projects are concentrated in our

sleep and hematology and oncology therapeutic areas, where we believe we will be able to leverage our existing specialty commercial expertise and infrastructure, as well as our strong clinical, medical and commercial teams.

In the sleep area, we have two product candidates under development.

- *JZP-110*. JZP-110 is a novel, investigational compound in clinical development for the treatment of EDS in patients with narcolepsy. While the mechanism of action is not fully understood, the molecule has demonstrated wake-promoting properties in pre-clinical and clinical studies. We intend to pursue Phase 3 clinical trials in the treatment of EDS in patients with narcolepsy, as well as EDS in patients with OSA. We plan to discuss our development plans with the FDA and intend to initiate our Phase 3 clinical program for JZP-110 as quickly as practicable thereafter, subject to the availability of clinical trial materials. In January 2014, we entered into an asset purchase agreement with Aerial to acquire the worldwide development, manufacturing and commercial rights to JZP-110, other than in certain jurisdictions in Asia where SK Biopharmaceuticals Co., Ltd, or SK, retains rights. Under the agreement, we made an upfront payment totaling $125 million in January 2014 and are also obligated to make certain milestone payments, in an aggregate amount of up to $272 million, based on development, regulatory and sales milestones and to pay tiered royalties from high single digits to mid-teens based on potential future sales of JZP-110.
- *JZP-386*. We are conducting pre-clinical research and development work on JZP-386, a deuterium-modified analog of sodium oxybate, the active pharmaceutical ingredient in Xyrem. We licensed JZP-386 from Concert in February 2013, for potential use in patients with narcolepsy. We submitted an investigational medicinal product dossier, or IMPD, for JZP-386 in Europe at the end of 2013 and received approval of the IMPD in January 2014. We intend to begin our first study of JZP-386 in humans in 2014, subject to the availability of clinical trial materials.

In the hematology and oncology area, we are conducting several clinical studies as well as evaluating one compound for further development.

- *Asparec*. We are conducting a Phase 1 clinical trial in Europe of Asparec, a pegylated recombinant Erwinia asparaginase being developed for the treatment of patients with ALL with *E. coli* asparaginase hypersensitivity. In June 2013, the FDA granted Fast Track designation to the investigation of Asparec for the treatment of ALL. We have reviewed our development plans with the FDA and are working with investigators to initiate our first study of Asparec in children. We license worldwide rights to develop and commercialize Asparec from Alizé Pharma II, or Alizé Under our license agreement with Alizé, we are subject to contractual obligations to meet certain development milestones within certain timeframes.
- *Defibrotide*. A prior new drug application, or NDA, submission by Gentium seeking approval in the United States for defibrotide for the treatment of severe VOD was voluntarily withdrawn from consideration in order to address issues raised by the FDA. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States, which may include filing a new application with existing clinical data or generating additional clinical data before a new application is ready for submission and FDA review. We are also assessing the potential for approval of defibrotide in other countries and for additional development of defibrotide in other indications. For example, prior to the Gentium Acquisition, Gentium had completed a randomized controlled study of defibrotide for the prevention of VOD in pediatric HSCT patients.
- *Erwinaze*. We are preparing to initiate a clinical trial to further evaluate the use of Erwinaze in young adults age 18 to 39 with ALL who are hypersensitive to *E. coli*-derived asparaginase. We have identified a principal investigator for this study, have finalized the study protocol and will begin the process of identifying, recruiting and initiating study sites. We expect to begin this planned trial in the first half of 2014. In 2013, we also completed a pharmacokinetic clinical trial of the intravenous administration of Erwinaze in North America. Based on data collected in the study, which met the primary end point, we submitted an amendment to the Erwinaze BLA to the FDA to allow intravenous administration of Erwinaze. The FDA determined that the data should be submitted as a supplemental BLA, or sBLA, and refused to file the initial submission. As a result, we plan to resubmit the data as an sBLA in the first quarter of 2014.
- *Leukotac*. We are also conducting a Phase 3 clinical trial in Europe of Leukotac (inolimomab), an anti-CD25 monoclonal antibody for the treatment of steroid-refractory acute GvHD. We acquired the rights to Leukotac from Biotest AG.

For the years ended December 31, 2013, 2012 and 2011, we recorded $46.6 million, $20.5 million and $14.1 million, respectively, in research and development expenses. For 2014 and beyond, we expect that our research and development expenses will increase substantially from these historical levels, particularly as we initiate our various planned clinical trials and development work.

Sales and Marketing

Our commercial activities in the United States are dedicated to our marketed products Xyrem, Erwinaze, Prialt, FazaClo HD, FazaClo LD and Versacloz, as well as providing support for sales of certain of our other products. We currently have approximately 180 trained, experienced sales professionals who detail our marketed products to physicians in specialties appropriate for each marketed product in the United States.

In Europe, we promote Erwinase to hematology and oncology specialists. By the time we begin our planned launch of Defitelio in selected EU countries, our hematology and oncology team is expected to have approximately 35 hematology field specialists responsible for promoting Erwinase and Defitelio in approved markets, and we believe that we can benefit from the operational synergy of commercializing these products to the same targeted audience. In markets where Erwinase is not currently approved, approximately 15 medical science liaisons and medical directors are responsible for responding to medical information requests and for providing information consistent with local treatment protocols. In addition, we sell products in oncology, oncology supportive care and critical care outside of the United States through a network of local distributors and wholesalers in more than 80 countries.

Our commercial activities include marketing and related services and commercial support services. We also 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 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. Continued growth of our current products and the launch of any future products may require expansion of our sales force and sales support organization in the United States 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 characterized by a number of established, large pharmaceutical companies as well as specialty pharmaceutical companies that market neurology, oncology, pain, psychology and other products. 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 FDA, European Commission 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 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. Some of these competitors include Endo Health Solutions Inc., Forest Laboratories, Inc., Shire Pharmaceuticals, Inc., Teva and Valeant. These established companies 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 United States 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.

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. In particular, our marketed products and product candidates face competition as described below:

- *Xyrem® (sodium oxybate) oral solution.* Xyrem is the only product approved for the treatment of both cataplexy and EDS in patients with narcolepsy. No product other than Xyrem is approved 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, and the 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.

Three companies have notified us that they have filed abbreviated new drug applications, or ANDAs, with the FDA seeking FDA approval to market a generic version of Xyrem. We initiated lawsuits against each of these companies, and the litigation proceedings are ongoing. If generic products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected.

- *Erwinaze® (asparaginase Erwinia chrysanthemi)*. 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 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 for ALL that may not include asparaginase-containing regimens. Any of these potential new treatments 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 HSCT. Various anti-clotting strategies have been tried by researchers 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.
- *Prialt® (ziconotide) intrathecal infusion*. Prialt is the only FDA-approved non-opioid intrathecal analgesic. It competes with intrathecally administered morphine, which is the only other product approved by the FDA for the intrathecal treatment of severe chronic pain. Other drugs are also used intrathecally by physicians, including hydromorphone, clonidine, baclofen and sufentanil.
- *FazaClo® HD (clozapine, USP) and FazaClo LD (clozapine, USP) Orally Disintegrating Tablets and Versacloz™ (clozapine) oral suspension*. FazaClo HD, FazaClo LD and the authorized generic version of FazaClo LD launched in 2012 are the only orally disintegrating tablet formulations of clozapine available. FazaClo HD and FazaClo LD compete against the authorized generic of Fazaclo LD. Versacloz is currently the only oral suspension formulation of clozapine available in the United States. The substantial majority of prescriptions for clozapine are generic tablets, which also compete with FazaClo HD, FazaClo LD and Versacloz. In addition, prior to prescribing clozapine, most physicians choose other branded products as treatment options, including Latuda® (lurasidone hydrochloride), marketed by Sunovion Pharmaceuticals Inc., Risperdal® Consta® (risperidone), marketed by Janssen Pharmaceuticals, Inc., Seroquel® (quetiapine fumarate), marketed by AstraZeneca Pharmaceuticals LP, and Zyprexa® (olanzapine), marketed by Lilly USA, LLC.

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;
- 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 supply commercial quantities of a product to the market; and
- our ability to recruit, retain and develop skilled employees.

Customers and Information About Geographic Areas

In the United States, Xyrem is sold to one specialty pharmacy, ESSDS, which ships Xyrem directly to patients, Erwinaze is sold through an exclusive wholesaler and distributor, Accredo Health Group, Inc., to hospitals, and Prialt is sold through an exclusive wholesale distributor and pharmacy, BioScrip, Inc., to medical facilities. The other products that we sell in the United States are sold primarily to distributors who distribute the product to pharmacies and hospitals. In 2013, the principal distributors for our other products in the United States were Cardinal Health, Inc., McKesson Corporation and AmerisourceBergen Corporation and its subsidiary, Integrated Commercialization Solutions Inc. We have standard industry agreements made in the ordinary course of business with these distributors, which include prompt payment discounts and various standard fee or rebate arrangements. Purchases are made on a purchase order basis.

Outside of the United States, UCB has rights to market Xyrem in 54 countries and Valeant has rights for Canada. Xyrem is currently sold in 23 countries by UCB and in Canada by Valeant. 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 plan to launch Defitelio in the EU during 2014 and initially expect to continue to distribute Defitelio through Gentium's legacy distribution partner IDIS Ltd, a U.K. based company. We also sell other products both directly and through local distributors and wholesalers in Europe and elsewhere in the world in accordance with local regulatory approval status. Eisai has rights to market Prialt in 34 countries outside of the United States. While we retain the rights to Prialt in the rest of the non-U.S. territories, we are not currently selling the product outside of the United States. We do not have rights outside of the United States to our psychiatry products.

Information on our total revenues attributed to United States and non-U.S. sources and customers who represented at least 10% of our total revenues in each of 2013, 2012 and 2011, as well as the location of our long-lived assets, is included in Note 14 to our consolidated financial statements.

Our worldwide headquarters are in Dublin, Ireland, and we have offices in Philadelphia, Pennsylvania and Palo Alto, California in the United States, as well as in Oxford, United Kingdom, Lyon, France, Villa Guardia (Como), Italy, Zug, Switzerland and elsewhere in Europe.

Manufacturing

Other than the manufacturing plant in Italy where we produce some active pharmaceutical ingredients, including the defibrotide drug substance, discussed in more detail below, we do not currently have our own manufacturing capability for our products or product candidates, or their active pharmaceutical ingredients, or the capability to package our products. Currently, we have a single source of supply for each of our marketed products and for the active pharmaceutical ingredients used in these products. Our ability to develop and deliver products in a timely and competitive manner depends on our third party suppliers and manufacturers being able to continue to meet our ongoing commercial needs (except with respect to the defibrotide drug substance, which we manufacture for 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 or manufacturer is required to scale up to produce increased quantities to meet growing demand.

In April 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.

We have an exclusive agreement with Patheon Pharmaceuticals, or Patheon, which became effective in 2008, under which we have agreed to purchase exclusively from Patheon (except in very limited circumstances), and Patheon has agreed to manufacture, supply and package, our worldwide supply of Xyrem. The current term of the agreement with Patheon, which is our sole supplier of Xyrem, extends until July 2016 and may be extended, at our option, for additional two-year terms with written notice at least twelve 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.

Quotas from the U.S. Drug Enforcement Administration, or DEA, are required in order to manufacture and package sodium oxybate and Xyrem. DEA quotas are required for Siegfried to supply us with sodium oxybate and for Patheon to supply us with Xyrem. Since the DEA typically grants quota on an annual basis and requires a detailed submission and justification for

a quota request, obtaining a sufficient DEA quota can be a difficult and time-consuming process. The need for quota has prevented us in the past, and may prevent us in the future, from building significant inventories. For information related to this quota requirement by the DEA, see "Government Regulation—U.S. Regulations—Other Regulatory Requirements" in this Item 1.

Erwinaze is exclusively licensed to us, and manufactured for us, by PHE, which is our sole supplier for Erwinaze. The agreement with PHE expires in December 2020, subject to automatic extension for additional five-year periods 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 PHE, and a portion of each rolling forecast constitutes a firm purchase order. We are obligated to make tiered royalty payments to PHE 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 PHE. We have limited inventory of Erwinaze, and, during 2013, our supply of Erwinaze was nearly completely absorbed by demand for the product. In the past, we have experienced a disruption of supply of Erwinase in the European market due to manufacturing challenges, including shortages related to the failure of a batch to meet certain specifications in 2013, and we may experience similar or other manufacturing challenges in the future. If our continued efforts to avoid supply shortages are not successful, we could experience Erwinaze supply interruptions in the future, 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, while we continue to work with PHE to evaluate potential steps to increase the supply of Erwinaze over the longer term to address expected growing worldwide demand, our ability to increase sales of Erwinaze may be limited by our ability to obtain an increased supply of the product.

Furthermore, if PHE experiences a disruption in supply or capacity constraints as a result of increased demand, 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 by PHE or the cessation of PHE's business. 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 and would increase the likelihood of a delay or interruption in manufacturing or a shortage of supply of Erwinaze.

We manufacture the defibrotide drug substance at our manufacturing plant in Italy. We are our sole supplier of defibrotide and do not believe there is another producer of defibrotide currently available. There is an agreement in place with a single third party supplier based in Italy to process the defibrotide drug substance into its finished vial form for our commercial supply for the planned launch of Defitelio in the EU and for our future clinical supply.

We are in the process of changing our supplier for ziconotide, the active pharmaceutical ingredient in Prialt, and have commenced the transfer to the new supplier. We believe that we have sufficient supply of ziconotide to meet our commercial requirements for finished product for a number of years, which we expect to be sufficient time to complete the transfer to the new supplier. In addition, our new manufacturer of finished product was approved by the FDA in December 2012 and started to supply us with Prialt finished product in January 2014.

For FazaClo HD, FazaClo LD and Versacloz, we have single sources of supply for both the active pharmaceutical ingredient and finished product, and should it become necessary to change suppliers, the process could take two years or longer.

We are in the process of identifying a supplier for JZP-110. In order to commence our planned Phase 3 clinical programs, we need to have sufficient quantity of JZP-110 manufactured. In addition, we rely on Concert to transfer its manufacturing methods to us and our contract manufacturers to produce sufficient quantity of JZP-386 required for our planned first study in humans. We believe that we will be able to obtain sufficient supplies of JZP-110 and JZP-386 before the commencement of the applicable planned clinical trials. Any delay in receiving sufficient supplies of JZP-110 or JZP-386 for our planned studies could negatively impact our development programs.

Our active pharmaceutical ingredient and finished product manufacturers may not be able to continue to meet our requirements for quality, quantity and timeliness. In addition, our manufacturers and 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 and manufacturers for continued compliance with these requirements, and they may not be able to do so.

Government Regulation

The research, testing, manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, sale, distribution, recordkeeping, importing and exporting of pharmaceutical products are subject to extensive regulation by the FDA, the European Commission and other regulatory authorities, and regulations differ from country to country. In the United States, the FDA, under the Federal Food, Drug and Cosmetic Act, or FDCA, and its implementing regulations, regulates the review, approval, manufacturing and marketing of pharmaceutical products. We are not permitted to market medicines in the

United States or in the EU member states until we receive approval from the FDA, the European Commission or the competent authorities of the EU member states, respectively, generally of an NDA or a BLA, or their non-U.S. equivalent. The application 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 of finished products, proposed product packaging, labeling and information concerning the stability of the drug or biologic.

Xyrem is also regulated as a controlled substance and is subject to additional regulation by the DEA under the Controlled Substances Act, or CSA, and its implementing regulations. Similarly, Xyrem is regulated as a controlled substance in accordance with the national laws of the EU member states and Canada.

Failure of us or 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.

U.S. Regulations

Drug and Biologic Approval Process

To obtain FDA approval of a product candidate, an applicant, also called a sponsor, must, among other things, submit the results of preclinical and clinical trials with data supporting safety and efficacy, together with, among other things, detailed information on the manufacture and composition of the product candidate and proposed labeling. The submission is in the form of an NDA or BLA, as applicable, and includes payment of a user fee.

The testing and collection of data and the preparation of necessary applications are expensive and time-consuming. The steps required before a drug or biologic may be approved for marketing in the United States 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 a marketing application; 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.

The FDA reviews all applications submitted before it accepts them for filing and may request additional information rather than, or before, accepting an NDA or BLA for filing. For example, a prior NDA submission for defibrotide in the United States was voluntarily withdrawn from consideration in order to address issues raised by the FDA. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States.

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 Prescription Drug User Fee Act, or PDUFA, 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. 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, as part of the application or after approval, a proposed REMS, 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. Elements of the Xyrem Risk Management Program, adopted in 2002 before the FDA had authority to require REMS, are deemed to be an approved REMS pursuant to the FDAAA. The Xyrem Risk Management Program, however, is not in the form that is now required for REMS documents. The FDAAA, which amended the FDCA, requires that deemed REMS and related documents be updated to comply with the current requirements for REMS documents. We are engaged in ongoing communications with the FDA with respect to our REMS documents for Xyrem, but we have not reached agreement on certain significant terms. For example, we disagree with the FDA’s current position that, as part of the current REMS process, the Xyrem deemed REMS should be modified to enable the distribution of Xyrem through more than one pharmacy, or potentially through retail pharmacies and wholesalers, as well as with certain modifications proposed by the FDA that would, in the FDA’s view, make the REMS more consistent with the FDA’s current practices for REMS documents.

The FDA has notified us that it would exercise its claimed authority to modify our REMS and that it would finalize the REMS as modified by the FDA unless we initiate dispute resolution procedures with respect to the modification of the Xyrem deemed REMS. Given these circumstances, we will initiate dispute resolution procedures with the FDA by the end of February 2014. We cannot predict whether, or on what terms, we will reach agreement with the FDA on final REMS documents for Xyrem, whether we will initiate additional dispute resolution proceedings with the FDA or other legal proceedings prior to finalizing the REMS documents, or the outcome or timing of any such proceedings. We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. 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. See the discussion below regarding REMS in the context of potential generic competition under "The Hatch-Waxman Act" and in the risk factor in Item 1A entitled "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk management program, and these restrictions and requirements subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem.*"

FazaClo HD and FazaClo LD are sold under one risk management plan in the United States and Versacloz is sold under an approved REMS, each involving a patient registry. In 2012, the FDA notified us, along with other holders of applications for products containing clozapine, that a single shared system should be used to implement the REMS for this entire class of products. We are working with other manufacturers of clozapine products to address the FDA's requirements.

After the FDA evaluates a marketing application, including a REMS program when applicable, it also evaluates any manufacturing 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. In June 2013, the FDA granted Fast Track designation to the investigation of Asparec for ALL. Defibrotide has been granted Fast Track Designation by the FDA to treat severe VOD. We cannot be sure that any of our other product candidates will qualify for any of these programs, or that, if a product candidate does qualify, the review time will be shorter than a standard review.

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 FDA 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 money penalties, declare the product misbranded or prohibit the introduction of the drug in interstate commerce. In addition, 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 the PHE. Also, 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. Before we can launch Defitelio in the EU, we need to establish Defitelio's patient registry and open it for recruitment, which is subject to our receipt of a positive recommendation by the PRAC on the design of the 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 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. From time to time, the FDA issues drug safety communications on its adverse event reporting system based on its review of reported adverse events. In December 2012, the FDA issued a 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. At that time, we agreed with the FDA on a change to our label that included a new contraindication for the use of alcohol with Xyrem. See also the risk factor in Item 1A entitled "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk management program, and these restrictions and requirements subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem.*"

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, our third party manufacturers and our corporate partners 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 and other regulatory authorities. The FDA also periodically inspects the sponsor's records related to safety reporting and/or manufacturing facilities; this latter effort includes assessment of compliance with cGMP. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer, or holder of an approved product, including withdrawal of the product from the market.

The FDA and other governmental authorities also actively enforce regulations prohibiting off-label promotion, and the government has levied large civil and criminal fines against companies for alleged improper promotion. The 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.

The Hatch-Waxman Act

The approval process described above 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 studies and clinical trials, together with detailed information on the manufacture and composition of the product, in addition to other information.

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 product. 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 an 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, brand-name drug, which is referred to as the "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, which the FDA previously found to be safe and effective. Each of Roxane Laboratories, Inc., or Roxane, Amneal Pharmaceuticals, LLC, or Amneal, and Par Pharmaceutical, Inc., or Par, has filed an ANDA with the FDA requesting approval to market a generic version of Xyrem. ANDAs have been filed in the past seeking approval to market generic versions of certain of our other products, and additional ANDAs may be filed in the future seeking approval to market generic forms of Xyrem and/or other products.

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 FDA's publication "Approved Drug Products with Therapeutic Equivalence Evaluations," or 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 Certification. 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 notice of the Paragraph IV 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 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 the Paragraph IV Certification, expiration of the patent, settlement of the lawsuit or a decision in the infringement case that is favorable to the ANDA sponsor. 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 reference drug NDA. 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 submit for Orange Book listing all relevant patents for our products and product candidates, and to vigorously defend any patents for our approved products, including Orange Book-listed patents. In October 2010, December 2012 and November 2013, respectively, we received a Paragraph IV Certification from each of Roxane, Amneal and Par that each had filed an ANDA with the FDA requesting approval to market a generic version of Xyrem before the expiration of the Orange-Book-listed patents relating to Xyrem. We have sued Roxane, Amneal and Par seeking to prevent them from introducing a generic version of Xyrem that would infringe our patents. For a description of these matters, please see Item 3. "Legal Proceedings." 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. In the event of such commercialization, the generic manufacturer generally would be liable to the NDA holder for damages if the NDA holder ultimately prevails 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 or comparable 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 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 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. Accordingly, we expect to face pressure to license or share our Xyrem Risk Management Program, or elements of it, with generic competitors. We cannot predict the outcome or impact on our business of any future action that we may take with regard to licensing or sharing our REMS program.

In the FDA's December 2012 response denying a Citizen Petition we filed in July 2012, the FDA stated that when an NDA holder has a deemed REMS, the FDA directs the ANDA applicant(s) to work with the NDA holder to create a single shared system to implement the ETASU that will be approved as a final REMS. More broadly, the FDA has stated that it expects the negotiation of a single shared REMS between an NDA holder and ANDA applicants to proceed concurrently with the FDA's review of ANDA applications. The FDA has further stated that it typically monitors the progress of industry working groups attempting to develop shared REMS systems, 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 current Xyrem ANDA applicants to facilitate the development of a single shared system REMS. We cannot predict the timing, outcome or impact on our business of any discussions with the FDA and/or any ANDA applicant with respect to the potential creation of a single shared system REMS for Xyrem (sodium oxybate), including the impact of the ongoing process with respect to potential modifications to the Xyrem deemed REMS as discussed above, or the impact of single shared system REMS discussions on our ongoing litigation with each of the ANDA applicants. See the risk factor in Item 1A entitled "*We may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, and we may be unable to protect our rights to, or commercialize, our products.*"

If we do not develop a single shared system REMS or license or share our REMS with a generic competitor within a time frame or on terms that the FDA considers acceptable, the FDA may assert that its waiver authority permits it to allow the generic competitor to market a generic drug with a REMS that does not include the same elements that are in our deemed REMS or, when Xyrem REMS documents are approved, with a separate REMS that includes different, but comparable, ETASU.

It is also possible that the FDA may take the position that a potential generic competitor does not need a REMS that has the same ETASU as our Xyrem deemed REMS in order to obtain approval of its ANDA. In the denial of our Citizen Petition

described above, the FDA stated that if the FDA determines that an ANDA may be ready for approval before final approval of the REMS of a sponsor holding a deemed REMS, the FDA will direct the ANDA applicant to submit a proposed risk management plan with ETASU that are comparable to the ETASU that are approved for the referenced drug to have adequate risk management elements in place for the ANDA until the final REMS is approved. The legal basis for this position is uncertain. However, it is possible that the FDA may rely on this position as a basis to grant approval of an ANDA with a risk management plan rather than a final REMS. The 30-month stay of FDA approval of Roxane's ANDA expired on April 18, 2013, and we have not yet received approval of final REMS documents for Xyrem. Accordingly, it is possible that, consistent with the position that the FDA articulated in its denial of our Citizen Petition, the FDA could approve Roxane's ANDA with a risk management plan that is separate from our Xyrem deemed REMS, rather than with a final REMS or a shared REMS for both the generic and Xyrem. 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. See the risk factor in this Item 1A entitled "*We may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, and we may be unable to protect our rights to, or commercialize, our products.*"

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 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 the application 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 United States, 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 United States, or more than 200,000 individuals in the United States if there is no reasonable expectation that the cost of developing and making available in the United States a drug or biologic for this type of disease or condition will be recovered from sales in the United States for that product. In the United States, in order to obtain orphan drug designation, this 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. If a product that has an 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 designated and approved Xyrem as an orphan drug for treatment of EDS and cataplexy in patients with narcolepsy, but those periods of orphan drug exclusivity have expired. Erwinaze has orphan drug exclusivity until November 2018, seven years from its FDA approval. Asparec and defibrotide have been granted orphan drug designation by the FDA for ALL and severe VOD, respectively.

Separately, Erwinaze, as a biologic product approved under a BLA, is subject to the BPCIA. The BPCIA establishes a period of twelve years of data exclusivity for reference products in order to preserve incentives for future innovation, protecting

data included by the applicant in a BLA by prohibiting others from gaining FDA approval based in part on reliance on, or reference to, the data in the BLA during a twelve-year period. The FDA is in the process of implementing the BPCIA and has not established final guidelines for administering the review and approval of applications for data exclusivity. We expect that Erwinaze would receive data exclusivity in the United States through 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 this 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.

United States Healthcare Reform

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act of 2010, together the Healthcare Reform Act, was adopted in the United States. This law substantially changes the way healthcare is financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. The Healthcare Reform Act contains a number of provisions that are expected to impact our business and operations, in some cases in ways we cannot currently predict. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, rules regarding prescription drug benefits under the health insurance exchanges, expansion of the 340B program, and 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. Many of the Healthcare Reform Act's most significant reforms do not take effect until 2014.

The Healthcare Reform Act made significant changes to the Medicaid Drug Rebate program. Effective March 23, 2010, rebate liability expanded from fee-for-service Medicaid utilization to include the utilization of Medicaid managed care organizations as well. With regard to the amount of the rebates owed, the Healthcare Reform Act increased the minimum Medicaid rebate from 15.1% to 23.1% of the average manufacturer price for most innovator products and from 11% to 13% for non-innovator products; 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. In addition, the Healthcare Reform Act and subsequent legislation changed the definition of average manufacturer price. A final regulation regarding these changes to the Medicaid Drug Rebate program is expected in 2014. Finally, the Healthcare Reform Act requires pharmaceutical manufacturers of branded prescription drugs to pay a branded prescription drug fee to the federal government beginning in 2011. Each individual pharmaceutical manufacturer pays a prorated share of the branded prescription drug fee of $3.0 billion in 2014 (and set to increase in ensuing years), based on the dollar value of its branded prescription drug sales to certain federal programs identified in the law. Sales of orphan drugs are excluded from this fee as long as no non-orphan indications have been approved for such orphan drugs.

Additional provisions of the Healthcare Reform Act, some of which became effective in 2011, may negatively affect our revenues in the future. For example, as part of the Healthcare Reform Act's provisions closing a coverage gap that currently exists in the Medicare Part D prescription drug program (commonly known as the "donut hole"), we are required to provide a 50% discount on branded prescription drugs dispensed to beneficiaries within this donut hole.

The Healthcare Reform Act also expanded the Public Health Service's 340B drug pricing discount program. 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. The Healthcare Reform Act expanded the 340B program to include additional types of covered entities: certain free-standing cancer hospitals, critical access hospitals, rural referral centers and sole community hospitals, each as defined by the Healthcare Reform Act. The Healthcare Reform Act exempts "orphan drugs" - those designated under section 526 of the FDCA - from the ceiling price requirements for these newly-eligible entities. The Health Resources and Services Administration, or HRSA, which administers the 340B program, issued a final regulation to implement the orphan drug exception in July 2013. The final regulation interprets the orphan drug exception narrowly. It exempts orphan drugs from the ceiling price requirements for the newly-eligible entities only when the orphan drug is used for its orphan indication. The newly-eligible entities are entitled to purchase orphan drugs at the ceiling price when the orphan drug is not used for its orphan indication. The final regulation, which became effective October 1, 2013, is subject to a pending lawsuit that seeks to block its implementation. The narrow scope of the orphan drug exception in HRSA's final regulation will increase the complexity of compliance, will make compliance more time-consuming, and could negatively impact our results of operations.

The Healthcare Reform Act also obligates the Secretary of the U.S. Department of Health and Human Services, or 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 is expected to issue a comprehensive proposed regulation in 2014 that will address many aspects of the 340B program. When that regulation is finalized, it 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.

In 2012, the Supreme Court of the United States heard challenges to the constitutionality of the individual mandate and the viability of certain provisions of the Healthcare Reform Act. The Supreme Court's decision upheld most of the Healthcare Reform Act and determined that requiring individuals to maintain "minimum essential" health insurance coverage or pay a penalty to the Internal Revenue Service was within Congress's constitutional taxing authority. However, the Supreme Court struck down a provision in the Healthcare Reform Act that penalized states that choose not to expand their Medicaid programs through an increase in the Medicaid eligibility income limit from a state's current eligibility levels to 133% of the federal poverty limit. As a result of the Supreme Court's ruling, some states have elected not to expand their Medicaid programs by raising the income limit to 133% of the federal poverty level. 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.

Other Regulatory Requirements

We are also subject to regulation by other regional, national, state and local agencies, including the DEA, the Department of Justice, the Federal Trade Commission, or FTC, the U.S. Department of Commerce, the Office of Inspector General of the 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, manufacturers and distributors and the central pharmacy for Xyrem, are subject to many of the same requirements.

These requirements include obtaining sufficient quota from the DEA each year to manufacture sodium oxybate and Xyrem. In addition to quota requirements, the DEA imposes various registration, recordkeeping and reporting requirements, labeling and packaging requirements, importing, exporting, 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. A principal factor in determining the particular requirements, if any, applicable to a product is the actual or potential abuse profile. 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. Controlled substances are subject to DEA and state regulations relating to manufacturing, storage, distribution and physician prescription procedures, and the DEA regulates the amount of the scheduled substance that would be available for clinical trials and commercial distribution. As a Schedule III drug, Xyrem is subject to limitations on prescription refills. Sodium oxybate, as a Schedule I substance, is subject to additional controls, including quotas that limit the amount of product that can be manufactured each year. The DEA publishes an annual aggregate quota for the active pharmaceutical ingredient of Xyrem, and our supplier is required to request and justify allocation of sufficient annual manufacturing quota, as well as additional manufacturing quota if needed throughout the year. Until 2011, our active pharmaceutical ingredient supplier obtained substantially all of the published annual aggregate quota for use in the manufacture of Xyrem. However, for each of 2012, 2013 and 2014, our supplier has been allocated only a portion of the published annual aggregate quota for the active pharmaceutical ingredient. Consequently, a generic manufacturer may be able to obtain a portion of the annual aggregate active pharmaceutical ingredient quota.

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.

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, including recently enacted laws in all jurisdictions where we operate. Numerous federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use and disclosure of personal information. In addition, we obtain patient health information from most healthcare providers who prescribe our products and

research institutions we collaborate with, and they are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health, or HITECH, Act. 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, pursuant to the Export Administration Regulations, we are required to obtain a license from the U.S. Department of Commerce prior to the exportation of certain materials and technical information related to Prialt, a synthesized conotoxin, which is a designated controlled biological toxin.

A discussion of the U.S. Foreign Corrupt Practices Act, or the FCPA, is included below.

Non-U.S. Regulations

We are also subject to a variety of regulations and oversight in countries outside of the United States governing medicinal products and medical devices, including with respect to pre- and post-authorization clinical studies, product manufacturing, advertising and promotion, distribution, and safety reporting. Outside of the United States, our ability to market a product generally depends upon receiving a marketing authorization from the appropriate regulatory authorities. The requirements governing the conduct of clinical trials, marketing authorization, pricing and reimbursement 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. In addition, many countries have adopted specific legal frameworks and procedures to enable the supply of unauthorized medicinal products in the context of named patient or compassionate use programs. These programs are subject to different requirements and subject to different rules in the countries where we operate.

Most of the countries where we market our products have product authorization and post-authorization regulatory processes. In the EU, marketing authorization for medicinal products can be obtained through several different procedures. 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 quality, safety, and efficacy requirements. A centralized marketing authorization, valid in all EU member states, can then be granted by the European Commission. The centralized procedure is mandatory for certain medicinal products, including orphan medicinal products, biologic products and certain other new products, and optional for certain other products. Unlike the centralized procedure, the national procedure requires a separate application to, and leads to separate approval by, each EU member state. The decentralized procedure allows applicants to file identical applications to several EU member states and receive national approvals based on the recognition by the EU member states concerned of an assessment by a reference member state. The mutual recognition procedure similarly is based on the acceptance by EU member states of the assessment and/or authorization of a medicinal product by a reference member state. The making available or placing on the EU market of unauthorized medicinal products is generally prohibited, but EU member states may exceptionally and temporarily allow the making available of such products to individual patients or a group of patients. Clinical studies must 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. 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 above.

The initial marketing authorization granted in the EU is valid for five years, but once renewed is usually valid for an unlimited period. In addition, products for which the applicant can demonstrate that comprehensive data on the efficacy and safety under normal conditions of use cannot be provided as a result of certain specified reasons may be eligible for marketing authorization under exceptional circumstances. A marketing authorization granted under exceptional circumstances is also valid for five years, but is subject to an annual reassessment of the risk-benefit balance. In October 2013, the European Commission granted marketing authorization under exceptional circumstances for Defitelio for the treatment of severe VOD in adults and children undergoing HSCT therapy.

In the EU, orphan drug status is granted to products that can be used in the diagnosis, treatment or prevention of life-threatening diseases with an incidence of no more than 5 in 10,000. In order to receive orphan status, there must also be either no satisfactory method of diagnosis, prevention or treatment of the authorized condition, or if such a method exists, the medicine must potentially be of a significant benefit to those affected by the condition. Orphan status confers 10 years of marketing exclusivity in all EU member countries following approval and in addition a range of other benefits during the development and regulatory review process including scientific assistance for study protocols, access to the centralized review process covering all member countries and a reduction or elimination of registration and marketing authorization fees. Defibrotide has been granted orphan drug designation by the EMA both to treat severe VOD and to prevent VOD and for the prevention of GvHD. The Korean Ministry of Food and Drug Safety has granted defibrotide orphan drug designation both to

treat severe VOD and to prevent VOD and the Commonwealth of Australia-Department of Health has granted defibrotide orphan drug designation for the treatment of severe VOD.

Irrespective of the different marketing authorization tracks, various additional 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 EU Medicinal Products Directive and EU Medicinal Products Regulation. These requirements include compliance with EU equivalent cGMP standards when manufacturing 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 EU requirements and guidelines.

The holder of an EU marketing authorization for a medicinal product must also comply with the EU's revised pharmacovigilance legislation adopted in 2010, which entered into force in mid-2012 and entails many new and revised requirements for conducting pharmacovigilance, as well as the codification of various existing requirements previously set out in guidance. EU regulators now can, for example, require post-authorization efficacy studies at the time of approval of a medicinal product or afterwards, and require additional monitoring of products placed on the EU market. Compliance with the pharmacovigilance requirements, as well as the requirements of the EU Paediatric Regulation, is subject to the EU Penalties Regulation, which enables the European Commission to impose financial penalties on central marketing authorization holders for violation of specific pharmacovigilance and paediatric requirements. National marketing authorization holders may be subject to civil, criminal or administrative sanctions in case of non-compliance with the EU requirements applicable to the manufacturing and marketing of medicinal products.

The EU legal framework applicable to medical devices currently does not provide for a marketing authorization. Instead, medical devices are classified in different risk categories, and different requirements apply based on the classification of a device. The current EU legal framework relies on self-certification and registration (generally for low-risk devices) or on a conformity assessment performed by so-called Notified Bodies (generally for higher-risk devices). Notified Bodies are private entities considered competent by the EU member states to perform conformity assessments. Manufacturers of medical devices must ensure that their products comply with specific requirements set out in the EU Medical Device Directive, the EU Active Implantable Medical Device Directive, or the EU In Vitro Diagnostic Directive, as implemented into national legislation by EU member states, before they place their products on the EU market. Manufacturers must also have appropriate medical device vigilance and quality assurance systems in place, in accordance with EU guidance documents and national requirements.

Enforcement of medical device related requirements remains the responsibility of the competent authorities of EU member states, and non-compliance may result in civil, criminal or administrative sanctions under national laws. Oversight and coordination between competent authorities of EU member states increased after an incident with medical devices manufactured by a French manufacturer became public early in 2012. In September 2012, the European Commission published proposals for two regulations intended to replace the current three EU medical device directives, which if adopted would likely lead to more stringent requirements related to the manufacturing and placing on the EU market of medical devices.

The United States 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, or the WHO, sent a recommendation to the United Nations Commission on Narcotic Drugs, or the CND, to reschedule gamma-hydroxybutyrate, or GHB, under the 1971 Convention from its current 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 United States under the CSA, the United States is obligated as a signatory to the 1971 Convention to ensure that drug scheduling in the United States is consistent with its obligations under the international treaties. Because sodium oxybate, the active pharmaceutical ingredient in Xyrem, is a derivative of GHB, the international rescheduling of GHB means that Xyrem and/or sodium oxybate may be subject to more restrictive registration, recordkeeping, reporting, importing, exporting and other requirements in the EU and certain other countries than the restrictions currently in place. In the United States, under DEA regulations, the Xyrem finished product is currently classified as a Schedule III controlled substance, with sodium oxybate, classified as a Schedule I controlled substance. Although the HHS has taken the position in the past that the United States would not be required to alter the domestic control of GHB should it be rescheduled to Schedule II under the 1971 Convention, we cannot guarantee that international rescheduling of GHB from Schedule IV to Schedule II will not impact restrictions on Xyrem in the United States. Failure by us or any of our partners, including suppliers, manufacturers and distributors, to comply with such requirements could result in, among other things, additional operating costs to us, delays in shipments outside or into the United States and adverse regulatory actions.

Our business activities outside of the United States 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 of 2010, or the UK 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 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 non-UK 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 UK may be held liable for bribes given, offered or promised to any person, including non-UK government officials and private persons, 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 Department of Justice 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 manufacturers 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 in non-U.S. countries covering data privacy and the protection of health-related and other personal information. EU member states and other jurisdictions 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. Data protection authorities from the different EU member states may interpret the EU Data Protection Directive and national laws differently, which adds to the complexity of processing personal data in the EU, and guidance on implementation and compliance practices are often updated or otherwise revised. Failing to comply with these laws could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results. The EU Data Protection Directive prohibits the transfer of personal data to countries outside of the European Economic Area, or EEA, that are not considered by the European Commission to provide an adequate level of data protection, including the United States. There are also similar data transfer restrictions in Switzerland. However, there are a number of legal mechanisms to allow for the transfer of personal data from the EEA and Switzerland to the United States, including, among others, a voluntary U.S. - EU Safe Harbor Framework, a voluntary U.S. - Switzerland Safe Harbor Framework and the EU's set of standard form contractual clauses for the transfer of personal data outside of the EEA. Our United States subsidiary, Jazz Pharmaceuticals, Inc., has certified compliance with the U.S. - EU Safe Harbor Framework and the U.S. - Switzerland Safe Harbor Framework through the U.S. Department of Commerce. A proposal for an EU Data Protection Regulation, intended to replace the current EU Data Protection Directive, is currently under consideration and, if adopted, could lead to additional and stricter requirements and penalties in the event of non-compliance.

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 United States, governmental payors such as the Medicare and Medicaid programs, managed care organizations, and private health insurers. In the United States, the federal government provides health insurance for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease through the Medicare program, and many prescription drugs, including some of our products, are covered under Medicare Part D. Medicaid, another program in the United States, is a health insurance program for low-income children, families, pregnant women, and people with disabilities that is jointly funded by the federal and state governments, but administered by the states. In general, state Medicaid programs are required to cover drugs and biologics of manufacturers that have entered into a Medicaid Drug Rebate Agreement, as discussed below, although such drugs and biologics may be subject to prior authorization or other utilization controls. Both Medicare and Medicaid are administered by the Centers for Medicare and Medicaid Services, or CMS.

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.

Political, economic and regulatory influences are subjecting the healthcare industry in the United States 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 United States in connection with the sale of our products due to managed healthcare, the increasing influence of health maintenance organizations and additional legislative proposals. We anticipate that the United States Congress, state legislatures and the private sector will continue to consider and may adopt healthcare policies intended to curb rising healthcare costs. 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, 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.

Payors also are increasingly considering new metrics as the basis for reimbursement rates, such as average sales price, or ASP, 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. CMS, the federal agency that administers the Medicaid Drug Rebate program, has made draft National Average Drug Acquisition Cost, or NADAC, and draft National Average Retail Price, or NARP, data publicly available on at least a monthly basis. In July 2013, CMS suspended the publication of draft NARP data, pending funding decisions. In November 2013, CMS moved to publishing final rather than draft NADAC data and has since made updated NADAC data publicly available on a weekly basis. Therefore, it may be difficult to project the impact of these evolving reimbursement mechanics on the willingness of payors to cover our products.

We participate in the Medicaid Drug Rebate program, established by the Omnibus Budget Reconciliation Act of 1990 and amended by the Veterans Health Care Act of 1992 as well as subsequent legislation. We also participate in and have certain price reporting obligations to several state Medicaid supplemental rebate programs and other governmental pricing programs, and we have obligations to report ASP 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 Medicare Part B. Those rebates are based on pricing data reported by us on a monthly and quarterly basis to the CMS. These data include the average manufacturer price and, in the case of innovator products, the best price for each drug. 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 ASP information to CMS for certain categories of drugs that are paid under Part B of the Medicare program. Manufacturers calculate ASP based on a statutorily defined formula and interpretations of the statute by CMS as to what should or should not be considered in computing ASP. An ASP for each National Drug Code for a product that is subject to the ASP reporting requirement must be submitted to CMS no later than 30 days after the end of each calendar quarter. CMS uses these submissions to determine payment rates for drugs under Medicare Part B. Changes affecting the calculation of ASP could affect the ASP calculations for our products and the resulting Medicare payment rate, and could negatively impact our results of operations.

Beginning April 1, 2013, Medicare payments for all items and services, including drugs and biologics, have been reduced by 2% under the sequestration (i.e., automatic spending reductions) required by the Budget Control Act of 2011, Pub. L. No. 112-25, as amended by the American Taxpayer Relief Act of 2012, Pub. L. 112-240. The Bipartisan Budget Act of 2013, Pub. L. No. 113-67, extended the 2% reduction to 2023. If Congress does not take action in the future to modify these sequestrations, Part D plans could seek to reduce their negotiated prices for drugs. Other legislative or regulatory cost containment provisions, as described below, could have a similar effect.

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. Changes to the definition of average manufacturer price and the Medicaid rebate amount under the Healthcare Reform Act and CMS's issuance of final regulations implementing those changes also could affect our 340B ceiling price calculations and negatively impact our results of operations.

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 Department of Veterans Affairs Federal Supply Schedule, or FSS, pricing program, established by Section 603 of the Veterans Health Care Act of 1992. 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, Department of Veterans Affairs, Department of Defense, Public Health Service and 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 Department of Veterans Affairs on a quarterly and annual basis. We also participate in the Tricare Retail Pharmacy program, established by Section 703 of the National Defense Authorization Act for FY 2008 and related regulations, 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 Annual Non-FAMP and FCP.

Outside of the United States, 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 European countries 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. 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. 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. For example, we are currently engaged in pricing and reimbursement submissions in preparation for our planned launch of Defitelio in several EU countries in 2014. 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.

Patents and Proprietary Rights

We actively seek to patent, or to obtain licenses to or to acquire third party patents, to protect our products, inventions and improvements that we consider important to our business. We own a portfolio of United States 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 certain formulations of our products and product candidates, uses of our products and product candidates to treat particular conditions, drug delivery technologies and delivery profiles relating to our products and product candidates and methods for producing our products and product candidates. 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 actual protection afforded by a patent, which can vary from country to country, depends on the type of patent, the scope of its coverage and the availability of legal remedies in the country. The patents and patent applications that relate to our products and product candidates include the following:

- *Xyrem® (sodium oxybate) oral solution.* Xyrem is covered by fourteen U.S. patents that expire at various times from December 2019 to June 2024. These patents relate to Xyrem's stable and microbially resistant formulation, its manufacturing process, and its method of use, including its restricted distribution system. Eleven of these fourteen patents are listed in the Orange Book. Of the patents listed in the Orange Book, three are formulation patents, two of which expire in December 2019 and one expires July 2020; six are method of use patents covering the distribution of Xyrem, three expire in June 2024 and three expire in December 2022; two are method of use patents covering Xyrem's use in narcolepsy, both of which expire in December 2019; and two are method of treatment patents expiring in December 2019. Two process patents for methods for making the formulation and a distribution system patent are not listed in the Orange Book also relate to Xyrem and expire in December 2019 and June 2024,

respectively. A Xyrem formulation patent has issued in multiple non-U.S. countries and will expire in December 2019. This formulation patent is currently pending in two additional countries. In addition to our issued patents, we have patent applications relating to Xyrem pending in the United States. The patent laws of non-U.S. countries differ from those in United States, and the degree of protection afforded by non-U.S. patents may be different from the protection offered by U.S. patents. Three companies have notified us that they have filed ANDAs with the FDA seeking FDA approval to market a generic version of Xyrem. We initiated lawsuits against each of these companies, and the litigation proceedings are ongoing. See the risk factor in Item 1A entitled "*We may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, and we may be unable to protect our rights to, or commercialize, our products.*"

- *Defitelio® (defibrotide).* We have a portfolio of U.S. and non-U.S. patents and patent applications relating to various compositions of defibrotide and methods of use, which will expire at various times between April 2017 and June 2032. One patent that issued in the United States and several other countries covers the method for determining the biological activity of defibrotide. This patent expires in November 2022 in most countries.
- *Prialt® (ziconotide) intrathecal infusion*. Prialt is covered by a portfolio of three U.S. patents for a formulation and methods of use. Two of these patents are listed in the Orange Book. These patents will expire from June 2015 to December 2016. Also, there are four non-U.S. patents that will expire in June 2016. There are also eight additional U.S. patents issued on a formulation containing Prialt and other active ingredients and methods for their use as well as some pending patent applications relating to methods of use that will expire in October 2024. One of the eight additional U.S. patents is listed in the Orange Book. We also have equivalent non-U.S. applications to these additional patents pending in Canada and Japan that, if issued, would expire in October 2024.
- *FazaClo® HD (clozapine, USP) and FazaClo® LD (clozapine, USP) Orally Disintegrating Tablets.* FazaClo HD and FazaClo LD are covered by three U.S. formulation patents. All are licensed by us, one from Ethypharm, expiring in December 2017, and the other two from CIMA, expiring in April 2018. The three patents are listed in the Orange Book. The patentability of the two patents licensed from CIMA was confirmed in re-examination proceedings at the USPTO. As part of its settlement with Teva in 2011, Azur Pharma granted a sublicense to an affiliate of Teva of its rights to have manufactured, market and sell a generic version of both FazaClo HD and FazaClo LD. The sublicenses for FazaClo LD commenced in July 2012, and the sublicense for FazaClo HD will commence in May 2015, or earlier upon the occurrence of certain events.
- *Versacloz™ (clozapine) oral suspension*. Versacloz is covered by a U.S. formulation patent and a pending U.S. patent application that we license from Douglas Pharmaceuticals. The patent expires in May 2028.
- *Asparec™ (mPEG-r-crisantaspase)* is not yet covered by any issued U.S. patents. We have rights to patent applications for Asparec pending in the United States and many other countries that, if issued, would expire in July 2030, subject to any patent term extension.
- *JZP-110.* JZP-110 and its associated uses are claimed in multiple U.S. and non-U.S. patents and applications. We acquired rights to JZP-110 from Aerial in January 2014, including rights to the patent portfolio, other than in certain jurisdictions in Asia where SK retains rights. The U.S. composition of matter patents begin to expire in September 2015 and the methods of use patents covering treatment for narcolepsy will expire in August 2027, subject to any patent term extension.

Erwinaze® (asparaginase *Erwinia chrysanthemi*) has no patent protection, and we rely on trade secrets and other unpatented proprietary information to protect our commercial position, which we may be unable to do.

We cannot be certain that any of our patent applications, or those of our licensors, will result in issued patents. Changes in patent laws could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. In addition, because the patent positions of pharmaceutical companies are highly uncertain and involve complex legal and factual questions, the patents we own and license, or any additional patents we may own or license, may not prevent other companies from developing similar or therapeutically equivalent products. In recent years, several companies have been extremely aggressive in challenging patents covering pharmaceutical products, and the challenges have often been successful.

As reflected above, generic manufacturers have challenged our patents covering Xyrem, FazaClo HD and FazaClo LD. Azur Pharma settled a suit against Teva relating to FazaClo LD and FazaClo HD. Other suits are ongoing. See Item 3. "Legal Proceedings." We cannot assure you that our patents will not be further challenged by third parties or that we will be successful in any defense we undertake. Failure to successfully defend a patent challenge could materially and adversely affect our business.

We cannot ensure 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. Furthermore, to the extent that any of our future products or methods is not

patentable or infringes the patents of third parties, or in the event that our patents or future patents fail to give us an exclusive position in the subject matter claimed by those patents, our business could be adversely affected. We may be unable to avoid infringement of third party patents and may have to obtain a license, defend an infringement action, or challenge the validity of the patents in court. A license may be unavailable on terms and conditions acceptable to us, if at all. Patent litigation is costly and time-consuming, and we may be unable to prevail in any such patent litigation or devote sufficient resources to pursue such litigation. If we do not obtain a license under necessary patents, are found liable for infringement, or are not able to have such patents declared invalid, we may be liable for significant money damages, encounter significant delays in bringing products to market, or be precluded from participating in the manufacture, use or sale of products or methods of treatment requiring such licenses.

We have also applied for a number of trademarks and service marks to further protect the proprietary position of our products. We have approximately 70 registered trademarks and service marks in the United States and over 300 registered trademarks and service marks in other jurisdictions. We also have pending trademark and service mark applications in the United States. We also rely on our trade secrets and those of our licensors, as well as other unpatented proprietary information, to protect our products. 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.

Employees

As of February 19, 2014, we had approximately 810 employees worldwide. We consider our employee relations to be good.

Environment, Health and Safety

Our manufacturing of active pharmaceutical ingredients in Italy involves the controlled storage, use and disposal of chemicals and solvents. We are subject to Italian laws, which implement EU directives and regulations governing the use, transportation, treatment, storage, handling and disposal of solid and hazardous materials, wastewater discharges and air emissions. We have obtained certification under the UNI EN ISO 14001 Standard for our environmental management system and have an Eco-management and Audit Scheme (EMAS) for our plant in Italy. Our environmental policy is designed to comply with current regulations on environmental protection, to provide for continuous improvement of our manufacturing performance, to protect our employees' health, to protect the safety of people working at our location in Italy and to respect the safety of people living close to our plant and in the surrounding community.

About Jazz Pharmaceuticals plc

Jazz Pharmaceuticals plc is a public limited company formed under the laws of Ireland (registered number 399192) and is the ultimate parent company to the Jazz Pharmaceuticals group of companies. Jazz Pharmaceuticals plc was originally formed 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 in October 2011. On January 18, 2012, the business of Jazz Pharmaceuticals, Inc. and Azur Pharma were combined in 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. Jazz Pharmaceuticals, Inc. was treated as the acquiring company in the Azur Merger, for accounting purposes and the transaction was accounted for as a reverse acquisition under the acquisition method of accounting for business combinations. Our predecessor, Jazz Pharmaceuticals, Inc., was originally 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. 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 Azur Merger.

Our principal offices are located at One Burlington Road, Dublin 4, Ireland, and our telephone number is 353-1-634-7800. We have offices in Palo Alto, California and Philadelphia, Pennsylvania in the United States and non-U.S. offices in Oxford, United Kingdom, Lyon, France, Villa Guardia (Como), Italy, Zug, Switzerland and elsewhere in Europe.

Our website address is *www.jazzpharmaceuticals.com*. 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. Service marks, trademarks and trade names appearing in this Annual Report on Form 10-K are the property of their respective owners.

Available Information

We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, electronically with the SEC. We make available on our website at *www.jazzpharmaceuticals.com*, free of charge, copies of these reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, 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 and information statements, and other information regarding our filings, at www.sec.gov.

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 refer to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes.

Risks Relating 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 65.8% of our net product sales for the year ended December 31, 2013 and 65.2% of our net product sales for the year ended December 31, 2012. Our future plans assume that sales of Xyrem will increase. While Xyrem product sales grew from 2011 to 2012 and from 2012 to 2013, 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 2014, 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 below, including those related to:

- the potential introduction of a generic version of Xyrem;
- changed or increased regulatory restrictions, including changes to our risk management program and the terms of the final REMS documents for Xyrem, and the pressure to develop a single shared system REMS with potential generic competitors, as discussed in more detail in the risk factors below;
- our manufacturing partners' ability to obtain sufficient quota from the DEA to satisfy our needs for Xyrem;
- any supply, manufacturing or distribution problems arising with any of our manufacturing and distribution partners, all of whom are sole source providers for us;
- 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 as safe and effective by physicians and patients, even in the face of negative publicity that surfaces from time to time; and
- changes to our label, including new safety warnings or changes to our boxed warning, that further restrict how we market and sell Xyrem.

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 to 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 products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected.

Although Xyrem is covered by patents covering its formulation, distribution system and method of use, three 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. If one or more companies receive FDA approval of an ANDA, it is possible that such company or companies could introduce generic versions of Xyrem 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 generic competition to Xyrem at risk of potentially being held liable for damages for patent infringement.

In October 2010, December 2012 and November 2013 we received a Paragraph IV Certification from each of Roxane, Amneal and Par, respectively, that each had filed an ANDA with the FDA requesting approval to market a generic version of Xyrem before the expiration of the Orange-Book-listed patents relating to Xyrem. We have sued Roxane, Amneal and Par seeking to prevent them from introducing 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 an ANDA 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 in the Roxane case could occur as early as late in the fourth quarter of 2014. However, the actual timing of events may be significantly earlier or later than contemplated by current scheduling orders, and we cannot predict the timing or outcome of events in this or the other ANDA litigations. 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 had been stayed until April 18, 2013, which was 30 months after our October 18, 2010 receipt of Roxane's Paragraph IV Certification, 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. With the expiration of the 30-month stay, 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. See the next risk factor in this Item 1A entitled "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk management program, and these restrictions and requirements, as well as the potential impact of changes to those restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem.*"

A generic manufacturer would need to obtain quota from the DEA in order to manufacture both the active pharmaceutical ingredient and the finished product for a generic version of Xyrem. The DEA publishes an annual aggregate quota for the active pharmaceutical ingredient of Xyrem, and our supplier is required to request and justify allocation of sufficient annual manufacturing quota as well as additional manufacturing quota if needed throughout the year. Until 2011, our active pharmaceutical ingredient supplier obtained substantially all of the published annual aggregate quota for use in the manufacture of Xyrem. However, for each of 2012, 2013 and 2014, our supplier was allocated only a portion of the published annual aggregate quota for the active pharmaceutical ingredient. Consequently, a generic manufacturer may be able to obtain a portion of the annual aggregate active pharmaceutical ingredient quota. In addition, our supplier was initially allocated only a portion of the quota it requested for 2013 to make the active pharmaceutical ingredient of Xyrem. Similarly, our finished product manufacturer for Xyrem was initially allocated only a portion of the quota it requested to make finished product. As a result, in 2013, both our active pharmaceutical ingredient supplier and our finished product manufacturer had to request and justify increased quotas from the DEA. For 2014, both our active pharmaceutical ingredient supplier and finished product manufacturer have been allocated most, but not all, of their respective requested quotas and may need to request and justify increased quotas from the DEA in 2014. If we and our supplier and manufacturer 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 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 United States 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. 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 management program, and these restrictions and requirements, as well as the potential impact of changes to those 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, which we refer to as the Xyrem Risk Management Program, that was implemented at the time Xyrem was approved, which includes parts of the Xyrem Success Program, to ensure the safe distribution of Xyrem and minimize the risk of misuse, abuse and diversion of sodium oxybate. Our Xyrem Risk Management Program includes a number of elements including patient and physician education, a database of information so that we may track and report certain information, and the use of a single central pharmacy to distribute Xyrem. Elements of the Xyrem Risk Management Program, adopted in 2002 before the FDA had authority to require REMS are deemed to be an approved REMS pursuant to the Food and Drug Administration Amendments Act of 2007, or the FDAAA. The Xyrem Risk Management Program, however, is not in the form that is now required for REMS documents. The FDAAA requires that deemed REMS and related documents be updated to comply with the current requirements for REMS documents. We are engaged in ongoing communications with the FDA with respect to our REMS documents for Xyrem, but we have not reached agreement on certain significant terms. For example, we disagree with the FDA's current position that, as part of the current REMS process, the Xyrem deemed REMS should be modified to enable the distribution of Xyrem through more than one pharmacy, or potentially through retail pharmacies and wholesalers, as well as with certain modifications proposed by the FDA that would, in the FDA's view, make the REMS more consistent with the FDA's current practices for REMS documents.

The FDA has notified us that it would exercise its claimed authority to modify our REMS and that it would finalize the REMS as modified by the FDA unless we initiate dispute resolution procedures with respect to the modification of the Xyrem deemed REMS. Given these circumstances, we will initiate dispute resolution procedures with the FDA by the end of February 2014. We cannot predict whether, or on what terms, we will reach agreement with the FDA on final REMS documents for Xyrem, whether we will initiate additional dispute resolution proceedings with the FDA or other legal proceedings prior to finalizing the REMS documents, or the outcome or timing of any such proceedings. We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. 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.

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. Accordingly, we expect to face pressure to license or share our Xyrem Risk Management Program, which is the subject of multiple issued patents, or elements of it, with generic competitors. We cannot predict the outcome or impact on our business of any future action that we may take with respect to licensing or sharing our REMS, or the FDA's response to a certification that a third party has been unable to obtain a license.

In the FDA's December 2012 response denying a Citizen Petition that we filed in July 2012, the FDA stated that when an NDA holder has a deemed REMS, the FDA directs the ANDA applicant(s) to work with the NDA holder to create a single shared system to implement the ETASU that will be approved as a final REMS. More broadly, the FDA has stated that it expects the negotiation of a single shared REMS between an NDA holder and ANDA applicants to proceed concurrently with the FDA's review of ANDA applications. The FDA has further stated that it typically monitors the progress of industry working groups attempting to develop shared REMS systems, 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 current Xyrem ANDA applicants to facilitate the development of a single shared system REMS. We cannot predict the timing, outcome or impact on our business of discussions with the FDA and/or any ANDA applicant with respect to the potential creation of a single shared system REMS for Xyrem (sodium oxybate), including the impact of the ongoing process with respect to potential modifications to the Xyrem deemed REMS as discussed above, or the impact of any single shared system REMS on our ongoing litigation with each of the ANDA applicants. See the risk factor in this Item 1A entitled "*We may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, and we may be unable to protect our rights to, or commercialize, our products.*"

If we do not develop a single shared system REMS or license or share our REMS with a generic competitor within a time frame or on terms that the FDA considers acceptable, the FDA may assert that its waiver authority permits it to allow the generic competitor to market a generic drug with a REMS that does not include the same elements that are in our deemed

REMS or, when Xyrem REMS documents are approved, with a separate REMS that includes different, but comparable, ETASU.

The FTC has been paying increasing attention to the use of REMS by companies selling branded products, in particular to whether 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 or others could claim that our REMS or other practices are being used in an anticompetitive manner. 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. Two 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.

It is also possible that the FDA may take the position that a potential generic competitor does not need a REMS that has the same ETASU as our Xyrem deemed REMS in order to obtain approval of its ANDA. In the denial of our Citizen Petition described above, the FDA stated that if the FDA determines that an ANDA may be ready for approval before final approval of the REMS of a sponsor holding a deemed REMS, the FDA will direct the ANDA applicant to submit a proposed risk management plan with ETASU that are comparable to the ETASU that are approved for the referenced drug in order to have adequate risk management elements in place for the ANDA until the final REMS is approved. The legal basis for this position is uncertain. However, it is possible that the FDA may rely on this position as a basis to grant approval of an ANDA with a risk management plan rather than a final REMS. The 30-month stay of FDA approval of Roxane's ANDA expired on April 18, 2013, and we have not yet received approval of final REMS documents for Xyrem. Accordingly, it is possible that, consistent with the position that the FDA articulated in its denial of our Citizen Petition, the FDA could approve Roxane's ANDA with a risk management plan that is separate from our Xyrem deemed REMS, rather than with a final REMS or a shared REMS for both the generic and Xyrem. 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. See the risk factor in this Item 1A entitled "*We may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, and we may be unable to protect our rights to, or commercialize, our products.*"

Currently, our Xyrem deemed REMS requires that all of the Xyrem sold in the United States must be shipped directly to patients through a single central pharmacy. The process under which patients receive Xyrem under our program is cumbersome. While we have an exclusive agreement with the central pharmacy for Xyrem, ESSDS, through June 2015, if the central pharmacy does not fulfill its contractual obligations to us, or refuses or fails to adequately serve patients, shipments of Xyrem and our sales would be adversely affected. If we change our 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 our Xyrem Risk Management Program or any REMS that we are subject to in the future. Transitioning to a new pharmacy could result in product shortages, which would adversely affect sales of Xyrem in the United States, 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.

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 deemed 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 risk management programs. For example, in April 2011, we learned that deaths of patients who had been prescribed Xyrem between 2003 and 2010 had not always been reported to us by ESSDS and therefore to the FDA by us, as required. We reported these cases to the FDA when we discovered them, investigated the related data from ESSDS as well as additional data we gathered, and submitted an analysis of the data to the FDA. In October 2011, we received a warning letter from the FDA regarding certain aspects of our adverse event reporting system for Xyrem and drug safety procedures related to the deaths that we discovered in April 2011 which had not been reported. We completed the actions and submitted the data required to address the observations in the 2011 warning letter and arising from a subsequent inspection. In August 2013, we received a close-out letter from the FDA. Although we believe that we have taken appropriate corrective action to address the issues that led to the failure to report certain patient deaths, and that the FDA will not require additional investigation or corrective action, there can be no assurance that, despite the close-out letter, the FDA will not require us to take additional actions with respect to adverse event reporting or other matters. Such actions may be costly or time consuming and/or negatively affect the commercial success of Xyrem.

Any failure to demonstrate our substantial compliance with applicable regulatory requirements to the FDA's or any other regulatory authority's satisfaction could result in such regulatory authorities taking actions in the future, which could have a material and adverse effect on Xyrem sales and therefore on our business, financial condition, results of operations and growth

prospects. See also the risk factor in this Item 1A entitled "*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.*"

The FDA has required that Xyrem's label include a boxed warning regarding the risk of 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. In addition, Xyrem's FDA approval under the FDA's Subpart H regulations requires that all of the promotional materials for Xyrem be provided to the FDA for review at least 30 days prior to the intended time of first use. 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 Relating 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 key products Erwinaze® (asparaginase *Erwinia chrysanthemi*) (called Erwinase® in markets outside the United States) and Prialt® (ziconotide) intrathecal infusion, and we intend to launch Defitelio in selected countries in the EU during 2014. See the discussion regarding the planned launch of Defitelio in the risk factor in this Item 1A entitled "*We may not be able to successfully launch and market Defitelio in the EU, or obtain marketing approval in other countries, including the United States, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.*"

Erwinaze, a biologic product, is used in conjunction with chemotherapy to treat patients with ALL with hypersensitivity to *E. coli*-derived asparaginase. Erwinaze is exclusively licensed to us, and manufactured for us, by PHE, and was approved by the FDA under a BLA and launched in the U.S. market 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 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, our ability to obtain approval for the intravenous administration of Erwinaze in the United States, our ability to obtain data on the use of Erwinaze in young adults age 18 to 39 with ALL who are hypersensitive to *E. coli*-derived asparaginase, as well as 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 maintenance of current sales level and continued growth is our need to ensure sufficient supply of Erwinaze on a timely basis. See the discussion regarding Erwinaze supply issues in the risk factor in this Item 1A entitled "*We depend on single source suppliers and manufacturers for each of our products, product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers or manufacturers, or delays or problems in the supply or 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*."

We also face numerous other risks that may impact Erwinaze sales, including regulatory risks, the development of new asparaginase treatments 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 biosimilar products. In addition, if we fail to comply with our obligations under our agreement with PHE and lose exclusive rights to Erwinaze, or otherwise fail to maintain and grow sales of Erwinaze, our growth prospects could be negatively affected.

Prialt, an intrathecally administered infusion of ziconotide, was 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. We face many challenges in maintaining and growing sales of Prialt, including acceptance of intrathecal administration by patients and physicians and challenges for physicians with timely reimbursement for use of Prialt. In addition, the FDA has required that the label for Prialt include a boxed warning regarding the risk of psychiatric symptoms and neurological impairment. We cannot predict whether the FDA will require additional warnings, or place any additional limitations on our ability to advertise and promote Prialt, which could negatively impact Prialt sales. In May 2013, we completed the roll-out of the NAVIGATOR Reimbursement and Access Program™, a centralized program that provides a single point of access to Prialt, and transitioned to

a centralized distribution system for Prialt through an exclusive distributor and pharmacy. In connection with the implementation of the new distribution system, we experienced some fluctuation in product sales.

Failure to maintain or increase prescriptions and revenue from sales of our products, including Erwinaze and Prialt, 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 the 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 launch and market Defitelio in the EU, or obtain marketing approval in other countries, including the United States, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We acquired Defitelio as a result of the Gentium Acquisition. In October 2013, the European Commission granted marketing authorization for Defitelio for the treatment of severe VOD in adults and children undergoing HSCT therapy. We plan to launch Defitelio in the EU during 2014, and expect to begin these efforts in selected countries in the first half of 2014 after Defitelio's patient registry has been established and is open for recruitment. Opening of the Defitelio patient registry is subject to the receipt of a positive recommendation by the PRAC on the patient registry design. We do not know whether we will receive positive recommendations or whether the PRAC will request additional information or require modifications to our proposed design. Any delay in receiving positive recommendations on Defitelio's patient registry design would negatively affect the timing of the launch of Defitelio and anticipated revenue from Defitelio in 2014 and could negatively affect our growth prospects.

We are also making pricing and reimbursement submissions with respect to Defitelio in those EU countries where pricing and reimbursement approvals are required for launch. We have not yet obtained pricing and reimbursement guidelines in any of those countries and therefore cannot predict the timing of Defitelio's launch in those countries. If we experience delays and unforeseen difficulties in obtaining pricing and reimbursement approvals for Defitelio in any of these countries, the planned launch would be delayed and our anticipated revenue from Defitelio in 2014 and our growth prospects could be negatively affected. We have developed estimates of anticipated pricing for these countries, 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 EU 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 the EU, which would negatively impact anticipated revenue from Defitelio. In addition, until 2008, Gentium sold forms of defibrotide in Italy to treat vascular disease with risk of thrombosis at a price that was substantially lower than the anticipated commercial price for Defitelio. The regulators in Italy may use the price of the past sales by Gentium as a reference price for Defitelio, which may make it more difficult for us to justify our requested higher commercial price, which would also negatively impact anticipated revenue from Defitelio in Italy.

Furthermore, 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 EU countries. If any of these events occurs, our anticipated revenue from Defitelio would be negatively affected.

We also cannot predict the level of sales of Defitelio in the EU after its planned launch. 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.

Although Defitelio has been approved in Europe, a prior NDA submission by Gentium seeking approval in the United States for defibrotide for the treatment of severe VOD was voluntarily withdrawn from consideration in order to address issues raised by the FDA. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States, which may include filing a new application with existing clinical data or generating additional clinical data before a new application is ready for submission and FDA review. We are also assessing the potential for approval of defibrotide in other countries and for additional development of defibrotide in other indications. We cannot know when, if ever, defibrotide will be approved in the United States or 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 any such activities. 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.

While we have limited revenue from sales of defibrotide on a named patient basis, we cannot predict whether historical revenues from named patient programs will continue, whether we will be able to continue to distribute defibrotide on a named patient basis, or whether the planned launch of Defitelio in the EU will generate higher revenue in the applicable EU countries than revenues generated from sales on a named patient basis.

Defibrotide is currently available in approximately 40 countries on a named patient basis and is being distributed to patients diagnosed with severe VOD in the United States through an expanded access program pursuant to a treatment IND protocol. In certain EU countries, reimbursement for products that have not yet received marketing authorization is provided through national named patient or compassionate use programs. Such reimbursement may cease to be available if authorization for named patient or compassionate use programs expires or is terminated. While Gentium has generated and we continue to generate revenue on the distribution of defibrotide through named patient programs, we cannot predict whether historical revenues from these programs will continue, whether we will be able to continue to distribute defibrotide on a named patient basis in these countries, or whether the planned launch of Defitelio in the EU will generate higher revenue in the applicable EU countries than revenues historically generated from sales on a named patient basis. Any failure to maintain revenues from sales of defibrotide on a named patient basis and/or to generate higher revenues following the planned launched of Defitelio would have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We depend on single source suppliers and manufacturers for each of our products, product candidates and their active pharmaceutical ingredients. The loss of any of these suppliers or manufacturers, or delays or problems in the supply or 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.

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 that meet 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 or manufacturers encounter these or any other manufacturing, quality or compliance difficulties with respect to any of our products, we may be unable to meet the commercial demand for such products, which could adversely affect our business, financial condition, results of operations and growth prospects.

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 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 and manufacturers, 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.

We maintain limited inventories of certain of our products, including Xyrem and Erwinaze, as well as the ingredients or raw materials used to make our products. Our limited inventory puts us at significant risk of not being able to meet product demand. During 2013, our supply of Erwinaze was nearly completely absorbed by demand for the product. In the past, we have experienced a disruption of supply of Erwinase in the European market due to manufacturing challenges, including shortages related to the failure of a batch to meet certain specifications in 2013, and we may experience similar or other manufacturing challenges in the future. If our continued efforts to avoid supply shortages are not successful, we could experience Erwinaze supply interruptions in the future, 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. Other difficulties or delays in production, such as those described elsewhere in this risk factor, could also result in supply interruptions in the future. If, for any reason, our suppliers and manufacturers, 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 or manufacturers fails or refuses to supply us for any reason, it would take a significant amount of time and expense to qualify a new supplier or manufacturer. The loss of one of our suppliers or manufacturers 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 or manufacturer, and we may not be able to obtain active pharmaceutical ingredients or finished products from new suppliers or manufacturers on acceptable terms and at reasonable prices, or at all. Should we lose either an active pharmaceutical ingredient supplier or a

finished product manufacturer, we could run out of salable product to meet market demands or investigational product for use in clinical trials while we wait for FDA or similar international regulatory body approval of a new supplier or manufacturer.

Our current supplier of sodium oxybate, Siegfried was approved by the FDA in late 2011 and became our sole supplier in 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 to us, and manufactured for us, by PHE, which is our sole supplier for Erwinaze. 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 the PHE. Inability by PHE to comply with regulatory requirements, including follow through on manufacturing-related post-marketing commitments that are part of the BLA approval and monitored by the FDA, could adversely affect its ability to supply Erwinaze to us 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 PHE may charge us more 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.

We cannot assure you that PHE will be able to continue to supply our ongoing commercial needs of Erwinaze in a timely manner, or at all, especially if our demand for product continues to increase. If PHE experiences a disruption in supply or capacity constraints as a result of increased demand or otherwise, 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 by PHE or the cessation of PHE's business. 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. While we continue to work with PHE to evaluate potential steps to increase the supply of Erwinaze over the longer term to address expected growing worldwide demand, our ability to increase sales of Erwinaze may be limited by our ability to obtain an increased supply of the product. Any inability of PHE to supply sufficient quantities of Erwinaze to meet commercial needs at historic levels or higher could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We are in the process of changing our supplier for ziconotide, the active pharmaceutical ingredient in Prialt, and have commenced the transfer to the new supplier. We believe that we have sufficient supply of ziconotide to meet our commercial requirements for finished product for a number of years, which we expect to be sufficient time to complete the transfer to the new supplier. In addition, our new manufacturer of finished product was approved by the FDA in December 2012 and started to supply us with Prialt finished product in January 2014. There can be no assurance that the new supplier of ziconotide will be approved by the FDA or non-U.S. regulatory authorities or that the new manufacturer of Prialt finished product will be able to meet our demand in the future. Any failure to obtain and maintain sufficient commercial supplies could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

For FazaClo HD, FazaClo LD and Versacloz, we have single sources of supply for both the active pharmaceutical ingredient and finished product, and should it become necessary to change suppliers, the process could take two years or longer.

We are in the process of identifying a supplier for JZP-110. In order to commence our planned Phase 3 clinical programs, we need to have sufficient quantity of JZP-110 manufactured. In addition, we rely on Concert to transfer its manufacturing methods to us and our contract manufacturers to produce sufficient quantity of JZP-386 required for our planned first study in humans. We believe that we will be able to obtain sufficient supplies of JZP-110 and JZP-386 before the commencement of the applicable planned clinical trials. Any delay in receiving sufficient supplies of JZP-110 or JZP-386 for our planned studies could negatively impact our development programs.

The DEA limits the quantity of certain Schedule I controlled substances that may be produced in the United States in any given calendar year through a quota system. Because the active pharmaceutical ingredient of Xyrem, sodium oxybate, is a Schedule I controlled substance, our supplier of sodium oxybate, as well as our finished product manufacturer, must each obtain separate DEA quotas in order to supply us with sodium oxybate and Xyrem. Since the DEA typically grants quotas on an annual basis, our sodium oxybate supplier and Xyrem manufacturer 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 example, in 2013, our supplier was initially allocated only a portion of the quota it requested to make the active pharmaceutical ingredient of Xyrem. Similarly, our finished product manufacturer for Xyrem was initially allocated only a portion of the quota it requested to make finished product. As a result, in 2013, both our active pharmaceutical ingredient supplier and our finished product manufacturer had to request and justify increased quotas from the

DEA for 2013. For 2014, both our active pharmaceutical ingredient supplier and finished product manufacturer have been allocated most, but not all, of their respective requested quotas and may need to request and justify increased quotas from the DEA later in 2014. If we and our supplier and manufacturer 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.

In addition, 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. If there are delays in qualifying new manufacturers or facilities or a new manufacturer 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 ingredient or backup manufacturers for our products and product candidates.

Failure by our third party manufacturers to comply with regulatory requirements could adversely affect their ability to supply products or ingredients to us. All facilities and manufacturing techniques used for the manufacture of pharmaceutical products must be operated in conformity with the FDA's current cGMP requirements. In complying with cGMP requirements, our 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. DEA regulations also govern facilities where controlled substances such as sodium oxybate, Xyrem's active pharmaceutical ingredient, are manufactured. Manufacturing facilities of our suppliers have been and are subject to periodic unannounced inspection by the FDA, the DEA and other regulatory authorities, including state authorities and similar authorities in non-U.S. jurisdictions. For example, the FDA inspected the PHE facility where Erwinaze is manufactured in 2013 and will do so again in the future. Failure to comply with applicable legal requirements subjects the suppliers to possible legal or regulatory action, including shutdown, which may adversely affect their ability to supply us with the ingredients or finished products we need.

Our ability to develop and deliver products in a timely and competitive manner depends on our third party suppliers and manufacturers being able to continue to meet our ongoing commercial needs. Any delay in supplying, or failure to supply, products 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 may not realize the anticipated financial and strategic benefits from the recent Gentium Acquisition or be able to successfully integrate the acquired business.

After the close of the tender offer, we have acquired approximately 98% of the outstanding voting securities of Gentium for an aggregate acquisition cost of approximately $993 million. The Gentium Acquisition creates numerous uncertainties and risks, and has required, and will continue to require, significant efforts and expenditures, including with respect to integrating the acquired business with our historical business. We may encounter unexpected difficulties, or incur unexpected costs, in connection with our transition activities and integration efforts, which include:

- the potential disruption of our historical core business;
- the risk that our relative lack of experience in the hematology/oncology market will not allow us to achieve anticipated sales of Defitelio;
- 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, including our lack of experience in maintaining positive interactions with unionized employees;
- the failure to retain key managers and other personnel, including the employees from the acquired Gentium business who might experience uncertainty about their future roles with us;
- the challenges in controlling additional costs and expenses in connection with and as a result of the acquisition;
- the diversion of our management's attention to integration of operations and corporate and administrative infrastructures;
- any unanticipated liabilities for activities of or related to Gentium or its operations, products or product candidates; and
- the challenges and risks associated with Gentium not being our wholly owned subsidiary, including needing to consider the rights of, and duties owed to, the minority shareholders of Gentium under Italian law when making future decisions that might impact Gentium, its business or operations.

If any of these factors impairs our ability to integrate 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 the 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 could also impact our ability to produce timely and accurate financial statements.

We have grown rapidly, and 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.

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 or our shareholders expect.

We are headquartered in Dublin, Ireland and have multiple offices in the United States, the United Kingdom, Italy and other countries in Europe. Our headcount has grown from approximately 260 employees at the end of 2011 to approximately 810 in February 2014. This includes employees in fourteen countries in North America and Europe, a European commercial presence, and a complex distribution network for products in Europe and additional territories. 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 and financial condition, including, among other things:

- the increased complexity and costs inherent in managing international operations;
- diverse regulatory, financial and legal requirements, and any 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;
- changes in currency rates; and
- regulations relating to data security and the unauthorized use of, or access to, commercial and personal information.

Failure to effectively manage these risks could have a material adverse effect on our business. For example, although the European Commission granted marketing authorization under exceptional circumstances for Defitelio for the treatment of severe VOD in adults and children undergoing HSCT therapy in October 2013, before launching Defitelio in certain EU countries, country-specific pricing and reimbursement approvals must be obtained. If we experience delays or unforeseen difficulties in obtaining pricing and reimbursement for Defitelio in any of these countries, the planned launch would be delayed and our anticipated revenue from Defitelio in 2014 could be negatively affected.

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, including through our planned launch of Defitelio. 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;
- 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 availability of adequate reimbursement by third parties.

Because of our dependence upon market acceptance of our products, any adverse publicity associated with harm to patients or other adverse effects 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 of our products and publicity regarding price increases of any products distributed by other pharmaceutical companies could negatively affect market acceptance of our products.

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 would require us to discontinue their development, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We have made significant investments into expanding our product development pipeline and expect to substantially increase our research and development organization to pursue targeted development activities in 2014 and beyond. Significant clinical, development and financial resources will be required to progress product candidates to obtain necessary regulatory approvals and to develop them into commercially viable products. We have a number of product candidates under development, including JZP-110 and JZP-386 in the sleep area and Asparec and Leukotac in the hematology and oncology area. As a condition to regulatory approval, each drug product candidate must undergo extensive and expensive clinical trials to demonstrate to a statistically significant degree that the product candidate is safe and effective. Clinical testing can take many years to complete and failure can occur any time during the clinical trial process. If a product candidate 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 from that product candidate.

Our development pipeline projects include not only new product candidates, but also projects involving line extensions for existing products and the generation of additional clinical data for existing products. Specifically, in the hematology and oncology therapeutic area, we have ongoing projects involving Erwinaze and are evaluating potential development of defibrotide in indications in addition to the treatment of severe VOD in adults and children undergoing HSCT therapy. These development efforts may not be successful, and any adverse events or other information generated during the course of our 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.

Although Defitelio has been approved in Europe, a prior NDA submission by Gentium for defibrotide in the United States was voluntarily withdrawn from consideration before an FDA decision on accepting the application for filing, based on issues raised by the FDA. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States, which may include filing a new application with existing clinical data or generating additional clinical data before a new application is ready for submission and FDA review. We cannot know when, if ever, defibrotide will be approved in the United States or under what circumstances, and what, if any, additional clinical or other development activities will be required in order to potentially obtain regulatory approval in the United States and the cost associated with

any such activities. These development efforts may not be successful, which could adversely affect our potential future revenue from defibrotide and our growth prospects.

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.

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 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 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.

The 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 the equivalent in jurisdictions outside of the United States 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 earlier clinical trials.

We are currently undertaking a Phase 1 clinical trial of Asparec in Europe. Under our license agreement with Alizé, under which we obtained rights to develop and commercialize Asparec, we are subject to contractual obligations to meet certain development milestones within the applicable timeframes provided under the license agreement. Our ability to meet some of these milestones is uncertain, and depends upon a number of factors, including our ability to obtain clinical material, to recruit study centers with appropriate expertise and patient populations and to develop a clinical program meeting the development requirements of both the FDA and European regulatory authorities in a timely fashion. If our development activities are delayed and we fail to meet our licensing obligations to Alizé, we may lose our rights to develop and commercialize Asparec. We submitted an IND to conduct studies relating to Asparec to the FDA in November 2012, and received FDA confirmation in December 2012 that we may proceed with the initial clinical study. We are working with investigators to initiate our first study of Asparec in children.

In June 2013, the FDA granted Fast Track designation to the investigation of Asparec for ALL. Defibrotide has also been granted Fast Track designation by the FDA to treat severe VOD. The Fast Track program is designed to enable more frequent interactions with the FDA during drug development and to expedite new drug candidate review. Although we have obtained Fast Track designation from the FDA for Asparec and defibrotide, receipt of Fast Track designation may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures, and Fast Track designation may be withdrawn by the FDA at any time. In addition, Fast Track designation does not guarantee that we will be able to take advantage of the expedited review procedures and does not increase the likelihood that either Asparec or defibrotide will receive any regulatory approvals.

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 United States. Our failure, or the failure of our product manufacturers, 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 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 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.

We cannot assure you that we will be able to successfully manage these risks or other anticipated and unanticipated problems in connection with an acquisition or in-licensing. 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 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.

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. 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 collaborative arrangements with large, established companies.

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 internationally, 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. 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.

In 2012 we added Erwinaze, as well as other smaller products in the oncology supportive care market, to our product portfolio. We are further expanding our hematology and oncology product offering with the planned launch of Defitelio in Europe. We compete with a significant number of pharmaceutical and life sciences companies with extensive sales, marketing and promotional experience in the oncology and oncology supportive care markets, and our failure to compete effectively in this area could negatively affect our sales of Erwinaze, Defitelio and other products.

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 United States 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. See the risk factor in this Item 1A entitled *"If generic products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected."*

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.

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, 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 in the future.

Significant disruptions of information technology systems or breaches of data security 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 information technology infrastructure, 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, make such systems potentially vulnerable to breakdown, malicious intrusion, security breaches and other cyber attacks. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. While we have implemented security measures to protect our data security and information technology

systems, such measures may not prevent the adverse effect of such events. Significant disruptions of our information technology systems or breaches of data security 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 and trade secret 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.

The patent position of pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. Changes in either the patent laws or in interpretations of patent laws in the United States 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. 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. If one or more companies receive FDA approval of an ANDA, it is possible that such company or companies could introduce generic versions of Xyrem 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 generic versions of Xyrem at risk of potentially being held liable for damages for patent infringement.

In October 2010, December 2012 and November 2013, we received a Paragraph IV Certification from each of Roxane, Amneal and Par, respectively, that each had filed an ANDA with the FDA requesting approval to market a generic version of Xyrem before the expiration of the Orange-Book-listed patents relating to Xyrem. If any one of these applications is approved, and a generic version of Xyrem is introduced, our sales of Xyrem would be adversely affected. Additional ANDAs could also be filed requesting approval to market generic versions of Xyrem; if those applications for generics were approved and the generics were launched, sales of Xyrem would decrease. We have sued Roxane, Amneal and Par seeking to prevent them from introducing a generic version of Xyrem that would infringe our patents, but we cannot assure you that the lawsuits will prevent the introduction of a generic version of Xyrem for any particular length of time, or at all. See the risk factor in this Item 1A entitled "*If generic products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected.*"

Azur Pharma received Paragraph IV certifications from three generic manufacturers, two in 2008 and one in 2010, relating to generic versions of FazaClo LD. Azur Pharma and CIMA, our licensor and whose drug-delivery technology is incorporated into FazaClo LD, filed lawsuits in response to each certification. In July 2011, Azur Pharma, CIMA, Barr Laboratories (one of the three generic manufacturers) and Teva, which had acquired Barr Laboratories, entered into an agreement settling the patent litigation and granting an affiliate of Teva a license of our rights to have manufactured, market and sell a generic version of FazaClo LD and FazaClo HD, as well as an option for supply of authorized generic product. The sublicenses for FazaClo LD commenced in July 2012; the sublicense for FazaClo HD will commence in May 2015 or earlier upon the occurrence of certain events. In August 2011, Azur Pharma received a Paragraph IV certification notice from Teva advising that Teva had filed an ANDA with the FDA seeking approval to market a generic version of FazaClo HD. As noted above, FazaClo HD was covered under the July 2011 settlement agreement with Teva. Teva exercised its option for supply of an authorized generic product for FazaClo LD and launched the authorized generic product at the end of August 2012, which is having a negative impact on our sales of FazaClo LD and, to some extent, FazaClo HD and is expected to continue to do so.

The two formulation patents covering FazaClo HD and FazaClo LD that we license from CIMA were under reexamination by the USPTO, and both of the reexamination proceedings proceeded to appeal at the USPTO. The ANDA lawsuits with the other two generic manufacturers had been stayed pending the outcome of these reexamination proceedings. In September 2013 and January 2014, reexamination certificates were issued for the two patents, with the claims of the patents confirmed and the parties have requested the stay of litigation be lifted. We cannot predict the timing or outcome of the patent litigation, or the impact on the entry of additional generic competitors for FazaClo HD or FazaClo LD.

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.

On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith 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 and prosecuted and may also affect patent litigation. The final substantive provisions of the Leahy-Smith Act, including the first to file system, became effective on March 16, 2013. The Leahy-Smith 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.

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 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 United States 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. For example, Erwinaze has no patent protection, and we rely on trade secrets and other unpatented proprietary information to protect our commercial position, which we may be unable to do. Another method of protection is regulatory exclusivity. Erwinaze, as a biologic product approved under a BLA, is subject to the BPCIA. The BPCIA establishes a period of twelve years of data exclusivity for reference products in order to preserve incentives for future innovation, protecting data included by the applicant in a BLA by prohibiting others from gaining FDA approval based in part on reliance on, or reference to, the data in the BLA during a twelve-year period. The FDA is in the process of implementing the BPCIA and has not established final guidelines for administering the review and approval of applications for data exclusivity. Although we expect that Erwinaze would receive data exclusivity in the United States through 2023 under the BPCIA, we cannot provide assurance that it will receive this exclusivity. While Erwinaze has orphan drug marketing exclusivity for a seven-year period from its FDA approval in the United States until November 2018, and is expected to receive data exclusivity in the United States through 2023 under the BPCIA, it is possible that a potential competitor might obtain earlier approval from the FDA based upon an approval application that does not rely on or refer to data in our BLA for Erwinaze. In the EU, the regulatory data protection and thus regulatory exclusivity period for Erwinaze has lapsed. This also means that any new marketing authorizations for Erwinaze in other EU member states will not receive any regulatory data protection. If a biosimilar product to Erwinaze is approved in the future in the United States or in other countries where it is sold, a significant percentage of the prescriptions 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. In addition, although there are patent applications for Asparec pending in the United States and many other countries, it is not

yet covered by any U.S. patents. Asparec was granted orphan drug designation in Europe and the United States subject to certain conditions. In addition, the FDA has not yet clarified whether Asparec is eligible to receive data exclusivity under the BPCIA. Defibrotide has been granted orphan drug designation by the FDA, by the EMA and by the Korean Ministry of Food and Drug Safety, both to treat and to prevent VOD, and by the Commonwealth of Australia-Department of Health for the treatment of VOD. If we fail to obtain orphan drug marketing exclusivity and/or data exclusivity, and if we also fail to successfully execute on other strategies to protect our intellectual property with respect to Asparec, including protection by one or more issued patents, Asparec would be subject to competition from a biosimilar product, which could have a material adverse effect on our ability to recognize any return on our investment in the development of this product as well as on our future 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 may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, 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 related thereto. 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 to rule that these patents are invalid and/or should not be enforced against that third party. These lawsuits are expensive and consume time and other resources, even if we were successful in stopping the infringement of these patents. In addition, there is a risk that a court will decide that these patents are not valid or infringed and that we do not have the right to stop the other party from using the patented subject matter. There is also the risk that, even if the validity of these patents is upheld and infringement of these patents found, the court will refuse to stop the other party on the grounds that it is in the public interest to permit the infringing activity. We are prosecuting lawsuits against the generic manufacturers who delivered Paragraph IV certifications to us with respect to Xyrem, FazaClo HD and FazaClo LD. See Item 3 "Legal Proceedings." We cannot assure you that these, or other lawsuits we may file in the future, will be successful in stopping the infringement of our patents, that any such litigation will be cost-effective, or that the litigation 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, and we may not be able to do this.

Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in the United States 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 licensors' or our 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 United States. 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 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 the formulation and method of use covering the administration for Xyrem, as well as method of use patents and trade secrets that cover elements of the Xyrem deemed REMS, including patents that cover the use of a single central pharmacy to distribute Xyrem. We are engaged in ongoing communications with the FDA with respect to our REMS documents for Xyrem, but we have not reached agreement on certain significant terms. For example, we disagree with the FDA's current position that, as part of the current REMS process, the Xyrem deemed REMS should be modified to enable the distribution of Xyrem through more than one pharmacy, or potentially through retail pharmacies and wholesalers, as well as with certain modifications proposed by the FDA that would, in the FDA's view, make the REMS more consistent with the FDA's current practices for REMS documents.

The FDA has notified us that it would exercise its claimed authority to modify our REMS and that it would finalize the REMS as modified by the FDA unless we initiate dispute resolution procedures with respect to the modification of the Xyrem deemed REMS. Given these circumstances, we will initiate dispute resolution procedures with the FDA by the end of February 2014. We cannot predict whether, or on what terms, we will reach agreement with the FDA on final REMS documents for Xyrem, whether we will initiate additional dispute resolution proceedings with the FDA or other legal proceedings prior to finalizing the REMS documents, or the outcome or timing of any such proceedings. We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. See the risk factor in this Item 1A entitled "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk management program, and these restrictions and requirements, as well as the potential impact of changes to those restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem.*"

We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. 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 particular, depending on the extent to which certain provisions of our Xyrem deemed REMS which are currently protected by our method of use patents covering the distribution of Xyrem are changed, the ability of our existing patents to protect our Xyrem distribution system from generic competitors may be reduced. Certain claims of our patents may not provide as much protection in the context of a modified REMS structure. 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 our current Xyrem deemed REMS. If a generic competitor is able to obtain ANDA approval for a generic version of Xyrem based on a risk management plan or 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 changes to our REMS documents 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 research, testing, manufacturing, labeling, advertising and promotion, distributing and exporting of pharmaceutical products are subject to extensive regulation, and regulations differ from country to country. Approval in the United States, or in any jurisdiction, does not ensure approval in other jurisdictions. The regulatory approval process is lengthy, expensive and uncertain, and we may be unable to obtain approval for our product candidates. For example, we are not permitted to market

our product candidates in the United States or in the EU member states until we receive approval from the FDA, the European Commission, or the competent authorities of the EU member states, respectively, generally of an NDA, a BLA or a marketing authorization application. The application must contain information demonstrating the quality, safety and efficacy of the medicinal product, including data from the preclinical and clinical trials, information pertaining to the preparation and manufacture of the drug or biologic, analytical methods, product formulation, details on the manufacture of finished products, proposed product packaging, labeling and information concerning the stability of the medicinal product. 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 receiving approval for narrower conditions of use than sought, can have a negative impact on our financial performance.

If the FDA, the European Commission 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 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 package insert directed to patients, a plan for communication with healthcare providers, restrictions on a drug's distribution, or a medication guide to provide information to consumers about the drug's risks and benefits. For example, the FDA requires a REMS for Xyrem, discussed in detail under the risk factor "*The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk management program, and these restrictions and requirements, as well as the potential impact of changes to those restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem*" above, 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. We may be unable to comply with the 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.

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 March 2010, the U.S. President signed the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, together the Healthcare Reform Act. This law substantially changes the way healthcare is financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. The Healthcare Reform Act contains a number of provisions that are expected to impact our business and operations, in some cases in ways we cannot currently predict. Changes that may affect our business include those governing enrollment in federal healthcare programs, reimbursement changes, rules regarding prescription drug benefits under the health insurance exchanges, expansion of the 340B program, and 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.

The Healthcare Reform Act made significant changes to the Medicaid Drug Rebate program and expanded the Public Health Service's 340B drug pricing discount program. Details of these changes 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*."

Additional provisions of the Healthcare Reform Act, some of which became effective in 2011, may negatively affect our revenues in the future. For example, as part of the Healthcare Reform Act's provisions closing a coverage gap that currently exists in the Medicare Part D prescription drug program (commonly known as the "donut hole"), we are required to provide a 50% discount on branded prescription drugs dispensed to beneficiaries within this donut hole.

Many of the Healthcare Reform Act's most significant reforms do not take effect until 2014. In 2012, CMS issued proposed regulations to implement the changes to the Medicaid Drug Rebate program under the Healthcare Reform Act but has not yet issued final regulations. CMS is expected to release the final regulations in 2014.

In 2012, the Supreme Court of the United States heard challenges to the constitutionality of certain provisions of the Healthcare Reform Act. The Supreme Court's decision upheld most of the Healthcare Reform Act; however, the Supreme Court struck down a provision in the Healthcare Reform Act that penalized states that choose not to expand their Medicaid programs through an increase in the Medicaid eligibility income limit from a state's current eligibility levels to 133% of the federal

poverty limit. As a result of the Supreme Court's ruling, some states have elected not to expand their Medicaid programs by raising the income limit to 133% of the federal poverty level. 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 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 our product sales or successfully commercialize our product candidates.

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 health care 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 of our medicinal 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 medicinal 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 certain products. The co-pay coupon programs of other pharmaceutical manufacturers are the subject of ongoing class action lawsuits, first filed in 2012, challenging their legality under a variety of federal and state laws, and our co-pay coupon programs could become the target of similar lawsuits. In addition, 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. It has also come to our attention that at least one insurer has directed its network pharmacies to no longer accept co-pay coupons for certain drugs the insurer identified. 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. It is possible that the outcome of the pending litigation against other manufacturers, 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 programs, which could result in fewer patients using affected products, which could include 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, recordkeeping, importing and exporting of our products are, and any of our product candidates that may be approved by the FDA, the European Commission, 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, manufacturers and 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.

If we receive regulatory approvals to sell our products, the FDA, the European Commission, the competent authorities of the EU member states and other non-U.S. regulatory authorities in Europe or other countries 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 United States or overseas or at our contract manufacturers' facilities, a regulatory agency may impose restrictions on our products, our contract manufacturers or on 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. Under regulations in the EU related to pharmacovigilance, or the assessment and monitoring of the safety of drugs, 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 imposition of financial penalties or other enforcement measures.

The FDA approved the BLA for Erwinaze in the United States in November 2011, subject to certain post-marketing requirements, including developing and validating assays and conducting certain non-clinical studies. In addition, the BLA approval for Erwinaze is subject to compliance with numerous post-marketing commitments, including certain commitments which must be met by PHE with respect to product manufacturing, which are outside of our control. While activities are underway to complete the post-marketing requirements and to comply with the post-marketing commitments, if we and/or PHE fail to do so within the timeframe established by the FDA, or if the results of the non-clinical studies raise concerns or other issues for the FDA, our approval to market Erwinaze in the United States may be withdrawn or otherwise jeopardized.

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 the 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.

We have not obtained marketing authorizations and/or may not currently have updated the marketing authorization approval dossiers for Erwinaze and several other medicinal products in every international market in which those products are being sold. For example, in some EU countries where we do not have a marketing authorization, Erwinaze is being provided to patients on the basis of government-approved named patient programs or temporary use authorizations. In addition, Defitelio has been provided to patients in some EU countries on a named patient basis and in certain of these countries, reimbursement is provided for unauthorized products 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. 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 Erwinaze or Defitelio without a marketing authorization in place, 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.

For a patient to be prescribed Prialt, the patient must have a surgically implanted infusion pump. One of the two pumps the FDA has approved for use with Prialt is Medtronic's SynchroMed® II Drug Infusion System. Any regulatory action involving the pump or delivery of Prialt via the pump could materially adversely impact sales of Prialt.

In addition, certain of our products are currently marketed as medical devices in individual EU member states. If a competent authority in the EU were to determine that the products concerned are incorrectly classified as a medical device, we may be subject to administrative action or other enforcement measures, such as the suspension of the marketing or the withdrawal from the market of the product concerned.

The FDA requires advertising and promotional labeling to be truthful and not misleading, and products to be marketed only for the 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. For example, in September 2012, we received a warning letter from the FDA related to a direct-to-consumer patient brochure for FazaClo. We were no longer using the allegedly violative promotional materials at the time we received the letter, but reviewed all of our other promotional materials for FazaClo in accordance with the letter. We agreed with the FDA on plans for correcting the promotional materials and disseminating the corrective messages to healthcare providers, patients and consumers and began implementation of the corrective actions in accordance with the agreed-upon

plans in February 2013. We believe that we have taken necessary actions required to fully address the agency's concerns. However, there can be no assurance that the FDA will agree with our assessment. The FDA could take further action, could require us to take further action, with respect to our FazaClo promotional materials, or could otherwise conclude we have not taken all appropriate corrective actions with respect to the warning letter. The FDA or other regulatory authorities may disagree with our response to the warning letter or challenge other of our promotional materials or activities in the future, through additional enforcement action, which may have a negative impact on our sales and/or may subject us to financial or other penalties.

The FDA, the competent authorities of the EU member states and other governmental authorities also actively enforce regulations prohibiting off-label promotion, and the government has levied large civil and criminal fines against companies for alleged improper promotion. The 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 example, a predecessor company to Jazz Pharmaceuticals, Inc. was investigated for off-label promotion of Xyrem, and, while Jazz Pharmaceuticals, Inc. was not prosecuted, as part of the settlement Jazz Pharmaceuticals, Inc. entered into a corporate integrity agreement with the Office of Inspector General, U.S. Department of Health and Human Services, which extended through mid-2012. The investigation resulted in significant fines and penalties, which Jazz Pharmaceuticals, Inc. has paid, and the corporate integrity agreement required us to maintain a comprehensive compliance program. 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.

Various U.S. state agencies traditionally oversee pharmaceutical compounding activities. Compounded drugs are made by certain pharmacies, typically by combining, mixing or altering ingredients of a drug to make a formulation that is not readily available to patients and/or approved by the FDA. A number of problems have been associated with the making and use of compounded drugs, including product contamination, product toxicity, product instability and impaired performance of medical devices used to deliver drugs. Improperly compounded products can pose serious public health issues, as evidenced by the October 2012 fungal meningitis outbreak in the United States which was traced to compounded drugs from the New England Compounding Center. Pharmaceutical products administered intrathecally, such as Prialt, are frequently compounded with other products by pharmacies, a process over which we have no control. If any of our products are used in compounded drugs, we may have exposure to claims by patients treated with compounded formulations containing our products and to regulatory action by relevant government agencies. Any such claims or regulatory actions could result in harm to our reputation and have a negative effect on our business. In addition, since late 2012, there have been increased legislative and enforcement activities on the federal level and new legislation was passed in November 2013 which gives the FDA increased authority over compounding operations. We cannot predict the impact of any new legislation on our business.

Other Regulatory Authorities

We are also subject to regulation by other regional, national, state and local agencies, including the DEA, the Department of Justice, the FTC, the U.S. Department of Commerce, the Office of Inspector General of the U.S. Department of Health and Human Services 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, manufacturers and distributors and the central pharmacy for Xyrem, are subject to many of the same requirements.

These requirements include obtaining sufficient quota from the DEA each year to manufacture sodium oxybate and Xyrem. In addition to quota requirements, the DEA imposes various registration, importing, exporting, recordkeeping 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 United States and the EU member states are parties to the 1971 Convention. In October 2012, the WHO sent a recommendation to the CND to reschedule GHB, under the 1971 Convention from its current 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 United States under the CSA, the United States is obligated as a signatory to the 1971 Convention to ensure that drug scheduling in the United States is consistent with its obligations under the international treaties. Because sodium oxybate, the active pharmaceutical ingredient in Xyrem, is a derivative of GHB, the international rescheduling of GHB means that Xyrem and/or sodium oxybate may be subject to more restrictive registration, recordkeeping, reporting, importing, exporting and other requirements in the EU and certain other countries than the

restrictions currently in place. In the United States, under DEA regulations, the Xyrem finished product is currently classified as a Schedule III controlled substance, with sodium oxybate, classified as a Schedule I controlled substance. Although the HHS, has taken the position in the past that the United States would not be required to alter the domestic control of GHB should it be rescheduled to Schedule II under the 1971 Convention, we cannot guarantee that international rescheduling of GHB from Schedule IV to Schedule II will not impact restrictions on Xyrem in the United States. Failure by us or any of our partners, including suppliers, manufacturers and distributors, to comply with such requirements could result in, among other things, additional operating costs to us, delays in shipments outside or into the United States and adverse regulatory actions.

In addition, pursuant to the Export Administration Regulations, we are required to obtain a license from the U.S. Department of Commerce prior to the exportation of certain materials and technical information related to Prialt, a synthesized conotoxin, which is a designated controlled biological toxin.

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 the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical companies on one hand and prescribers, purchasers and formulary managers on the other. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common manufacturer business arrangements and activities from prosecution, 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.

The U.S. Federal False Claims Act prohibits any person from knowingly presenting, or causing to be presented, a false claim for payment of federal funds, or knowingly making, or causing to be made, a false statement to get a false claim paid. Many pharmaceutical and other healthcare companies have been investigated 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 has 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 Physician Payment Sunshine provisions of the Healthcare Reform Act require extensive tracking of physician and teaching hospital payments, maintenance of a payments database, and public reporting of the payment data. CMS has issued a final rule implementing the Physician Payment Sunshine provisions and clarifying the scope of the reporting obligations. The final rule also provided that manufacturers begin tracking on August 1, 2013 and begin reporting payment data to CMS by March 31, 2014. It is widely anticipated that public reporting under the Sunshine Act 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.

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 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. 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. Additional states are considering or recently have considered similar proposals. Non-U.S. governments often have similar regulations which we also will be subject to 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 UK Bribery Act. As further discussed below, the UK Bribery Act applies to any company incorporated in or "carrying on business" in the UK, irrespective of where in the world the alleged bribery activity occurs, which could have implications for our interactions with physicians both in and outside the UK. Violation of these laws could result in substantial fines and imprisonment.

Payments made to physicians in certain EU member states 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. These requirements are provided in the national laws, industry codes, or professional codes of conduct, applicable in the 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 United States 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 UK 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 UK Bribery Act prohibits giving, offering, or promising bribes to any person, including non-UK 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 UK may be held liable for bribes given, offered or promised to any person, including non-UK government officials and private persons, 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 regulation under the FCPA. Recently the SEC and the Department of Justice 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 manufacturers 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, including recently enacted laws in all jurisdictions where we operate. Numerous federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use and disclosure of personal information. In addition, we obtain patient health information from most healthcare providers who prescribe our products and research institutions we collaborate with, and they are subject to privacy and security requirements under the HIPAA, as amended by the HITECH Act. 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. Moreover, EU member states and other jurisdictions 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. Data protection authorities from the different EU member states may interpret the EU Data Protection Directive and national laws differently, which adds to the complexity of processing personal data in the EU, and guidance on implementation and compliance practices are often updated or otherwise revised. Failing to comply with these laws could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results. The EU Data Protection Directive prohibits the transfer of personal data to countries outside of the EEA that are not considered by the European Commission to provide an adequate level of data protection, including the U.S. There are also similar data transfer restrictions in Switzerland. However, there are a number of legal mechanisms to allow for the transfer of personal data from the EEA and Switzerland to the United States, including, among others, a voluntary U.S. - EU Safe Harbor Framework, a voluntary U.S. - Switzerland Safe Harbor Framework and the EU's set of standard form contractual clauses for the transfer of personal data outside of EEA. Our U.S. subsidiary, Jazz Pharmaceuticals, Inc., has certified compliance with the U.S. - EU Safe Harbor Framework through the U.S. Department of Commerce. A proposal for an EU Data Protection Regulation, intended to replace the current EU Data Protection Directive, is currently under consideration. The EU Data Protection Regulation is expected to introduce new data protection requirements in the EU and substantial fines for breaches of the data protection rules. If the draft EU Data Protection Regulation is adopted in its current form it may increase our responsibility and liability in relation to personal data that we process and we may be required to put in place additional mechanisms ensuring compliance with the new EU data protection rules.

The number and complexity of both 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 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. While it is too early to predict what effect these changes will have on our business, we anticipate that government scrutiny of pharmaceutical sales and marketing practices will continue for the foreseeable future and subject us to the risk of government investigations and enforcement actions. 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.

Compliance with the various EU, national, and federal and state laws that apply to pharmaceutical manufacturers is difficult and time consuming, and companies that violate them 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 or others could claim that our REMS or other practices are being used in an anticompetitive manner. 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. Two 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. 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 facility in Italy. In addition, we have engaged a third party manufacturer to process defibrotide into the finished product at its Italian manufacturing plant. These facilities are subject to continuing regulation by the Italian Health Authority and other Italian regulatory authorities with respect to the manufacturing of active pharmaceutical ingredients, including the defibrotide drug substance or its finished form. These facilities are also subject to inspection and regulation by the FDA and the EMA with respect to the manufacturing of the defibrotide drug substance and its finished form. Also, part of the process to obtain FDA and EMA approval for defibrotide is to obtain certification from those authorities that these facilities are in compliance with cGMP. Following initial approval, if any, the FDA or the EMA will continue to inspect our manufacturing facilities, in some cases, unannounced, to confirm ongoing compliance with cGMP. These regulators may deny approval to manufacture our active pharmaceutical ingredients or otherwise require us to stop manufacturing our active pharmaceutical ingredients if they determine that either our facility or our third party manufacturer's facility in Italy does not meet the standards of compliance

required under applicable regulations. In addition, these regulators may require us to complete costly alterations to our facilities.

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 the Medicaid Drug Rebate program, established by the Omnibus Budget Reconciliation Act of 1990 and amended by the Veterans Health Care Act of 1992 as well as subsequent legislation. We also participate in and have certain price reporting obligations to several state Medicaid supplemental rebate 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 at which the drug is made available to any commercial purchaser or payor, net of rebates and other price concessions. Such data previously have not been submitted for our two radiopharmaceutical products, ProstaScint® (capromab pendetide) and Quadramet® (samarium sm 153 lexidronam injection). We have been 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. For ProstaScint, we plan to begin making any required reports when CMS provides guidance on this requirement and reporting methodology, which is currently expected in 2014. We sold Quadramet to a third party in December 2013, but have retained any liabilities related to sales of the product during prior periods. In addition to the discussions with CMS as part of CORAR, we have had separate discussions with CMS directly regarding Quadramet. We are currently unable to predict whether price reporting and rebates will be required for ProstaScint and Quadramet 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. Effective March 23, 2010, rebate liability expanded from fee-for-service Medicaid utilization to include the utilization of Medicaid managed care organizations as well. With regard to the amount of the rebates owed, the Healthcare Reform Act increased the minimum Medicaid rebate from 15.1% to 23.1% of the average manufacturer price for most innovator products and from 11.0% to 13.0% for non-innovator products; 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. In addition, the Healthcare Reform Act and subsequent legislation changed the definition of 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 beginning in 2011. Each individual pharmaceutical manufacturer pays a prorated share of the branded prescription drug fee of $3.0 billion in 2014 (and set to increase in ensuing years), based on the dollar value of its branded prescription drug sales to certain federal programs identified in the law. Sales of orphan drugs are excluded from this fee as long as no non-orphan indications have been approved for such orphan drugs.

In 2012, the CMS issued proposed regulations to implement the changes to the Medicaid Drug Rebate program under the Healthcare Reform Act but has not yet issued final regulations. CMS is currently expected to release the final regulations in 2014. Moreover, in the future, Congress could enact 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 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 Drug Rebate program. Changes to the definition of average manufacturer price and the Medicaid rebate amount under the Healthcare Reform Act and CMS's issuance of final regulations implementing those changes also could affect our 340B ceiling price calculations and negatively impact our results of

operations. 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 as well as prospective 340B ceiling price obligations for ProstaScint. 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.

The Healthcare Reform Act expanded the 340B program to include additional entity types: certain free-standing cancer hospitals, critical access hospitals, rural referral centers and sole community hospitals, each as defined by the Healthcare Reform Act. The Healthcare Reform Act exempts “orphan drugs” - those designated under section 526 of the FDCA - from the ceiling price requirements for these newly-eligible entities. The HRSA, which administers the 340B program, issued a final regulation to implement the orphan drug exception in July 2013. The final regulation interprets the orphan drug exception narrowly. It exempts orphan drugs from the ceiling price requirements for the newly-eligible entities only when the orphan drug is used for its orphan indication. The newly-eligible entities are entitled to purchase orphan drugs at the ceiling price when the orphan drug is not used for its orphan indication. The final regulation, which became effective October 1, 2013, is subject to a pending lawsuit that seeks to block its implementation. The narrow scope of the orphan drug exception in HRSA’s final regulation will increase the complexity of compliance, will make compliance more time-consuming, and could negatively impact our results of operations.

The Healthcare Reform Act also 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 is expected to issue a comprehensive proposed regulation in 2014 that will address many aspects of the 340B program. When that regulation is finalized, it 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 ASP information to CMS for certain categories of drugs that are paid under Part B of the Medicare program. Manufacturers calculate ASP based on a statutorily defined formula as well as regulations and interpretations of the statute by CMS as to what should or should not be considered in computing ASP. An ASP for each National Drug Code for a product that is subject to the ASP reporting requirement must be submitted to CMS no later than 30 days after the end of each calendar quarter. 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 ASP calculations for our products and the resulting Medicare payment rate, and could negatively impact our results of operations.

Pricing and rebate calculations vary among products and programs. The calculations are complex and are often subject to interpretation by us, governmental or regulatory agencies and the courts. The Medicaid rebate amount is computed each quarter based on our submission to CMS of our current average manufacturer prices and best prices for the quarter. 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 a period not to exceed twelve quarters from the quarter in which the data originally were due. Such restatements and recalculations increase our costs for complying with the laws and regulations governing the Medicaid Drug Rebate program. Any corrections to our rebate calculations could result in an overage or underage in our rebate liability for past quarters, depending on the nature of the correction. Price recalculations also may affect the ceiling price at which we are required to offer our products to certain covered entities, such as safety-net providers, under the 340B drug discount program.

We are liable for errors associated with our submission of pricing data. In addition to retroactive rebates and the potential for 340B program refunds, if we are found to have knowingly submitted false average manufacturer price, average sales price, or best price information to the government, we may be liable for civil monetary penalties in the amount of $100,000 per item of false information. Our failure to submit monthly/quarterly average manufacturer price, average sales price, and best price data on a timely basis could result in a civil monetary penalty of $10,000 per day for each day the information is late beyond the due date. Such failure also could be grounds for CMS to terminate our Medicaid drug rebate agreement, pursuant to which we participate in the Medicaid program. In the event that CMS terminates our rebate agreement, no federal payments would be available under Medicaid or Medicare Part B for our covered outpatient drugs.

In September 2010, CMS and the Office of the Inspector General indicated that they intend more aggressively to pursue companies who fail to report these data to the government in a timely manner. Governmental agencies may also make changes in program interpretations, requirements or conditions of participation, some of which may have implications for amounts previously estimated or paid. We cannot assure you that our submissions will not be found by CMS to be incomplete or incorrect.

Federal law requires that for a company to be eligible to have its products paid for with federal funds under the Medicaid and Medicare Part B programs as well as to be purchased by certain federal agencies, it also must participate in the VA FSS

pricing program. To participate, we are required to enter into an FSS contract with the VA, under which we must make our innovator "covered drugs" available to the "Big Four" federal agencies - the VA, the Department of Defense, or DoD, the Public Health Service, and the Coast Guard - at pricing that is capped pursuant to a statutory federal ceiling price, or FCP, formula set forth in Section 603 of the VHCA. The FCP is based on a weighted average Non-FAMP, which manufacturers are required to report on a quarterly and annual basis to the VA. If a company misstates Non-FAMPs or FCPs it must restate these figures. Pursuant to the VHCA, 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.

FSS contracts are federal procurement contracts that include standard government terms and conditions, separate pricing for each product, and extensive disclosure and certification requirements. All items on FSS contracts are subject to a standard FSS contract clause that requires FSS contract price reductions under certain circumstances where pricing is reduced to an agreed "tracking customer." Further, in addition to the "Big Four" agencies, all other federal agencies and some non-federal entities are authorized to access FSS contracts. FSS contractors are permitted to charge FSS purchasers other than the Big Four agencies "negotiated pricing" for covered drugs that is not capped by the FCP; instead, such pricing is negotiated based on a mandatory disclosure of the contractor's commercial "most favored customer" pricing. We offer one single FCP-based FSS contract price to all FSS purchasers for all products.

In addition, pursuant to regulations issued by the DoD TRICARE Management Activity, or TMA, to implement Section 703 of the National Defense Authorization Act for Fiscal Year 2008, each of our covered drugs is listed on a Section 703 Agreement with TMA under which we have agreed to pay rebates on covered drug prescriptions dispensed to TRICARE beneficiaries by TRICARE network retail pharmacies. Companies are required to list their innovator products on Section 703 Agreements in order for those products to be eligible for DoD formulary inclusion. The formula for determining the rebate is established in the regulations and our Section 703 Agreement and is based on the difference between the Annual Non-FAMP and the FCP (as described above, these price points are required to be calculated by us under the VHCA).

If we overcharge the government in connection with our FSS contract or Section 703 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 United States, 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. 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. In addition, third party payors' reimbursement practices may affect the price levels for our products, including Xyrem, or the availability of reimbursement for Xyrem. Our business could be materially harmed if the Medicaid program, Medicare program or other third party payors were to deny reimbursement for our products or provide reimbursement only on unfavorable terms. This risk is particularly significant with respect to Xyrem, in part due to payor sensitivity to the price of Xyrem. Our business could also be harmed if the Medicaid program, Medicare program or other reimbursing bodies or payors limit the indications for which our products will be reimbursed to a smaller set of indications than we believe is appropriate or limit the circumstances under which our products will be reimbursed to a smaller set of circumstances than we believe is appropriate.

In addition, third party payors draw on diagnostic criteria to establish reimbursement guidelines. Meaningful changes to the diagnostic criteria for narcolepsy are included in the recently published fifth edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-5) and are expected to be included in the third edition of International Classification of Sleep Disorders (ICSD-3), which is expected to be published in 2014. As a result, third party payors may make changes to the coverage and reimbursement for our products, which may have a negative impact on revenues from Xyrem.

In many countries, procedures to obtain price approvals, coverage and reimbursement can take considerable time after the receipt of marketing approval. We have not yet obtained pricing and reimbursement with respect to Defitelio in any of the EU countries where pricing and reimbursement approvals are required for launch. If we fail to obtain such pricing and reimbursement for Defitelio in any of EU countries in which we intend to market Defitelio or if we experience delays in obtaining such pricing and reimbursement, our growth prospects could be negatively affected. See the discussion regarding the planned launch of Defitelio in the risk factor in this Item 1A entitled "*We may not be able to successfully launch and market Defitelio in the EU, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.*"

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 diagnosis-related group, or DRG, payment system for certain institutional services provided under Medicare or Medicaid. The 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 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. We have agreed to provide such discounts and rebates to some third party payors in relation to our products. We expect increasing pressure to offer larger discounts or discounts to a greater number of third party payors to maintain acceptable reimbursement levels and access for patients at copay levels that are reasonable and customary. A number of third party payors also require prior authorization for, require reauthorization for continuation of, or even refuse to provide, reimbursement for our products, including Xyrem, and others may do so in the future. Patients who cannot meet the conditions of prior authorizations are often prevented from obtaining the prescribed medication, because they cannot afford to pay for the medication without reimbursement. If we are unsuccessful in maintaining reimbursement for our products at acceptable levels, or if reimbursement for our products by third party payors is subject to overly restrictive prior authorizations, our business will be harmed. 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.

In recent years, there have been a number of legislative and regulatory changes in and proposals to change the healthcare system in ways that could impact our ability to sell our products profitably. These changes and proposals include measures that would limit or prohibit payments for some medical treatments or subject the pricing of drugs to government control and regulations changing the rebates we are required to provide. 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.

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. CMS has made draft NADAC and draft NARP data publicly available on at least a monthly basis. In July 2013, CMS suspended the publication of draft NARP data, pending funding decisions. In November 2013, CMS moved to publishing final rather than draft NADAC data and has since made updated NADAC data publicly available on a weekly basis. Therefore, 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 products appropriately under our DoD pricing agreements, 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. As discussed above, recent legislative changes to the 340B drug pricing program, the Medicaid Drug Rebate program, and the Medicare Part D prescription drug benefit also could impact our revenues. 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.

We expect to experience pricing pressure in the United States in connection with the sale of our products due to managed healthcare, the increasing influence of health maintenance organizations and additional legislative proposals. 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 2014, 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.

There also continue to be legislative proposals to amend U.S. laws to allow the importation into the United States of prescription drugs, which can be sold at prices that are regulated by the governments of various non-U.S. countries. For example, in October 2013, the State of Maine enacted a bill to allow residents of the state to purchase prescription drugs from other countries, including Canada. 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 United States. For example, the potential importation of Xyrem without the safeguard of our Xyrem REMS program could harm patients and could also negatively impact Xyrem revenues.

Beginning April 1, 2013, Medicare payments for all items and services, including drugs and biologicals, have been reduced by 2% under the sequestration (i.e., automatic spending reductions) required by the Budget Control Act of 2011, Pub. L. No. 112-25, as amended by the American Taxpayer Relief Act of 2012, Pub. L. 112-240. The Bipartisan Budget Act of 2013, Pub. L. No. 113-67, extended the 2% reduction to 2023. If Congress does not take action in the future to modify these sequestrations, Part D plans could seek to reduce their negotiated prices for drugs. Other legislative or regulatory cost containment provisions, as described below, could have a similar effect. These cuts reduce reimbursement payments related to our products, which could potentially negatively impact our revenue.

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 of, 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, have boxed warnings in their labels. 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 products. While we have not had to defend against any product liability claims to date, as sales of our products increase, we believe it is likely product liability claims will be made against us. The risk of product liability claims may also increase if a company receives a warning letter from a regulatory agency. 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, if 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. An FDA investigation 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. Similarly, 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. Similar investigations and risks can occur in other countries outside the United States.

We use hazardous materials in our manufacturing facility, and any claims relating to the improper handling, storage, release or disposal of these materials could be time-consuming and expensive.

Our manufacturing of active pharmaceutical ingredients in Italy involves the controlled storage, use and disposal of chemicals and solvents. We are subject to Italian laws, which implement EU directives and regulations governing the use, transportation, treatment, storage, handling and disposal of solid and hazardous materials, wastewater discharges and air emissions. We have obtained certification under the UNI EN ISO 14001 Standard for our environmental management system and have an Eco-management and Audit Scheme (EMAS) for our plant in Italy. Our environmental policy is designed to comply with current regulations on environmental protection, to provide for continuous improvement of our manufacturing performance, to protect our employees' health, to protect the safety of people working at our location in Italy 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 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 environmental laws and regulations.

Risks Relating 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, 2013, we had approximately $554.4 million in secured debt outstanding. In connection with the Gentium Acquisition, we incurred an additional $650.0 million in secured debt, including $350.0 million of incremental term loans and $300.0 million of revolving loans. All of our secured debt was incurred pursuant to a credit agreement that we entered into in connection with our acquisition of EUSA Pharma Inc., or the EUSA Acquisition, in June 2012 and subsequently amended in June 2013 and in January 2014, which is referred to in this report as our credit agreement. 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 future 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;
- 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 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 currently provides for $904.4 million of term loans due in June 2018 and a $425.0 million revolving credit facility, with loans under such revolving credit facility due in June 2017. The 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 a financial covenant that requires us to maintain a maximum secured leverage ratio. Our ability to comply with this financial covenant may be affected by events beyond our control. In addition, the covenants under the 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. In addition, if we are unable to repay those amounts, the lenders under the credit agreement could proceed against the collateral granted to them to secure that debt, which would seriously harm our business.

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 the beginning of 2012 through 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 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 licensing, acquisition and/or development of additional marketed or close to approval products and specialty product candidates. We cannot assure you that we will continue to identify attractive opportunities or that our funds will be sufficient to fund these activities if opportunities arise. 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, the debt under the amended credit agreement 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 may again decide to access the capital or 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, a number of other European jurisdictions and Bermuda. Azur Pharma was able to achieve a low average tax rate through the performance of certain functions and ownership of certain assets in tax-efficient jurisdictions, including Ireland and Bermuda, together with intra-group service and transfer

pricing agreements, each on an arm's length basis. We are continuing to use a substantially similar structure and arrangements. 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. The IRS or other taxing authority may challenge our structure and transfer pricing arrangements through an audit or lawsuit. Responding to or defending such a challenge could be expensive and consume time and other resources, and divert management's time and focus from operating our business. We 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. 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 and in January 2014. 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.

Section 7874 of the Code limits Jazz Pharmaceuticals, Inc. and its U.S. affiliates' ability to utilize their 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 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. or its U.S. affiliates have not been able and will continue to be unable, for a period of time, to utilize their U.S. tax attributes to offset their 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. net operating losses, or 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.

Our U.S. affiliates' ability to use their 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.

Our U.S. affiliates have 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, our U.S. affiliates 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 Treasury Regulations. 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 of $28.6 million for each of the years 2014 to 2016, $11.9 million for 2017, and a combined total of $3.3 million for 2018 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 our U.S. affiliates. 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 our U.S. affiliates were to experience additional ownership changes in the future, our U.S. affiliates 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. Changes to Section 7874 or the Treasury Regulations promulgated thereunder could adversely affect our status as a foreign corporation for U.S. federal tax purposes, and any 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 United States 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 potential impairment of our intangible assets and goodwill may significantly impact our profitability.

As of December 31, 2013, we had recorded $1.3 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. As a result of the significance of intangible assets and goodwill, our results of operations and financial position in a future period could be negatively impacted should an impairment of intangible assets or goodwill occur.

Our financial results could be adversely affected by foreign exchange fluctuations.

We have significant operations in Europe as well as in the United States, but we report revenues, costs and earnings in U.S. dollars. Our primary currency translation exposures relate to our subsidiaries that have functional currencies denominated in the Euro and the British Pound. Exchange rates between the U.S. dollar and each of the Euro and British Pound are likely 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. As we continue to expand our international operations, including with the Gentium Acquisition, we will conduct more transactions in currencies other than the U.S. dollar. 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. Given the volatility of exchange rates, there is no assurance that we will be able to effectively manage currency transaction and/or conversion risks. We have not entered into derivative instruments to offset the impact of foreign exchange fluctuations. Fluctuations in foreign currency exchange rates could have a material adverse effect on our results of operations and financial condition.

Risks Relating 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.

Investors who hold our ordinary shares may not be able to sell their shares at or above the price at which they purchased their ordinary shares (or the price at which they purchased their shares of Jazz Pharmaceuticals, Inc. common stock prior to the Azur Merger). The price of our ordinary shares has fluctuated significantly from time to time since the completion of the Azur Merger in January 2012, and the price of Jazz Pharmaceuticals, Inc.'s common stock historically fluctuated significantly. The risk factors described above relating to our business and products could cause the price of our ordinary shares to continue to

fluctuate significantly. In addition, 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. These broad market and industry factors 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 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.

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 19, 2014, we had 58,068,360 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, 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 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. If current or potential future holders of registration rights, by exercising their registration rights or otherwise, sell a large number of shares, the sale could adversely affect the market price of our ordinary shares. 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 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 United States and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the United States 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 United States 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 Acts, which differ 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 United States.

Provisions of our articles of association and Irish law 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 its shares in certain circumstances.

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 announced in May 2013, 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 United States, 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 Depositary 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 Acts 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 United States, 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 United States and as a firm registered with the PCAOB, our independent registered public accounting firm is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States 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 2013 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 United States operations are located in Palo Alto, California and Philadelphia, Pennsylvania.

We occupy approximately 12,000 square feet of office space in Dublin, Ireland under a lease which expires in May 2022. We have an option to terminate this lease in May 2017, with no less than six months' prior written notice and the payment of a termination fee. In Palo Alto, California, we occupy a total of approximately 100,000 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, 17,000 square feet of which is occupied under a sublease that expires in July 2017 and 39,000 square feet of which is occupied under a sublease that expires in April 2016. We have the right to extend the term of the Palo Alto Lease for up to an additional two years. We also occupy approximately 19,000 square feet of office space in Philadelphia, Pennsylvania under a lease that expires in February 2018.

In addition, we have offices in Oxford, United Kingdom, Lyon, France, Villa Guardia (Como), Italy and elsewhere in Europe. We occupy approximately 5,000 square feet of office space in Oxford, United Kingdom under a lease that expires in March 2015. We also occupy approximately 9,000 square feet of office space in Lyon, France under a lease that expires January 2019. We have an option to terminate this lease in December 2015. We own a manufacturing facility in Villa Guardia (Como), Italy which is subject to a mortgage securing repayment of an aggregate of approximately €1.1 million ($1.5 million) of debt owed to Banca Nazionale del Lavoro. The manufacturing facility is 25,295 square feet in size. We also lease approximately 51,667 square feet of office and laboratory space and 1,076 square feet of laboratory and manufacturing space in Villa Guardia (Como), Italy under leases that expire 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

We are involved in several legal proceedings, including the following matters:

Xyrem ANDA Matters: On October 18, 2010, we received a Paragraph IV Certification notice from Roxane that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Roxane's Paragraph IV Certification alleged that all five patents then listed for Xyrem in the Orange Book on the date of the Paragraph IV Certification 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 Paragraph IV Certification in the United States District Court for the District of New Jersey, or the District Court. We are seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe our patents. Additional patents covering Xyrem have issued since the original suit was filed, and cases involving these patents have been consolidated with the original action. In December 2013, the District Court permitted Roxane to amend its Answer in the consolidated case to allege additional equitable defenses, and the parties have been given additional time for discovery on those new defenses. Although no trial date for the consolidated case has been scheduled, based on the current scheduling order, we anticipate that trial in the consolidated case could occur as early as late in the fourth quarter of 2014. However, the actual timing of events in this litigation may be significantly earlier or later than contemplated by the scheduling order, and we cannot predict the timing or outcome of events in this litigation. 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 had been stayed until April 18, 2013, which was 30 months after our October 18, 2010 receipt of Roxane's Paragraph IV Certification notice, but that stay has expired. We cannot predict the timing or outcome of this matter.

On December 10, 2012, we received a Paragraph IV Certification notice from Amneal that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Amneal's Paragraph IV Certification alleged that seven patents listed for Xyrem in the Orange Book are not infringed by Amneal's proposed generic product. Amneal's Paragraph IV Certification further alleged that an eighth patent listed in the Orange Book for Xyrem is invalid. On December 13, 2012, we received a supplemental Paragraph IV Certification notice alleging that a ninth patent listed in the Orange Book for Xyrem is invalid. On January 18, 2013, we filed a lawsuit against Amneal in response to Amneal's Paragraph IV Certifications in the District Court. An additional patent covering Xyrem issued since the original suit was filed and the case involving this patent has been consolidated with the original case. We are seeking a permanent injunction to prevent Amneal from introducing a generic version of Xyrem that would infringe our patents. In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Amneal, FDA approval of Amneal's ANDA will be stayed until the earlier of (i) June 10, 2015, which is 30 months after our receipt of Amneal's Paragraph IV Certification notice on December 10, 2012, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed. We cannot predict the timing or outcome of this matter.

On November 21, 2013, we received a Paragraph IV Certification notice from Par that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Par's Paragraph IV Certification alleged that ten patents listed in the Orange Book for Xyrem are invalid, unenforceable, and/or will not be infringed by Par's proposed generic product. On December 27, 2013, we filed a lawsuit against Par in the United States District Court, in response to Par's Paragraph IV Certification. We are seeking a permanent injunction to prevent Par from introducing a generic version of Xyrem that would infringe our patents. In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Par, FDA approval of Par's ANDA will be stayed until the earlier of (i) May 21, 2016, which is 30 months after our receipt of Par's Paragraph IV Certification notice on November 21, 2013, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed. We cannot predict the timing or outcome of this matter.

FazaClo ANDA Matters: Azur Pharma received Paragraph IV Certification notices from three generics manufacturers, Barr Laboratories, Inc., or Barr, Novel Laboratories, Inc., or Novel, and Mylan Pharmaceuticals, Inc., or Mylan, indicating that ANDAs had been filed with the FDA requesting approval to market generic versions of FazaClo LD. Azur Pharma and CIMA, a subsidiary of Teva, our licensor and the entity whose drug-delivery technology is incorporated into FazaClo LD, filed a lawsuit in response to each certification claiming infringement based on such certification against Barr on August 21, 2008, against Novel on November 25, 2008 and against Mylan on July 23, 2010. Each case was filed in the United States District Court for the District of Delaware. On July 6, 2011, CIMA, Azur Pharma and Teva, which had acquired Barr, entered into an agreement settling the patent litigation and Azur Pharma granted a sublicense to an affiliate of Teva of Azur Pharma's rights to have manufactured, market and sell a generic version of both FazaClo LD and FazaClo HD, as well as an option for supply of authorized generic product. The sublicense for FazaClo LD commenced in July 2012, and the sublicense for FazaClo HD will commence in May 2015, or earlier upon the occurrence of certain events. Teva exercised its option for supply of an authorized generic product for FazaClo LD and launched the authorized generic product at the end of August 2012. The Novel and Mylan matters have been stayed pending reexamination of the patents in the lawsuits. In September 2013 and January 2014, reexamination certificates were issued for the two patents-in-suit, with the claims of the patents confirmed, and the parties have requested that the stay of litigation be lifted. We cannot predict the timing or outcome of this litigation.

Cutler Matter: On October 19, 2011, Dr. Neal Cutler, one of the original owners of FazaClo, filed a complaint against Azur Pharma and one of its subsidiaries, as well as Avanir in the California Superior Court in the County of Los Angeles, or the Superior Court. The complaint alleges that Azur Pharma and its subsidiary breached certain contractual obligations. Azur Pharma acquired rights to FazaClo from Avanir in 2007. The complaint alleges that as part of the acquisition of FazaClo, Azur Pharma's subsidiary agreed to assume certain contingent payment obligations to Dr. Cutler. The complaint further alleges that certain contingent payments are due because revenue thresholds have been achieved, entitling Dr. Cutler to either a $10.5 million or $25.0 million contingent payment, plus unspecified punitive damages and attorneys' fees. In March 2012, the Superior Court granted our petition to compel arbitration of the dispute in New York and stayed the Superior Court litigation. In July 2012, the arbitrator dismissed the arbitration on the grounds that the parties' dispute falls outside of the scope of the arbitration clause in the applicable contract. That ruling was affirmed by the California Court of Appeal in January 2014, and the case was remanded to Superior Court. We cannot predict the timing or outcome of this litigation.

Shareholder Litigation Matter: In January 2014, we became aware of a purported class action lawsuit filed in the Southern District of New York in connection with the Gentium Acquisition. The lawsuit, captioned *Xavion Jyles, Individually and on Behalf of All Others Similarly Situated v. Gentium S.P.A. et al.*, names Gentium, each of the Gentium's directors, us and our Italian subsidiary as defendants. The lawsuit alleges, among other things, that Gentium's directors breached their fiduciary duties to Gentium's shareholders in connection with a tender offer agreement that Gentium entered into with us and our Italian subsidiary valuing Gentium ordinary shares and ADSs at $57 per share, and that we and our Italian subsidiary violated

Sections 14(e) and 20(a) of the Exchange Act by allegedly overseeing Gentium's preparation of an allegedly false and misleading Section 14D-9 Solicitation/Recommendation Statement. The lawsuit seeks, among other relief, class action status, rescission, and unspecified costs, attorneys' fees and other expenses. We cannot predict the timing or outcome of this matter.

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 began trading on The NASDAQ Global Select Market under the trading symbol "JAZZ" on January 18, 2012. From June 1, 2007 until January 17, 2012, the common stock of Jazz Pharmaceuticals, Inc. was traded on The NASDAQ Global Select Market (or The NASDAQ Global Market prior to January 3, 2012) also under the trading symbol "JAZZ." The following table sets forth the high and low intraday sales prices of our ordinary shares (and for periods prior to January 18, 2012, the common stock of Jazz Pharmaceuticals, Inc.) on The NASDAQ Global Select Market (or The NASDAQ Global Market prior to January 3, 2012) for the periods indicated.

	High	Low
Calendar Quarter—2012		
First Quarter	$ 53.10	$ 37.90
Second Quarter	$ 54.50	$ 40.38
Third Quarter	$ 58.94	$ 43.38
Fourth Quarter	$ 60.00	$ 47.37
Calendar Quarter—2013		
First Quarter	$ 60.79	$ 53.52
Second Quarter	$ 72.00	$ 50.76
Third Quarter	$ 93.84	$ 69.00
Fourth Quarter	$ 128.49	$ 80.40

On February 19, 2014, the last reported sales price per share of our ordinary shares was $170.28 per share.

Holders of Ordinary Shares

As of February 19, 2014, there were three holders of record of our ordinary shares. Because substantially 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

No cash dividends have ever been declared or paid on the common equity to date by Jazz Pharmaceuticals, Inc. or us, 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 a general exception for dividends and other restricted payments up to $30 million and another exception for restricted payments, so long as there is no default or event of default under our credit agreement and our total leverage ratio (as defined in our amended credit agreement) exceeds 2:1 after giving pro forma effect to the dividend or distribution, permits dividends and other restricted payments up to $100 million plus a formula-based amount that tied our consolidated net income. 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 filed with the SEC during the year ended December 31, 2013, there were no unregistered sales of equity securities by us during the year ended December 31, 2013.

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, Republic of Guinea-Bissau, 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, Afghanistan, Egypt, Eritrea, Libya, Syria, Tunisia, certain known terrorists and terrorist groups, and countries that harbor certain terrorist groups, 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 United States 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 United States.

Dividends on our ordinary shares that are owned by residents of the United States 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 United States 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 United States/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 United States 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

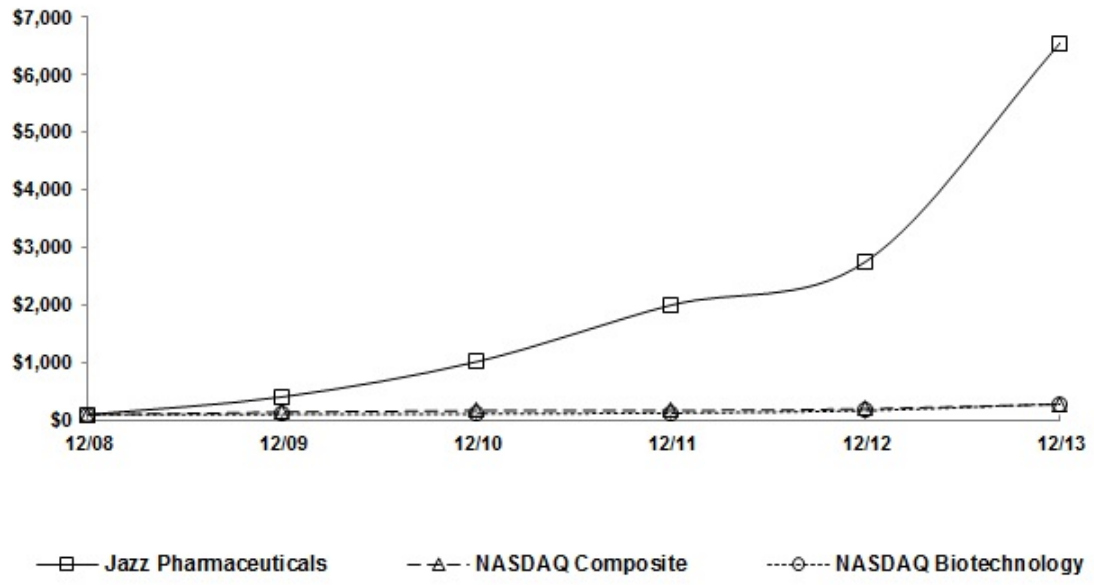
not be subject to Irish stamp duty. A transfer of our ordinary shares (i) by a seller who holds ordinary shares outside of DTC to any buyer, or (ii) by a seller who holds the ordinary shares through DTC to a buyer who holds the acquired ordinary shares outside of DTC, may be subject to Irish stamp duty (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 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 being contemplated.

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, 2008 in (i) our ordinary shares; (ii) the NASDAQ Composite Index; and (iii) the NASDAQ Biotechnology Index through December 31, 2013. Information set forth in the graph below represents the performance of the Jazz Pharmaceuticals, Inc. common stock from December 31, 2008 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, 2013. Our ordinary shares trade on the same exchange, the NASDAQ Global Select Market (or The NASDAQ Global Market prior to January 3, 2012), and under the same trading symbol, "JAZZ," as the Jazz Pharmaceuticals, Inc. common stock prior to the Azur Merger. Pursuant to applicable SEC rules, all values assume reinvestment of the full amount of all dividends; however, we did not declare or pay any dividends on our common stock or ordinary shares during the comparison period. 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 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, 2013:

	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 - 31, 2013	267,518	$ 87.85	267,518	$ 74,136,183
November 1 - 30, 2013	110,855	$ 95.49	110,855	$ 63,552,629
December 1 - 31, 2013	—	$ —	—	$ 63,552,629
Total	378,373	$ 90.09	378,373	

(1) This table does not include ordinary shares that we withheld in order to satisfy minimum tax withholding requirements in connection with the vesting or exercise 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. On May 7, 2013, we announced that our board of directors authorized the use of up to $200 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 the amended credit agreement, corporate and regulatory requirements and market conditions, and may again be 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 operations data for the years ended December 31, 2013, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013 and 2012 from the audited consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K. The consolidated statements of operations data for the years ended December 31, 2010 and 2009, and the selected consolidated balance sheet data as of December 31, 2011, 2010 and 2009 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, our predecessor, 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,				
	2013	2012(1)	2011	2010	2009
	(In thousands, except per share amounts)				
Consolidated Statements of Operations Data:					
Revenues:					
Product sales, net	$ 865,398	$ 580,527	$ 266,518	$ 170,006	$ 115,108
Royalties and contract revenues	7,025	5,452	5,759	3,775	13,341
Total revenues	872,423	585,979	272,277	173,781	128,449
Operating expenses:					
Cost of product sales (excluding amortization of acquired developed technologies)	102,146	78,425	13,942	13,559	9,638
Selling, general and administrative	304,303	223,882	108,936	68,996	58,652
Research and development	46,620	20,477	14,120	25,612	36,561
Intangible asset amortization	79,042	65,351	7,448	7,825	7,668
Total operating expenses	532,111	388,135	144,446	115,992	112,519
Income from operations	340,312	197,844	127,831	57,789	15,930
Interest expense, net (including $570 and $1,183 for the years ended December 31, 2010 and 2009, respectively, pertaining to a related party)	(26,916)	(16,869)	(1,600)	(12,724)	(22,766)
Foreign currency loss	(1,697)	(3,620)	—	—	—
Loss on extinguishment and modification of debt (including $701 for the year ended December 31, 2010 pertaining to a related party)	(3,749)	—	(1,247)	(12,287)	—
Income (loss) from continuing operations before income tax provision (benefit)	307,950	177,355	124,984	32,778	(6,836)
Income tax provision (benefit)	91,638	(83,794)	—	—	—
Income (loss) from continuing operations	216,312	261,149	124,984	32,778	(6,836)
Income from discontinued operations, net of taxes	—	27,437	—	—	—
Net income (loss)	$ 216,312	$ 288,586	$ 124,984	$ 32,778	$ (6,836)
Basic income (loss) per ordinary share: (2)					
Income (loss) from continuing operations	$ 3.71	$ 4.61	$ 3.01	$ 0.90	$ (0.23)
Income from discontinued operations	—	0.48	—	—	—
Net income (loss)	$ 3.71	$ 5.09	$ 3.01	$ 0.90	$ (0.23)
Diluted income (loss) per ordinary share: (2)					
Income (loss) from continuing operations	$ 3.51	$ 4.34	$ 2.67	$ 0.83	$ (0.23)
Income from discontinued operations	—	0.45	—	—	—
Net income (loss)	$ 3.51	$ 4.79	$ 2.67	$ 0.83	$ (0.23)
Weighted-average number of ordinary shares outstanding: (2)					
Basic	58,298	56,643	41,499	36,343	30,018
Diluted	61,569	60,195	46,798	39,411	30,018

	As of December 31,				
	2013	2012 (1)	2011	2010	2009
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 636,504	$ 387,196	$ 157,898	$ 44,794	$ 15,595
Working capital (deficit)	660,589	360,034	146,261	14,522	(22,287)
Total assets	2,238,221	1,966,493	253,573	135,729	107,396
Long-term debt, current and non-current (including $6,552 as of December 31, 2009 held by a related party)	549,976	456,761	—	40,693	114,866
Retained earnings (accumulated deficit)	18,532	(61,296)	(349,882)	(474,866)	(507,644)
Total shareholders' equity (deficit)	1,295,534	1,121,292	192,788	30,551	(72,830)

(1) 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 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 United States of $124.5 million or more in 2013. In 2013, net sales of Erwinaze in the United States exceeded $124.5 million and as a result, we are obligated to make this payment in the first quarter of 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 our credit agreement, 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, for the EUSA Acquisition.

(2) 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 since 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 characterize our business. In particular, we encourage you to review the risks and uncertainties described in Part I Item 1A. "Risk Factors" included elsewhere in this report. 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

We are a specialty biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing differentiated products that address unmet medical needs. Our strategy is to continue to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying new growth opportunities;
- Acquiring additional marketed specialty products or products close to regulatory approval to leverage our existing expertise and infrastructure; and
- Pursuing targeted development of a pipeline of post-discovery specialty product candidates.

In 2013 and to date in 2014, we have made substantial progress in the execution of our strategy. Our strong revenue growth continued, primarily from the sales of our lead marketed products, Xyrem® (sodium oxybate) oral solution and Erwinaze® (asparaginase *Erwinia chrysanthemi*), called Erwinase® in markets outside of the United States. We acquired the product Defitelio® (defibrotide) as a result of our acquisition pursuant to a tender offer of approximately 98% of the outstanding and fully diluted voting securities of Gentium S.p.A., or Gentium, as of February 21, 2014, for an aggregate acquisition cost of approximately $993 million, which we refer to as the Gentium Acquisition. In October 2013, the European Commission granted marketing authorization for Defitelio for the treatment of severe hepatic veno-occlusive disease, or VOD, in adults and children undergoing hematopoietic stem cell transplantation, or HSCT, therapy. We plan to launch Defitelio in selected EU countries during 2014, and expect to begin these efforts in the first half of 2014 after Defitelio's patient registry has been established and is open for recruitment, subject to the receipt of a positive recommendation by the Pharmacovigilance Risk Assessment Committee, or PRAC, at the European Medicines Agency, or EMA, on the patient registry design. We are engaged in pricing and reimbursement submissions in applicable EU countries in preparation for planned launches in these countries. We intend eventually to promote Defitelio in all EU markets where it has marketing authorization. In February 2014, we launched Versacloz™ (clozapine) oral suspension in the United States for treatment-resistant schizophrenia and for reducing the risk of recurrent suicidal behavior in patients with schizophrenia or schizoaffective disorders.

As a result, going into 2014, we have a portfolio of approved products that address medical needs in the following therapeutic areas, including:

Narcolepsy: Xyrem, the only product approved by the United States Food and Drug Administration, or FDA, for the treatment of both cataplexy and excessive daytime sleepiness in patients with narcolepsy;

Hematology/Oncology: Erwinaze, a treatment for patients with acute lymphoblastic leukemia, or ALL, who have developed hypersensitivity to *E. coli*-derived asparaginase, and Defitelio, for the treatment of severe VOD in adults and children undergoing HSCT therapy;

Pain: Prialt® (ziconotide) intrathecal infusion, the only non-opioid intrathecal analgesic indicated for the management of severe chronic pain for patients who are intolerant of or refractory to other treatments; and

Psychiatry: A portfolio of products, including FazaClo® (clozapine, USP) HD and FazaClo LD, orally disintegrating clozapine tablets indicated for treatment-resistant schizophrenia, and Versacloz.

We also commercialize a portfolio of other products, mostly in markets outside of the United States. These products are primarily in the oncology, critical care and oncology supportive care therapeutic areas.

In addition, we made significant progress and investment in expanding our product development pipeline. In February 2013, we licensed rights to JZP-386, an early-stage investigational compound being developed for potential use in narcolepsy, from Concert Pharmaceuticals, Inc., or Concert. In January 2014, we acquired rights to JZP-110 (formerly known as ADX-N05), a late-stage investigational compound being developed for potential treatment of excessive daytime sleepiness, or EDS, in patients with narcolepsy from Aerial BioPharma LLC, or Aerial, with an upfront payment totaling $125 million. We also intend to pursue development of JZP-110 for EDS in patients with obstructive sleep apnea, or

OSA. In addition to its existing approved indication in the EU, Defitelio has the potential to be developed for approval in other indications, and for approval in countries outside the EU, including the United States. We are currently assessing what we believe would be the optimal path for potential approval of defibrotide in the United States. Finally, we are conducting ongoing trials involving Asparec™ (mPEG-r-crisantaspase), a pegylated recombinant *Erwinia* asparaginase for the treatment of patients with ALL with *E. coli* asparaginase hypersensitivity, and Leukotac™ (inolimomab), an anti-CD25 monoclonal antibody for the treatment of steroid-refractory acute graft versus host disease, or GvHD.

Our development pipeline projects also include line extensions for existing products and the generation of additional clinical data for existing products. We plan to conduct a clinical trial to further evaluate the use of Erwinaze in young adults age 18 to 39 with ALL who are hypersensitive to *E. coli*-derived asparaginase.

For 2014 and beyond, we expect that our research and development expenses will increase substantially from historical levels, particularly as we initiate our various planned clinical trials and development work.

In addition, through the Gentium Acquisition we acquired a manufacturing facility that produces active pharmaceutical ingredients, including defibrotide, the drug substance in Defitelio, and in February 2014 we announced we commenced construction of a manufacturing and development facility in Ireland.

The Gentium Acquisition was carried out pursuant to a tender offer agreement that we entered into with a wholly-owned subsidiary of ours, as purchaser, and Gentium. On December 23, 2013, we launched a tender offer for all of Gentium's ordinary shares and American Depositary Shares, or ADSs, at a purchase price of $57.00 per share, net to the holders in cash, without interest on the purchase price, less any required withholding taxes. The initial tender offer period expired on January 22, 2014, and we accepted and purchased all of the Gentium ordinary shares and ADSs properly tendered at that time, which represented approximately 69% of the then fully diluted number of Gentium ordinary shares and ADSs. Following the expiration of the tender offer, and in accordance with the terms of the tender offer agreement, we commenced a subsequent offering period of the tender offer to acquire all remaining untendered ordinary shares and ADSs. The subsequent offering period expired on February 20, 2014 and we accepted and purchased an additional approximately 29% of the fully diluted Gentium ordinary shares and ADSs properly tendered during the subsequent offering period, resulting in total purchases pursuant to the tender offer of approximately 98% of the fully diluted number of Gentium ordinary shares and ADSs as of February 21, 2014. The acquisition cost of the total number of Gentium ordinary shares and ADSs we purchased pursuant to the tender offer was approximately $993 million. We intend to cause Gentium to seek the voluntary delisting of Gentium ADSs from the NASDAQ Stock Market, or NASDAQ, and the deregistration of Gentium ordinary shares and ADSs under the Securities and Exchange Act of 1934, as amended, or the Exchange Act. We expect that there will not be an active trading market for outstanding ADSs following the delisting.

In June 2012, we entered into a credit agreement that provided for $475.0 million principal amount of term loans and a $100.0 million revolving credit facility. The proceeds from the term loans were used to partially finance the EUSA Acquisition. In June 2013, we amended the credit agreement to provide for $557.2 million principal amount of term loans and a new revolving credit facility of $200.0 million that replaced the $100 million revolving credit facility. We used a portion of the proceeds from the new term loans to refinance in full the $457.2 million principal amount of term loans outstanding under the credit agreement prior to the amendment. In January 2014, in connection with the Gentium Acquisition, we further amended the credit agreement to provide for a tranche of incremental term loans in the aggregate principal amount of $350.0 million, a tranche of term loans that refinanced the approximately $554.4 million principal amount of term loans outstanding prior to this amendment, and a $425.0 million revolving credit facility that replaced the $200.0 million revolving credit facility. We used the proceeds from the incremental term loans and $300.0 million of loans under the revolving credit facility, together with cash on hand, to purchase the Gentium ordinary shares and ADSs properly tendered pursuant to the tender offer.

In 2013, we initiated purchases under a share repurchase program for up to $200 million of our ordinary shares. We spent a total of $136.5 million, including commission, to repurchase our ordinary shares under this program in 2013. We suspended our share repurchase program in November 2013 to preserve cash for future business development opportunities, and subject to market conditions and alternative uses of cash, we plan to resume the program in 2014.

Over the past two years, we have made targeted investments to strengthen our capabilities and enhance and diversify our commercial and development portfolio. We intend to continue to leverage our commercial, medical and scientific experience to seek to maximize the potential of our existing and potential products. Our investments have allowed us to build a scalable infrastructure to support future growth and to continue to create shareholder value.

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 2014. For example, while we now have a more diversified product portfolio than in the past, our financial results remain significantly influenced by sales of Xyrem, which accounted for 65.8% of our net product sales for 2013. 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.

Our ability to maintain or increase Xyrem product sales is subject to a number of risks and uncertainties, including those discussed in Part I, Item 1A of this Annual Report on Form 10-K. In particular, there are three abbreviated new drug applications, or ANDAs, submitted to the FDA by third parties seeking to market generic versions of Xyrem. We initiated lawsuits against all three third parties, and the litigation proceedings are ongoing. We cannot predict the timing or outcome of these proceedings. Although no trial date for the consolidated case with the first ANDA filer, Roxane Laboratories, Inc., or Roxane, has been scheduled, we anticipate that trial in that case could occur as early as late in the fourth quarter of 2014. 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.

In addition, we are continuing our efforts on various regulatory matters, including working with the FDA on updated documents that we have submitted to the FDA on our risk management and controlled distribution system for Xyrem, which we refer to as the Xyrem Risk Management Program. We are engaged in ongoing communications with the FDA with respect to our risk evaluation and mitigation strategies, or REMS, documents for Xyrem, but we have not reached agreement on certain significant terms. For example, we disagree with the FDA's current position that, as part of the current REMS process, the Xyrem deemed REMS should be modified to enable the distribution of Xyrem through more than one pharmacy, or potentially through retail pharmacies and wholesalers, as well as with certain modifications proposed by the FDA that would, in the FDA's view, make the REMS more consistent with the FDA's current practices for REMS documents.

The FDA has notified us that it would exercise its claimed authority to modify our REMS and that it would finalize the REMS as modified by the FDA unless we initiate dispute resolution procedures with respect to the modification of the Xyrem deemed REMS. Given these circumstances, we will initiate dispute resolution procedures with the FDA by the end of February 2014. We cannot predict whether, or on what terms, we will reach agreement with the FDA on final REMS documents for Xyrem, whether we will initiate additional dispute resolution proceedings with the FDA or other legal proceedings prior to finalizing the REMS documents, or the outcome or timing of any such proceedings. We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. 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 January 2014, the FDA held an initial meeting with us and current Xyrem ANDA applicants to facilitate the development of a single shared system REMS for Xyrem (sodium oxybate). We also expect to face pressure to license or share our Xyrem Risk Management Program, which is the subject of multiple issued patents, or elements of it, with generic competitors. 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 system REMS for Xyrem (sodium oxybate), licensing or sharing our REMS, or the FDA's response to a certification that a third party had been unable to obtain a license.

Our financial results are increasingly influenced by sales of our second largest product, Erwinaze/Erwinase, which have continued to grow. Sales of Erwinaze/Erwinase accounted for 20.1% of our net product sales in 2013. We seek to maintain and increase sales of Erwinaze, as well as to make Erwinaze more widely available, through ongoing research and development activities. However, our ability to successfully and sustainably grow sales of Erwinaze is subject to a number of risks and uncertainties, including those discussed in Part I, Item 1A of this Annual Report on Form 10-K. In particular, a key challenge to our ability to maintain the current sales level and continue to increase sales is our need to assure sufficient supply of Erwinaze on a timely basis. We have limited inventory of Erwinaze, and, during 2013, our supply of Erwinaze was nearly completely absorbed by demand for the product. In the past, we have experienced a disruption of supply of Erwinase in the European market due to manufacturing challenges, including shortages related to the failure of a batch to meet certain specifications in 2013, and we may experience similar or other manufacturing challenges in the future. If our continued efforts to avoid supply shortages are not successful, we could experience Erwinaze supply interruptions in the future, 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, while we continue to work with the manufacturer of Erwinaze to evaluate potential steps to increase the supply of Erwinaze over the longer term to address expected growing worldwide demand, our ability to increase sales of Erwinaze may be limited by our ability to obtain an increased supply of the product.

The implementation of our strategy is also subject to other challenges and risks specific to our business, as well as risks and uncertainties common to companies in the pharmaceutical industry with development and commercial operations. In addition to risks related to Xyrem and Erwinaze, other key challenges and risks that we face include risks and uncertainties related to:

- the challenges of protecting our intellectual property rights;

- delays or problems in the supply or manufacture of our products, particularly because we maintain limited inventories of certain products, including products for which our supply demands are growing, and we are dependent on single source suppliers to continue to meet our ongoing commercial needs;
- the need to obtain appropriate pricing and reimbursement for our products in an increasingly challenging environment due to, among other things, the attention being paid to health care cost containment and other austerity measures in the United States and worldwide, and in particular the need to maintain reimbursement for Xyrem in the United States and obtain appropriate pricing approvals in order to launch Defitelio in certain EU countries which represent a significant market opportunity for Defitelio;
- the ongoing regulation and oversight by 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 challenges of achieving and maintaining commercial success of our products, such as obtaining sustained acceptance of our products by patients, physicians and payors, and in particular the successful commercial launch of Defitelio in the EU throughout 2014;
- the challenges inherent in the integration of the business of Gentium with our historic business, including the increase in geographic dispersion among our centers of operation and taking on the operation of a manufacturing plant;
- the difficulty and uncertainty of pharmaceutical product development and the uncertainty of clinical success and regulatory approval, especially as we continue to undertake increased activities, and make growing investment in, our product pipeline development projects;
- our ability to identify and acquire, in-license or develop additional products or product candidates to grow our business; and
- possible restrictions on our ability and flexibility to pursue certain future opportunities as a result of our substantial outstanding debt obligations, which have increased significantly as a result of, among other things, the Gentium Acquisition and the acquisition of JZP-110.

All of these risks are discussed in greater detail, along with other risks, in Part I, Item 1A of this Annual Report on Form 10-K.

Results of Operations

The following discussions of our results of continuing operations exclude the results related to the women's health business sold in 2012 (see "Income from Discontinued Operations, Net of Taxes" below for more information). This business has been segregated from continuing operations and reflected as a discontinued operation for the 2012 period. The following table presents revenues and expenses from continuing operations for the years ended December 31, 2013, 2012 and 2011 (amounts in thousands):

	2013	Change	2012 (1)	Change	2011
Product sales, net	$ 865,398	49 %	$ 580,527	118 %	$ 266,518
Royalties and contract revenues	7,025	29 %	5,452	(5)%	5,759
Cost of product sales (excluding amortization of acquired developed technologies)	102,146	30 %	78,425	463 %	13,942
Selling, general and administrative	304,303	36 %	223,882	106 %	108,936
Research and development	46,620	128 %	20,477	45 %	14,120
Intangible asset amortization	79,042	21 %	65,351	777 %	7,448
Interest expense, net	26,916	60%	16,869	954 %	1,600
Foreign currency loss	1,697	(53)%	3,620	N/A(2)	—
Loss on extinguishment and modification of debt	3,749	N/A(2)	—	N/A(2)	1,247
Income tax provision (benefit)	91,638	N/A(2)	(83,794)	N/A(2)	—

(1) Our financial results include the financial results of the historic Azur Pharma and EUSA Pharma businesses since the completion of the Azur Merger on January 18, 2012 and the EUSA Acquisition on June 12, 2012.
(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, 2013, 2012 and 2011 (amounts in thousands):

	2013	Change	2012	Change	2011
Xyrem	$ 569,113	50 %	$ 378,663	62 %	$ 233,348
Erwinaze/Erwinase	174,251	142 %	72,083	N/A(1)	—
Prialt	27,103	3 %	26,360	N/A(1)	—
Psychiatry	49,226	(36)%	76,489	131 %	33,170
Other	45,705	70 %	26,932	N/A(1)	—
Product sales, net	865,398	49 %	580,527	118 %	266,518
Royalties and contract revenues	7,025	29 %	5,452	(5%)	5,759
Total revenues	$ 872,423	49 %	$ 585,979	115 %	$ 272,277

(1) Comparison to prior period is not meaningful.

Product Sales, Net

Xyrem product sales increased in 2013 and 2012 compared to the immediately preceding years, primarily due to higher average net selling prices in the 2013 and 2012 periods and, to a lesser extent, increases in sales volume. Price increases in 2013 and 2012 were based on market analysis. Xyrem product sales volumes increased by 12% and 11% in 2013 and 2012, 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 and by a greater number of Xyrem patients who refilled their Xyrem prescriptions on schedule and who remained on therapy, which we believe resulted from our efforts to increase physician knowledge about Xyrem and to improve patient support services. Recently, we have seen higher growth in sales volume from new or previously infrequent physician prescribers who treat narcolepsy. The sales volume increase in the 2012 period was also impacted by the deployment of a dedicated Xyrem sales force to increase physician awareness of narcolepsy and its diagnosis. We acquired Erwinaze/Erwinase in the EUSA Acquisition in June 2012. Erwinaze/Erwinase product sales increased in 2013 compared to 2012 primarily due to the inclusion of product sales for the full reporting period in 2013. On a pro forma basis, Erwinaze/Erwinase product sales increased by 32% in 2013 compared to 2012, primarily due to an increase in sales volume and to a lesser extent, a price increase in January 2013. The sales volume increase was driven primarily by a growth in new treatment sites prescribing Erwinaze as well as existing treatment sites identifying additional ALL patients with hypersensitivity to *E. coli*-derived asparaginase. Prialt product sales increased by 3% in 2013 compared to 2012. Psychiatry product sales decreased in 2013 compared to 2012 due to the launch of a generic version of Luvox CR® (fluvoxamine maleate) in 2013 and, to a lesser extent, the continued impact of the sale of the authorized generic product for FazaClo LD. Psychiatry product sales increased in 2012 compared to 2011, primarily due to the acquisition of FazaClo LD and FazaClo HD in January 2012 and, to a lesser extent, an increase in Luvox CR product sales. Luvox CR product sales increased in 2012 compared to 2011 due to price increases, partially offset by a decrease in sales volumes of 3%. We expect total product sales will increase in 2014 over 2013, primarily due to growth in sales of Xyrem and Erwinaze/Erwinase and the inclusion of product sales resulting from the Gentium Acquisition, partially offset by decreases in sales of certain other products.

Royalties and Contract Revenues

Royalties and contract revenues increased in 2013 compared to 2012 due to royalties from the acquired EUSA Pharma business. We expect royalties and contract revenues in 2014 to be consistent with 2013.

Cost of Product Sales

Cost of product sales increased in 2013 compared to 2012, primarily due to increased sales, partially offset by a decrease in acquisition accounting inventory fair value step-up adjustments. Cost of product sales increased in 2012 compared to 2011, primarily due to cost of product sales in relation to products acquired in the Azur Merger and the EUSA Acquisition, including acquisition accounting inventory fair value step-up adjustments of $16.8 million in 2012. Gross margins as a percentage of net product sales were 88.2%, 86.5% and 94.8% in 2013, 2012 and 2011, respectively. The increase in our gross margin percentage in 2013 as compared to 2012 was primarily due to a decrease in acquisition accounting inventory fair value step-up adjustments of $13.0 million in 2013 compared to 2012. The decrease in our gross margin percentage in 2012 as compared to 2011 was primarily due to the acquisition accounting inventory fair value step-up adjustments and also due to the impact of our product mix in 2012. The gross margins on products acquired during 2012 were lower than the gross margins earned on our legacy

products. We expect our gross margin percentage to increase slightly in 2014 compared to 2013, primarily driven by a change in product mix.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were higher in 2013 compared to 2012, primarily due to an increase in salary and benefit related expenses (including share-based compensation expense) of $47.8 million, driven in most part by the expansion of our business; an increase in the change in fair value of the contingent consideration payable of $15.5 million; an increase in sales and promotional expenses of $10.8 million; and an increase in facility and maintenance expenses of $7.2 million; partially offset by decreases in transaction, integration and restructuring expenses of $13.9 million. Selling, general and administrative expenses were higher in 2012 compared to 2011 primarily due to an increase in salary and benefit related headcount expenses (including share-based compensation) of $49.0 million driven primarily by increased headcount following the Azur Merger in January 2012 and the EUSA Acquisition in June 2012; an increase in sales and promotional expenses of $12.8 million; an increase in transaction, integration and restructuring expenses of $10.4 million; an increase in professional and service fees of $15.2 million; and an increase in travel, facility and maintenance expenses of $15.5 million. We expect that selling, general and administrative expenses will be higher in 2014 than in 2013 due to increased headcount to support our larger, global organization, an increase in direct marketing spend on key products and the inclusion of expenses resulting from the Gentium Acquisition.

Research and Development Expenses

Research and development expenses consist primarily of personnel expenses, costs related to clinical studies and outside services, and other research and development costs. Personnel expenses relate primarily to salaries, benefits and share-based compensation. Clinical study and outside services costs relate primarily to clinical studies performed by clinical research organizations, materials and supplies, and other third party fees. 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 what 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,		
	2013	**2012**	**2011**
Personnel expenses	$ 22,019	$ 10,432	10,581
Clinical studies and outside services	21,373	8,566	2,145
Other	3,228	1,479	1,394
Total	$ 46,620	$ 20,477	$ 14,120

Research and development expenses increased by $26.1 million in 2013 compared to 2012 primarily due to increased clinical studies and outside services costs of $12.8 million and increased personnel expenses of $11.6 million due to a 40% increase in headcount. Clinical studies and outside services expenses in 2013 included upfront license fees of $5.0 million, primarily in connection with our licensing of JZP-386 from Concert, with no similar expense in 2012. Clinical studies and outside services costs increased in 2013 compared to 2012, primarily due to an increase in costs incurred to develop new product candidates that we acquired in the EUSA Acquisition, in addition to an increase in costs related to the development of line extensions for existing products and the generation of additional clinical data. Research and development expenses increased by $6.4 million in 2012 compared to 2011, primarily due to increased clinical studies and outside services costs related to the generation of additional clinical data and the development of line extensions for existing products, and to a lesser extent, costs incurred to develop new product candidates that we acquired in the EUSA Acquisition and the Azur Merger. Personnel expenses and other research and development expenses in 2012 were consistent with 2011.

For 2014 and beyond, we expect that our research and development expenses will increase substantially from these historical levels, particularly as we initiate our various planned clinical trials and development work. 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 .

Intangible Asset Amortization

We acquired finite-lived intangible assets in connection with the Azur Merger and the EUSA Acquisition that are expected to be amortized over their useful economic lives of two to 15 years. The increase in amortization expense in 2013 compared to 2012 was primarily due to the inclusion of a full year of amortization expense relating to the intangible assets acquired in the EUSA Acquisition. The amortization of the intangible assets acquired in the Azur Merger and the EUSA Acquisition accounted for all of the increase in amortization expense in 2012 compared to 2011. During 2011, our intangible assets consisted primarily of developed technology related to Xyrem and Luvox CR. As a result of the Gentium Acquisition, we expect to record significant intangible assets and accordingly we expect intangible asset amortization to increase significantly in 2014.

Interest Expense, Net

Interest expense, net increased by $10.0 million in 2013 compared to 2012 primarily due to a larger debt balance, with the inclusion of interest expense on the term loans we obtained under our credit agreement in June 2012 and on the term loans we obtained in connection with the amendment of our credit agreement in June 2013. As of December 31, 2013, $554.4 million principal amount of term loans was outstanding and the interest rate on these term loans was 3.5%. Interest expense, net increased in 2012 compared to 2011 primarily due to a larger debt balance. In July 2011, we fully repaid a term loan outstanding at that time. In January 2014, in connection with the Gentium Acquisition, we incurred an additional $650.0 million in secured debt, including $350.0 million of incremental term loans and $300.0 million of revolving loans. Accordingly, we expect interest expense will be higher in 2014 compared to 2013 due to the increase in our debt balance.

Foreign Currency Loss

The foreign currency loss in 2013 and 2012 related to the translation of foreign currency monetary assets and liabilities, including intercompany balances.

Loss on Extinguishment and Modification of Debt

We recorded a loss of $3.7 million in 2013 in connection with the June 2013 refinancing of the term loans under our credit agreement. This was comprised of $2.7 million related to the expensing of unamortized deferred financing costs and unamortized original issue discount associated with extinguished debt and $1.0 million related to new third party fees associated with modified debt. In 2011, as a result of the repayment of a prior term loan and the termination of a prior credit agreement, we recorded a loss on extinguishment of debt of $1.2 million, which consisted of a $0.8 million non-cash charge related to the write-off of unamortized debt issuance costs and a debt discount, with the remainder related to a prepayment penalty and a termination fee.

Income Tax Provision (Benefit)

During 2013, we recognized an income tax provision of $91.6 million. Our 2013 effective tax rate from continuing operations was 29.8%. During 2012, we recognized an income tax benefit of $83.8 million relating to the United States, Ireland and other foreign jurisdictions. This tax benefit included a deferred tax benefit of $113.9 million, offset by an income tax provision of $30.1 million. The deferred tax benefit included a benefit of $104.2 million, primarily attributable to the release of a valuation allowance against substantially all of our U.S. federal and state deferred tax assets. Management determined that it was more likely than not that these deferred tax assets would be recoverable and the related valuation allowance was no longer needed based on an assessment of the relative impact of all positive and negative evidence that existed at December 31, 2012, including an evaluation of cumulative income in recent years, future sources of taxable income, and significant risks and uncertainties related to our business. The 2013 effective tax rate was higher than the Irish statutory rate of 12.5%, primarily due to income taxable at a rate higher than the Irish statutory rate, certain uncertain tax positions, current year losses in some jurisdictions for which no tax benefit is available and various expenses not deductible for tax purposes, partially offset by benefits from certain originating income tax credits. The 2012 effective income tax rate on continuing activities before utilization of our U.S. federal net operating loss carryforwards, or NOLs, and tax credit carryforwards and release in valuation allowance in 2012 of 42.5% was higher than the Irish statutory rate of 12.5% due to a number of factors, including income taxable at a rate higher than the Irish statutory rate, losses in certain tax jurisdictions for which no tax benefit is available and

various expenses not deductible for tax purposes. The decrease in the effective tax rate in 2013 compared to 2012 was primarily due to changes in income mix among the various jurisdictions in which we operate, as well as higher taxes in 2012 relating to acquisition restructuring.

During 2011, we had operations only in the United States and made no provision for income taxes due to our utilization of our NOLs to offset both regular taxable income and alternative minimum taxable income and to our utilization of deferred state tax benefits.

Income from Discontinued Operations, Net of Taxes

In 2012, we sold our women's health business to Meda Pharmaceuticals Inc. and Meda Pharma, Sàrl, or collectively, Meda, for $97.6 million, including $2.6 million for certain inventory transferred to Meda upon the closing of the sale, less transaction costs of $3.7 million. As part of the transaction, Meda purchased six women's health products from us. As part of the sale, approximately 60 employees who directly supported the women's health business became Meda employees. We recorded a non-recurring gain on the sale of $35.2 million.

Net revenue and income from discontinued operations were as follows (in thousands):

	Year Ended December 31, 2012
Product sales, net	$ 20,873
Loss from discontinued operations before income taxes (1)	$ (5,787)
Income tax expense (1)	(2,020)
Loss from discontinued operations, net of taxes	(7,807)
Gain on sale of discontinued operations (2)	35,244
Income from discontinued operations, net of taxes	$ 27,437

(1) The income tax expense relates to profits generated by the women's health business in 2012 which are attributable to the United States.
(2) The gain on sale of discontinued operations was not impacted by income taxes as the value attributable to the women's health business was held in a non-taxable jurisdiction.

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 and footnotes 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 the company. 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 in the future there may be other items that we may exclude for the purposes of our non-GAAP financial measures; likewise, we may in the future cease to exclude items that we have historically excluded for the purpose of our non-GAAP financial measures. Because of the non-standardized definitions, 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. Adjusted net income measures exclude from GAAP income from continuing operations, as applicable, intangible asset amortization, share-based compensation expense, acquisition accounting inventory fair value step-up adjustments, transaction and integration costs, restructuring charges, change in fair value of contingent consideration, upfront license fees, depreciation expense, loss on extinguishment and modification of debt and other non-cash expense (income), and adjust the income tax provision to the estimated amount of taxes payable in cash.

A reconciliation of GAAP reported income from continuing operations to adjusted net income, a non-GAAP financial measure, and related per share amounts is as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2013	2012	2011
GAAP reported income from continuing operations	$ 216,312	$ 261,149	$ 124,984
Intangible asset amortization	79,042	65,351	7,448
Share-based compensation expense	44,551	23,006	20,704
Acquisition accounting inventory fair value step-up adjustments	3,826	16,794	—
Transaction and integration costs	6,240	18,821	11,245
Restructuring charges	1,457	2,789	—
Change in fair value of contingent consideration	15,200	(300)	—
Upfront license fees	4,988	—	—
Depreciation	3,048	—	—
Loss on extinguishment and modification of debt	3,749	—	1,247
Other non-cash expense	4,591	2,860	(744)
Income tax adjustments (1)	5,253	4,171	—
Valuation allowance release (2)	—	(104,247)	—
Non-GAAP adjusted net income (3)	$ 388,257	$ 290,394	$ 164,884
GAAP reported income from continuing operations per diluted share	$ 3.51	$ 4.34	$ 2.67
Non-GAAP adjusted net income per diluted share (3)	$ 6.31	$ 4.82	$ 3.52
Shares used in computing GAAP reported income from continuing operations and non-GAAP adjusted net income per diluted share amounts (4)	61,569	60,195	46,798

(1) Tax adjustments to convert the income tax provision to the estimated amount of taxes payable in cash.
(2) Reversal of valuation allowance against deferred tax assets, primarily in the United States.
(3) Non-GAAP adjusted net income and non-GAAP adjusted net income per diluted share in the table above exclude the impact of discontinued operations.
(4) All references to “share” or “shares” in this table refer to Jazz Pharmaceuticals plc’s ordinary shares with respect to 2013 and 2012 and to Jazz Pharmaceuticals, Inc.’s common stock with respect to 2011. GAAP reported income from continuing operations per diluted share and adjusted net income per diluted share in 2011 were not impacted by the Azur Merger in 2012 since each share of Jazz Pharmaceuticals, Inc. common stock issued and outstanding immediately prior to the effective time of the Azur Merger was canceled and automatically converted into and became the right to receive one ordinary share upon the consummation of the Azur Merger.

Liquidity and Capital Resources

As of December 31, 2013, we had cash and cash equivalents of $636.5 million, borrowing availability under a $200.0 million revolving credit facility and $554.4 million principal amount of term loans outstanding. During 2013, 2012 and 2011 we generated cash flows from operations of $283.6 million, $249.8 million and $151.6 million, respectively, and we expect to continue to generate positive cash flow from operations. In January 2014, we made an upfront payment totaling $125.0 million to Aerial under an asset purchase agreement to acquire the worldwide development, manufacturing and commercial rights to JZP-110 (other than in certain jurisdictions in Asia where SK Biopharmaceuticals Co., Ltd, or SK, retains rights). In January 2014, we amended our credit agreement to provide for $350.0 million of incremental term loans, a tranche of term loans that refinanced the approximately $554.4 million aggregate principal amount of term loans previously outstanding, and a $425.0 million revolving credit facility that replaced our $200.0 million revolving credit facility. We used the proceeds from the incremental term loans and loans under the revolving credit facility, together with cash on hand, to purchase approximately 98% of the outstanding and fully diluted Gentium ordinary shares and ADSs properly tendered and accepted as of February 21, 2014, for an acquisition cost of approximately $993 million.

We believe that our existing cash balances, cash we expect to generate from operations and funds remaining available under our revolving credit facility will be sufficient to fund our operations, to fund our share repurchase program and to meet our existing obligations for the foreseeable future, including our obligations under our current credit agreement, which include

$904.4 million aggregate principal amount of term loans and $300.0 million of loans currently outstanding under the revolving credit facility, and our obligation to make a contingent consideration payment of $50.0 million in connection with the EUSA Acquisition as a result of Erwinaze achieving U.S. net sales of greater than $124.5 million in 2013. 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 Part I, Item 1A of this Annual Report on Form 10-K under the headings *"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," "If generic products that compete with Xyrem are approved and launched, sales of Xyrem would be adversely affected," "The manufacture, distribution and sale of Xyrem are subject to significant regulatory oversight and restrictions and the requirements of a risk management program, and these restrictions and requirements, as well as the potential impact of changes to those restrictions and requirements, subject us to increased risks and uncertainties, any of which could negatively impact sales of Xyrem,"* 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."* 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 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 will need to commit substantial resources to one or more of product acquisition and in-licensing, product development and 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 the expansion of our existing operations. For example, in February 2014, we announced that we had commenced construction of a manufacturing and development facility in Ireland, and we expect to invest approximately €45 to €50 million ($61 to $68 million) to build and open the facility. Accordingly, we may again seek to raise additional funds 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 our current credit agreement could be required for certain potential financings.

In May 2013, our board of directors authorized a share repurchase program pursuant to which we may repurchase a number of ordinary shares having an aggregate repurchase price of up to $200 million, exclusive of any brokerage commissions. The authorization became effective immediately and has no set expiration date. Under this authorization, we may repurchase our ordinary shares through open market purchases, privately negotiated purchases or a combination of these transactions. 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 the current credit agreement, corporate and regulatory requirements and market conditions. Share repurchases may be suspended or discontinued at any time without prior notice. We initiated purchases under this program in May 2013. In 2013, we spent a total of $136.5 million to repurchase 1.8 million of our ordinary shares at an average total purchase price, including commissions, of $74.67 per share. All ordinary shares repurchased by the company were canceled. As of December 31, 2013, the remaining amount authorized under the share repurchase program was $63.6 million. We suspended our share repurchase program in November 2013 to preserve cash for future business development opportunities, and subject to market conditions and alternative uses of cash, we plan to resume the program in 2014.

The following table shows a summary of our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Net cash provided by operating activities	$ 283,616	$ 249,752	$ 151,596
Net cash used in investing activities	(11,276)	(395,294)	(81,232)
Net cash provided by (used in) financing activities	(24,029)	448,530	(33,082)
Effect of exchange rates on cash and cash equivalents	997	2,132	—
Net increase in cash and cash equivalents	$ 249,308	$ 305,120	$ 37,282

Net cash provided by operating activities of $283.6 million in 2013 related to net income of $216.3 million, adjusted for non-cash items of $148.3 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. The revised payment terms will continue to result in higher accounts receivable balances in future periods that will reduce net cash from operating activities in those periods. However, we do not anticipate that the change in payment terms will result in potential collectability difficulties nor do we expect that the change will materially impact our liquidity. Net cash provided by operating activities of $249.8 million in 2012 related to net income of $288.6 million, offset by non-cash items of $33.7 million primarily related to deferred income taxes, and by a net cash outflow of $5.2 million related to changes in operating assets and liabilities. Net cash provided by operating activities of $151.6 million in 2011 related to net income of $125.0 million, adjusted for non-cash items of $30.3 million primarily related to share-based compensation expense. This was partially offset by $3.7 million of net cash outflow related to changes in operating assets and liabilities.

Net cash used in investing activities in 2013 related to purchases of property and equipment and acquisition of intangible assets. Net cash used in investing activities in 2012 primarily related to funding the EUSA Acquisition, partially offset by net proceeds of $93.9 million from the sale of our women's health business and net proceeds from the sales and maturities of investments of $75.8 million. Net cash used in investing activities in 2011 primarily related to purchases of marketable securities, scheduled payments under our agreement for the rights to market Luvox CR and to a lesser extent purchases of property and equipment, partially offset by proceeds from maturities of marketable securities and releases of restricted cash.

Net cash used in financing activities in 2013 primarily related to repayments totaling $465.9 million primarily for the full principal amount outstanding under the original term loans, $136.5 million used to repurchase our ordinary shares under our share repurchase program and payments totaling $5.6 million of income tax withholdings on behalf of employees related to the net share settlement of vested RSUs, partially offset by net proceeds of $553.4 million from our term loans under the June 2013 amended credit agreement and proceeds of $30.7 million from employee equity incentive and purchase plans and exercise of warrants. Net cash provided by financing activities in 2012 primarily related to net proceeds of $450.9 million from the original term loans and proceeds of $25.0 million from employee equity incentive and purchase plans and exercise of warrants, partially offset by payments totaling $25.3 million of income tax withholdings on behalf of certain employees related to the net share settlement of exercised share options in connection with the Azur Merger. Net cash used in financing activities in 2011 included a repayment of $41.7 million for the full principal amount outstanding under a term loan and $7.4 million for net repayments of a revolving credit facility, partially offset by proceeds from employee equity incentive and purchase plans and exercise of warrants.

Credit Agreement

As discussed above, we entered into our credit agreement in July 2012 in connection with the EUSA Acquisition, and we subsequently amended the credit agreement in July 2013 and January 2014. As of December 31, 2013, $554.4 million principal amount of term loans was outstanding under the credit agreement. After giving effect to the January 2014 amendment, the credit agreement provided for $904.4 million principal amount of term loans and a $425.0 million revolving credit facility. The term loans under the credit agreement have the same June 12, 2018 maturity date that was applicable to the refinanced term loans and the loans under the revolving credit facility have the same June 12, 2017 maturity date that was applicable to the prior revolving credit facility.

The term loans bear interest, at our option, at a rate equal to either the London Interbank Offered Rate (LIBOR), plus an applicable margin of 2.50% per annum (subject to a 0.75% LIBOR floor), or the prime lending rate, plus an applicable margin equal to 1.50% per annum (subject to a 1.75% prime rate floor). Borrowings under the revolving credit facility bear interest, at our option, at a rate equal to either LIBOR, plus an applicable margin of 2.50% per annum, or the prime lending rate, plus an applicable margin equal to 1.50% per annum, subject to reduction by 0.25% or 0.50% based upon our secured leverage ratio. The revolving credit facility has a commitment fee payable on the undrawn amount ranging from 0.25% to 0.50% per annum based upon our secured leverage ratio.

As a result of the June 2013 amendment, the interest rate margins on the term loans and the revolving loans were reduced by 150 basis points, and as a result of the January 2014 amendment, the interest rate margins on the terms loans were reduced by a further 25 basis points. As of February 19, 2014, the interest rates on the outstanding term loans was 3.25% and on our borrowings under the revolving credit facility was 2.66%. The interest rates on the term loans and loans under the revolving credit facility are subject to fluctuation based on LIBOR or the prime lending rate, as applicable.

Certain of our wholly-owned subsidiaries are borrowers under the credit agreement. The borrowers' obligations under the credit agreement, and any hedging or cash management obligations entered into with a lender or an affiliate of a lender, are guaranteed by us and certain of our subsidiaries and are secured by substantially all of our, the borrowers' and the guarantor subsidiaries' assets.

We may make voluntary prepayments of principal at any time without payment of a premium except that a 1% premium

would apply to any repricing of the term loans effected on or prior to July 23, 2014. We are required to make mandatory prepayments of the term loans (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), (3) beginning with the fiscal year ending December 31, 2014, 50% of our excess cash flow as defined in the current credit agreement (subject to decrease to 25% if our secured leverage ratio is equal to or less than 2.25 to 1.00 and greater than 1.25 to 1.00 or 0% if our secured leverage ratio is equal to or less than 1.25 to 1.00), and (4) casualty proceeds and condemnation awards (subject to reinvestment rights and other exceptions).

Principal repayments of the term loans are due quarterly beginning in March 2014 and are equal to 1.0% per annum of the original principal amount of $904.4 million with any remaining balance payable on the final maturity date.

Our 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 credit agreement also contains a financial covenant that requires Jazz Pharmaceuticals plc and its restricted subsidiaries to maintain a maximum secured leverage ratio. We were, as of December 31, 2013, and are currently in compliance with this financial covenant.

Contractual Obligations

The table below presents a summary of our contractual obligations as of December 31, 2013 (in thousands):

	Payments due by period				
Contractual Obligations(1)	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 years**
Term loan - principal	$ 554,402	$ 5,572	$ 11,144	$ 537,686	$ —
Term loan - interest (2)	85,685	19,599	38,658	27,428	—
Purchase obligations (3)	54,456	52,046	850	400	1,160
Operating lease obligations (4)	29,309	9,760	15,546	3,873	130
Revolving credit facility (5)	2,623	760	1,523	340	—
Contingent consideration obligation (6)	50,000	50,000	—	—	—
Total	$ 776,475	$ 137,737	$ 67,721	$ 569,727	$ 1,290

(1) This table does not include potential future milestone payment or royalty obligations to third parties under asset purchase, product development and license 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. On January 13, 2014, we signed a definitive agreement with Aerial under which we acquired rights to JZP-110, a novel compound in clinical development for the treatment of EDS in patients with narcolepsy. Under the agreement, we acquired worldwide development, manufacturing and commercial rights to JZP-110 (other than in certain countries in Asia where SK retains rights). Under the agreement, Aerial received an upfront payment of $125.0 million in January 2014. Aerial and SK are eligible to receive milestone payments up to an aggregate of $272.0 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. Potential future milestone payments to other third parties under other agreements could be up to an aggregate of $286.0 million, of which up to $120.0 million will become due and payable to Perrigo Company plc (formally 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) The interest rate was 3.5% at December 31, 2013, which we used to estimate interest owed on the term loans outstanding as of December 31, 2013 until the final maturity date in June 2018.

(3) Consists primarily of non-cancelable commitments to third party manufacturers.

(4) Includes the minimum lease payments for our office buildings and automobile lease payments for our sales force.

(5) Our revolving credit facility has a commitment fee payable on the undrawn amount ranging from 0.25% to 0.50% per annum based upon our secured leverage ratio. In the table above, we used a rate of 0.375% and assumed undrawn amounts of $200.0 million to estimate commitment fees owed. No amount was borrowed under the revolving credit facility as of December 31, 2013.

(6) In 2013, Erwinaze U.S. net sales were greater than $124.5 million and, as a result, we are obligated to make a contingent consideration payment of $50.0 million in the first quarter of 2014.

The table above does not reflect the additional $650.0 million in debt we incurred under our credit agreement in connection with the Gentium Acquisition or the related interest rate adjustment. The table also does not include a fee of $5.0 million we are required to pay our investment banker as a result of the completion of the Gentium Acquisition.

In February 2014, we agreed to pay a third party up to approximately €4.2 million ($5.7 million) to carry out the site preparation work needed to initiate construction of a manufacturing facility in Ireland, which is not included in the 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 $664.3 million at December 31, 2013. 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, 2013, 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, 2013, our liability for unrecognized tax benefits amounted to $21.6 million (including interest and penalties). Due to the nature and timing of the ultimate outcome of these uncertain tax positions, 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 United States to a single central pharmacy, Express Scripts Specialty Distribution Services and its affiliate CuraScript, Inc., or Express Scripts. In 2013, sales of Xyrem to Express Scripts accounted for 65.5% of our net product sales. We recognize revenues from sales of Xyrem within the United States 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 2013, we issued credits totaling less than $0.2 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 United States 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, 2010	$ 6,620	$ 3,539	$ 12	$ 1,582	$ 11,753
Provision	21,742	2,250	451	16,178	40,621
Payments/credits	(17,585)	(1,487)	(443)	(15,993)	(35,508)
Balance at December 31, 2011	10,777	4,302	20	1,767	16,866
Additions relating to acquisitions	8,809	18,833	—	911	28,553
Provision (1)	52,603	9,733	13,072	35,161	110,569
Payments/credits	(46,942)	(6,483)	(10,556)	(34,193)	(98,174)
Balance at December 31, 2012 (2)	25,247	26,385	2,536	3,646	57,814
Provision	66,895	2,836	21,777	51,432	142,940
Payments/credits	(60,584)	(8,111)	(19,903)	(49,188)	(137,786)
Balance at December 31, 2013 (2)	$ 31,558	$ 21,110	$ 4,410	$ 5,890	$ 62,968

(1) The 2012 provision includes rebates, sales returns, chargebacks, and discounts and distributor fees related to our discontinued women's health business of $1.2 million, $3.8 million, $0.8 million and $2.4 million, respectively. The women's health business was acquired and disposed of in 2012.
(2) Includes both continuing operations and discontinued operations to date of disposal.

Total items deducted from gross product sales from continuing operations were $142.9 million, $102.4 million and $40.6 million, or 14.2%, 15.0% and 13.2% as a percentage of gross product sales from continuing operations, for the years ended December 31, 2013, 2012 and 2011, 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 the years ended December 31, 2013, 2012 and 2011.

Rebates

We are subject to rebates on sales made under governmental and managed-care pricing programs in the United States. 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 United States. 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 from continuing operations were $66.9 million, $51.4 million and $21.7 million, or 6.6%, 7.5% and 7.1% as a percentage of gross product sales from continuing operations, for the years ended December 31, 2013, 2012 and 2011, respectively. Rebates as a percentage of gross product sales decreased in 2013 compared to 2012 primarily due to our exiting certain programs for certain products and the impact of generics on per-unit rebate amounts. Rebates as a percentage of gross product sales increased in 2012 compared to 2011 primarily due to the acquisition of products as part of the Azur Merger which had higher levels of rebates than the products we sold prior to the Azur Merger. 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 2014 compared to 2013.

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 future market events including generic competition.

Sales returns from continuing operations were $2.8 million, $5.9 million and $2.3 million, or 0.3%, 0.9% and 0.7% as a percentage of gross product sales from continuing operations, for the years ended December 31, 2013, 2012 and 2011, respectively. Sales returns as a percentage of gross product sales in 2013 were lower compared to 2012 primarily due to a reduction in the sales returns reserve rate for certain products as a result of lower than anticipated product returns and decreased sales of products for which we have historically experienced higher levels of sales returns. Sales returns as a percentage of gross product sales in 2012 were relatively consistent with 2011. While sales returns will continue to impact our reported net product sales, sales returns as a percentage of gross product sales in 2014 are expected to remain consistent with 2013.

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 from continuing operations were $21.8 million, $12.3 million and $0.5 million, or 2.2%, 1.8% and 0.1% as a percentage of gross product sales from continuing operations, for the years ended December 31, 2013, 2012 and 2011, respectively. Chargebacks as a percentage of gross product sales increased in 2013 compared to 2012 primarily due to products acquired as part of the EUSA Acquisition being included for the full year. Chargebacks as a percentage of gross product sales increased in 2012 compared to 2011 primarily due to the acquisition of products as part of the EUSA Acquisition that have significantly higher levels of chargebacks. Prior to the EUSA Acquisition in June 2012, chargebacks were minimal. 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 not expected to change materially in 2014 compared to 2013.

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 from continuing operations were $51.4 million, $32.8 million and $16.2 million, or 5.1%, 4.8% and 5.3% as a percentage of gross product sales from continuing operations, for the years ended December 31, 2013, 2012 and 2011, respectively. Discounts and distributor fees as a percentage of gross product sales increased in 2013 compared to 2012 primarily due to increased patient coupon programs partially offset by decreased wholesaler dispensing fees and prompt payment discounts. Discounts and distributor fees as a percentage of gross product sales decreased in 2012 compared to 2011 primarily due to increased revenues from products for which distributor and wholesaler fees are either fixed or variable based on factors other than the level of gross product sales, which was partially offset by increased patient coupon programs. We expect that discounts and distributor fees as a whole will continue to significantly impact our reported net

product sales. In this regard, discounts and distributor fees as a percentage of gross product sales are expected to increase slightly in 2014 compared to 2013 due primarily to an increase in patient coupon programs.

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 2013 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, 2013, we had $450.5 million of goodwill primarily resulting from the Azur Merger on January 18, 2012 and the EUSA Acquisition on June 12, 2012.

Intangible Assets

In connection with the Azur Merger and the EUSA 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 (in process research and development, or 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 15 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, 2013, we had $778.1 million of finite-lived intangible assets and $34.3 million of IPR&D assets primarily related to the marketed products and the IPR&D projects that we acquired in the Azur Merger and the EUSA Acquisition. We did not recognize an impairment charge related to our intangible assets during 2013, 2012 or 2011. Please refer to the footnotes to the 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, 2013.

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 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 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 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.

Based on available objective evidence at December 31, 2012, we reversed the valuation allowance recorded against substantially all of our deferred tax assets in the United States, resulting in a tax benefit of $104.2 million. Management determined that a valuation allowance was no longer needed on these deferred tax assets based on an assessment of the relative impact of all positive and negative evidence that existed at December 31, 2012, including an evaluation of cumulative income in recent years, our forecast of future sources of taxable income exclusive of reversing temporary differences, and significant risks and uncertainties related to our business. We continue to 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 allowances 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 uncertain tax positions that we believe are not more-likely-than-not to be sustained upon examination by tax authorities. The evaluation of uncertain tax positions 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 uncertain tax positions 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 uncertain tax positions 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).

Contingent Consideration

As part of the EUSA Acquisition, we agreed to make an additional contingent payment of $50.0 million in cash if Erwinaze achieved U.S. net sales of $124.5 million or greater in 2013. Contingent consideration is initially 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. In 2012, the estimate of fair value contained uncertainties as it involved assumptions about the probability of 2013 U.S. net sales of Erwinaze equaling or exceeding the $124.5 million threshold and the discount rate. As of December 31, 2013, the fair value of this contingent

consideration liability was $50.0 million, reflecting the achievement of the Erwinaze U.S. net sales milestone in the fourth quarter of 2013. We expect to pay this contingent consideration in the first quarter of 2014.

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,		
	2013	2012	2011
Volatility	58%	64%	72%
Expected term (years)	4.4	4.6	5.2
Range of risk-free rates	0.5-1.4%	0.5-1.1%	0.0-2.7%
Expected dividend yield	—%	—%	—%

The two inputs which require the greatest judgment and have a large impact on fair values are expected term and volatility.

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.

Since 2012, 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 because our trading history exceeds the expected term of the share options. 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. Prior to 2012, we used a blend of the historical volatility and implied volatility of our ordinary shares, as well as the historical volatility of a peer group, to determine expected volatility for share option grants, and we used the implied volatility of our ordinary shares for grants under our ESPP. We included consideration of the historical volatility of a peer group to estimate expected volatility for share option grants since the trading history of our ordinary shares was less than the expected term of the share options.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, No. 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists”, or ASU No. 2013-11, which concludes that, under certain circumstances, unrecognized tax benefits should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU No. 2013-11 is effective for us beginning January 1, 2014. We do not anticipate that the adoption of this standard will have a material impact on our financial position.

In March 2013, the FASB issued ASU No. 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity”, or ASU No. 2013-05. The objective of ASU No. 2013-05 is to resolve the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. ASU No. 2013-05 is effective for us beginning January 1, 2014. We do not anticipate that the adoption of this standard will have a material impact on our results of operations or financial position, absent any material transactions involving the derecognition of subsidiaries or groups of assets within a foreign entity.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Related Parties

In 2013, we entered into an underwriting agreement with an underwriter and certain selling shareholders, pursuant to which the selling shareholders sold to the underwriter 5.4 million of our ordinary shares, resulting in aggregate gross proceeds to the selling shareholders of approximately $314.4 million, before deducting underwriting discounts, commissions and other offering expenses. The selling shareholders included entities affiliated with certain members of our board of directors and one of our directors. We did not receive any proceeds from the sale of our ordinary shares by the selling shareholders in the offering and, consistent with our obligations under existing registration rights agreements with those shareholders, we paid expenses of approximately $0.5 million in connection with the offering.

In 2012, in connection with the Azur Merger, we assumed a lease for office space in Dublin, Ireland. The lease agreement was with Seamus Mulligan, the former Chief Executive Officer of Azur Pharma, who is a member of our board of directors.

Rentals paid on this lease amounted to $0.3 million in 2012. In November 2012, we terminated this lease at a cost of $1.2 million, which was the carrying value of our above market lease liability. There was no resulting gain or loss on the lease termination.

In 2012, we entered into an underwriting agreement with two underwriters and certain selling shareholders, pursuant to which the selling shareholders agreed to sell to the underwriters 7.9 million of our ordinary shares, resulting in aggregate gross proceeds to the selling shareholders of approximately $390.7 million. The selling shareholders included entities affiliated with certain members of our board of directors, four of our directors and four of our executive officers at the time of the agreement. We did not receive any proceeds from the sale of our ordinary shares by the selling shareholders in the offering, and we paid expenses of approximately $0.4 million in connection with this offering.

In 2011, Azur Pharma entered into an agreement with Circ Pharma Limited/Circ Pharma Research and Development Limited, or Circ, companies controlled by Seamus Mulligan, whereby Azur Pharma obtained an option to license certain rights and assets in relation to Tramadol (a chronotherapeutic formulation) and to conduct certain development activities. Azur Pharma paid Circ $0.3 million for this option in 2011. In 2012, we terminated the agreement at no cost.

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 United States federal government and federal agency securities, corporate bonds or commercial paper issued by United States corporations, money market instruments, certain qualifying money market mutual funds, certain repurchase agreements, and tax-exempt obligations of states, agencies and municipalities in the United States. Our cash equivalents as of December 31, 2013 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 loans and borrowings under our revolving credit facility. Our indebtedness under our term loans is subject to LIBOR or base rate floors of 0.75% and 1.75%, respectively. We have elected to have the terms loans and borrowings under the revolving credit facility bear interest based on LIBOR (as opposed to the prime lending rate). Currently LIBOR is below the floor of 0.75%, and therefore an increase in interest rates would only impact our net interest expense on our term loans to the extent LIBOR exceeds the floor. Based on indebtedness under our term loans of $904.4 million as of February 19, 2014, a 1.0% change in interest rates, above the LIBOR floor, would increase net interest expense on our term loans for 2014 by approximately $8.6 million. Borrowings under our revolving credit facility are not subject to a LIBOR floor. Based on indebtedness under our revolving credit facility of $300.0 million as of February 19, 2014, a 1.0% change in interest rates would increase net interest expense on our revolving loan borrowings for 2014 by approximately $2.9 million.

Foreign Exchange Risk. We have significant operations in Europe as well as in the United States. 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 income 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 exposures are related to our subsidiaries that have functional currencies denominated in the Euro and the British Pound. A 10% strengthening/(weakening) in the rates used to translate the results of our foreign subsidiaries would have increased/(decreased) net income for the year ended December 31, 2013 by approximately $2.5 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 the foreign currency loss in the consolidated statements of income. At December 31, 2013, our primary exposure to transaction risk related to British Pound net monetary assets held by subsidiaries with a Euro functional currency. At December 31, 2013, a 10% strengthening/(weakening) in the British Pound against the Euro would have increased/(decreased) net income by approximately $2.0 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.

	Page
Jazz Pharmaceuticals plc	
Reports of Independent Registered Public Accounting Firms	F-1
Consolidated Balance Sheets	F-3
Consolidated Statements of Income	F-4
Consolidated Statements of Comprehensive Income	F-5
Consolidated Statements of Shareholders' Equity	F-6
Consolidated Statements of Cash Flows	F-9
Notes to Consolidated Financial Statements	F-11

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, 2013.

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, 2013, 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, or the COSO framework (1992), 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, 2013 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, 2013, 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, 2013, based on criteria established in Internal Control - Integrated Framework (1992) 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, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Jazz Pharmaceuticals plc and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2013, and the related financial statement schedule, and our report dated February 25, 2014 expressed an unqualified opinion on those consolidated financial statements and the related financial statement schedule.

/s/ KPMG

Dublin, Ireland
February 25, 2014

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 2014 annual general meeting of shareholders to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended. If such definitive 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 relating to our directors and nominees for director is to be included in the section entitled "Proposal 1—Election of Directors" in the proxy statement for our 2014 annual general meeting of shareholders. Such information is incorporated herein by reference. The information required by this item relating to our executive officers is to be included in the section entitled "Executive Officers" in the proxy statement for our 2014 annual general meeting of shareholders. Such information is incorporated herein by reference. The information required by this item 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" in the proxy statement for our 2014 annual general meeting of shareholders. Such information is incorporated herein by reference. 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" in our proxy statement for our 2014 annual general meeting of shareholders. Such information is incorporated herein by reference.

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 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, Fourth Floor, Connaught House, One Burlington Road, Dublin 4, Ireland. 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 proxy statement for our 2014 annual general meeting of shareholders 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.

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 proxy statement for our 2014 annual general meeting of shareholders under the section entitled "Equity Compensation Plan Information" and is incorporated herein by reference. The information required by this item with respect to security ownership of certain beneficial owners and management is to be included in our proxy statement for our 2014 annual general meeting of shareholders under the section entitled "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is to be included in our proxy statement for our 2014 annual general meeting of shareholders under the sections entitled "Certain Relationships and Related Transactions" and "Corporate Governance and Board Matters—Independence of the Board of Directors" and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item is to be included in our proxy statement for our 2014 annual general meeting of shareholders under the section entitled “Proposal 2-Approval of Appointment of Independent Auditors and Authorize the Audit Committee to Determine their Remuneration” and is incorporated herein by reference.

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:

Exhibit Number	Description of Document
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	Asset Purchase Agreement, dated as of September 5, 2012, by and among Jazz Pharmaceuticals plc, Jazz Pharmaceuticals International II Limited, Meda Pharmaceuticals Inc. and Meda Pharma, Sàrl (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 October 15, 2012).
2.6	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).
2.7†	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).
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	Third Amended and Restated Investor Rights Agreement, made effective as of June 6, 2007, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3 in Jazz Pharmaceuticals, Inc.'s quarterly report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2007, as filed with the SEC on August 10, 2007).
4.2B	Waiver and Amendment Agreement, dated as of March 12, 2008, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3B in Jazz Pharmaceuticals, Inc.'s annual report on Form 10-K (File No. 001-33500), for the period ended December 31, 2007, as filed with the SEC on March 31, 2008).
4.2C	Waiver and Amendment Agreement, dated as of May 7, 2008, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3C in Jazz Pharmaceuticals, Inc.'s current report on Form 8-K (File No. 001-33500), as filed with the SEC on May 9, 2008).
4.2D	Waiver and Amendment Agreement, dated as of July 6, 2009, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3D in Jazz Pharmaceuticals, Inc.'s quarterly report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2009, as filed with the SEC on August 14, 2009).
4.2E	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 4.2E 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).
4.3	Form of Jazz Pharmaceuticals plc Warrant to Purchase Ordinary Shares issued to holders of assumed Registered Direct Common Stock Warrants originally issued by Jazz Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 4.5 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).
4.4	Form of Jazz Pharmaceuticals plc Warrant to Purchase Ordinary Shares issued to holders of assumed Common Stock Warrants originally issued by Jazz Pharmaceuticals, Inc. on July 7, 2009 (incorporated herein by reference to Exhibit 4.6 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).
4.5A	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).
4.5B	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).
4.6	Registration Rights Agreement made as of January 13, 2012, by and among Jazz Pharmaceuticals plc and certain shareholders named therein (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's current report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
10.1†	Xyrem Manufacturing Services and Supply Agreement, dated as of March 13, 2007, by and between Jazz Pharmaceuticals, Inc. and Patheon Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.50 in Jazz Pharmaceuticals, Inc.'s registration statement on Form S-1, as amended (File No. 333-141164), as filed with the SEC on May 31, 2007).
10.2†	Quality Agreement, dated as of March 13, 2007, by and between Jazz Pharmaceuticals, Inc. and Patheon Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.51 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).
10.3†	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).
10.4	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).

10.5†	Royalty Bearing License Agreement and Supply Agreement Re Erwinia-Derived Asparaginase, dated July 22, 2005, between the 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), as filed with the SEC on August 9, 2012).
10.6	Credit Agreement, dated as of June 12, 2012, by and among Jazz Pharmaceuticals plc, Jazz Pharmaceuticals, Inc., the Lenders and Barclays Bank PLC, as Administrative Agent, Collateral 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. 001-33500), as filed with the SEC on June 12, 2012).
10.7	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).
10.8	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).
10.9	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).
10.10	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), as filed with the SEC on August 7, 2012).
10.11+	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).
10.12+	Offer Letter from Jazz Pharmaceuticals, Inc. to Kathryn Falberg (incorporated herein by reference to Exhibit 10.92 in Jazz Pharmaceuticals, Inc.'s current report on Form 8-K (File No. 001-33500), as filed with the SEC on December 3, 2009).
10.13+	Noncompetition Agreement by and between Seamus Mulligan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's registration statement on Form S-4 (File No. 333-177528), as filed with the SEC on October 26, 2011).
10.14+	Offer Letter from Jazz Pharmaceuticals, Inc. to Jeffrey Tobias, M.D. (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals, Inc.'s quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 8, 2011).
10.15+	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), as filed with the SEC on May 8, 2012).
10.16+	Employment Agreement by and between Fintan Keegan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.4 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on August 7, 2012).
10.17+	Amendment to Employment Agreement by and between Fintan Keegan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.6 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on August 7, 2012).
10.18+	Noncompetition Agreement by and between Fintan Keegan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.5 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on August 7, 2012).
10.19A+	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).
10.19B+	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).
10.19C+	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), as filed with the SEC on February 26, 2013).

10.19D+	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), as filed with the SEC on February 26, 2013).
10.19E+	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).
10.19F+	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), as filed with the SEC on February 26, 2013).
10.19G+	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), as filed with the SEC on November 5, 2013).
10.19H+	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), as filed with the SEC on November 5, 2013).
10.20A+	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).
10.20B+	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).
10.20C+	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), as filed with the SEC on August 7, 2012).
10.20D+	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), as filed with the SEC on August 7, 2012).
10.20E+	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), as filed with the SEC on February 26, 2013).
10.20F+	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), as filed with the SEC on August 7, 2012).
10.20G+	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), as filed with the SEC on August 7, 2012).
10.20H+	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), as filed with the SEC on February 26, 2013).
10.20I+	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), as filed with the SEC on November 5, 2013).
10.20J+	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), as filed with the SEC on November 5, 2013).
10.20K+	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 10.4 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 5, 2013).

10.20L+	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), as filed with the SEC on November 5, 2013).
10.21+	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).
10.22A+	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).
10.22B+	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), as filed with the SEC on February 26, 2013).
10.22C+	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), as filed with the SEC on November 5, 2013).
10.23A+	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), as filed with the SEC on February 26, 2013).
10.23B+	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 10.4C 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 August 7, 2012).
10.24A+	Jazz Pharmaceuticals plc Cash Bonus Plan, (incorporated herein by reference to Exhibit 10.33 in the annual report on Form 10-K/A (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 April 27, 2012).
10.24B+	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), as filed with the SEC on February 26, 2013).
10.24C+	Jazz Pharmaceuticals Cash Bonus Plan for International Affiliates (2013) (incorporated herein by reference to Exhibit 10.32C in Jazz Pharmaceuticals plc's annual report on Form 10-K (File No. 001-33500), as filed with the SEC on February 26, 2013).
10.24D+	Jazz Pharmaceuticals Cash Bonus Plan for International Affiliates (2014).
10.25A+	Jazz Pharmaceuticals plc Amended and Restated Executive Change in Control and Severance Benefit Plan (incorporated herein by reference to Exhibit 10.34 in the annual report on Form 10-K/A (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 April 27, 2012).
10.25B+	Jazz Pharmaceuticals plc Amended and Restated Executive Change in Control and Severance Benefit Plan (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.8 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 5, 2013).
10.26+	Jazz Pharmaceuticals plc 2012 Non-Employee Director Compensation Arrangements (incorporated herein by reference to Exhibit 10.32 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).
10.27+	Jazz Pharmaceuticals plc 2012 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 June 30, 2012, as filed with the SEC on August 7, 2012).
10.28+	Jazz Pharmaceuticals plc 2013 Executive Officer Compensation Arrangements (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, 2013, as filed with the SEC on May 7, 2013).
10.29	Amendment No. 1, dated as of June 13, 2013, to the Original Credit Agreement and related Guaranty, by and among Jazz Pharmaceuticals, Inc., Jazz Financing I Limited and Jazz Pharmaceuticals Ireland Limited, as borrowers, Jazz Pharmaceuticals plc, as guarantor, the Lenders thereto and Barclays Bank PLC, as Administrative Agent, Collateral Agent, L/C Issuer and Swing Line Lender (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 June 13, 2013).

10.30+	Jazz Pharmaceuticals plc Non-Employee Director Compensation Policy (approved August 1, 2013 (incorporated herein by reference to Exhibit 10.9 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 5, 2013).
10.31	Amended and Restated Commitment Letter, dated as of January 6, 2014, by and between Jazz Pharmaceuticals plc, Barclays Bank PLC, J.P. Morgan Securities LLC, JPMorgan Chase Bank, N.A., Merrill Lynch Pierce, Fenner & Smith Incorporated, Bank of America, N.A., Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, DNB Bank ASA and DNB Capital Markets, Inc. (incorporated herein by reference to Exhibit 99.(B)(1) in Jazz Pharmaceuticals plc's tender offer statement on Schedule TO, as amended, as filed with the SEC on January 7, 2014).
10.32#	Amendment No. 2, dated as of January 23, 2014, to the Credit Agreement, dated as of June 12, 2012, by and among Jazz Pharmaceuticals, Inc., Jazz Financing I Limited and Jazz Pharmaceuticals Ireland Limited, as borrowers, Jazz Pharmaceuticals Public Limited Company, as guarantor, the Lenders thereto and Barclays Bank PLC, as Administrative Agent, Collateral Agent, L/C Issuer and Swing Line Lender.
21.1	Subsidiaries of Jazz Pharmaceuticals plc.
23.1	Consent of KPMG, Independent Registered Public Accounting Firm.
23.2	Consent of Ernst & Young LLP, 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

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+ 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.

This exhibit replaces the exhibit previously filed as 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 24, 2014.

* 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 25, 2014

Jazz Pharmaceuticals Public Limited Company
(Registrant)

/s/ BRUCE C. COZADD

Bruce C. Cozadd
Chairman and Chief Executive Officer and Director
(Principal Executive Officer)

/s/ KATHRYN E. FALBERG

Kathryn E. Falberg
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, Kathryn E. Falberg, 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:

Signature	Title	Date
/s/ BRUCE C. COZADD **Bruce C. Cozadd**	Chairman, Chief Executive Officer and Director *(Principal Executive Officer)*	February 25, 2014
/s/ KATHRYN E. FALBERG **Kathryn E. Falberg**	Executive Vice President and Chief Financial Officer *(Principal Financial Officer)*	February 25, 2014
/s/ KAREN J. WILSON **Karen J. Wilson**	Senior Vice President, Finance *(Principal Accounting Officer)*	February 25, 2014
/s/ PAUL L. BERNS **Paul L. Berns**	Director	February 25, 2014
/s/ PATRICK G. ENRIGHT **Patrick G. Enright**	Director	February 25, 2014
/s/ PETER GRAY **Peter Gray**	Director	February 25, 2014
/s/ HEATHER ANN MCSHARRY **Heather Ann McSharry**	Director	February 25, 2014
/s/ SEAMUS C. MULLIGAN **Seamus C. Mulligan**	Director	February 25, 2014
/s/ KENNETH W. O'KEEFE **Kenneth W. O'Keefe**	Director	February 25, 2014
/s/ NORBERT G. RIEDEL, PH.D. **Norbert G. Riedel, Ph.D.**	Director	February 25, 2014
/s/ CATHERINE A. SOHN, PHARM.D. **Catherine A. Sohn, Pharm.D.**	Director	February 25, 2014
/s/ RICK E WINNINGHAM **Rick E Winningham**	Director	February 25, 2014

Report of KPMG, 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, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2013. 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, 2013 and 2012. 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, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for the years ended December 31, 2013 and 2012, 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), Jazz Pharmaceuticals plc's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG

Dublin, Ireland
February 25, 2014

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

The Board of Directors and Stockholder of
Jazz Pharmaceuticals, Inc., a wholly-owned subsidiary of Jazz Pharmaceuticals plc

We have audited the accompanying consolidated statements of operations, comprehensive income, stockholders' equity and cash flows of Jazz Pharmaceuticals, Inc. for the year ended December 31, 2011. Our audit also included the financial statement schedule for 2011 listed in the Index at Item 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule 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 the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of its operations and its cash flows for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Redwood City, California
February 28, 2012

JAZZ PHARMACEUTICALS PLC

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31,	
	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 636,504	$ 387,196
Accounts receivable, net of allowances of $3,680 and $3,779 at December 31, 2013 and 2012, respectively	124,805	75,480
Inventories	28,669	26,525
Prepaid expenses	7,183	7,445
Deferred tax assets, net	33,613	35,813
Other current assets	33,843	19,113
Total current assets	864,617	551,572
Property and equipment, net	14,246	7,281
Intangible assets, net	812,396	869,952
Goodwill	450,456	442,600
Deferred tax assets, net, non-current	74,597	74,850
Deferred financing costs	14,605	16,576
Other non-current assets	7,304	3,662
Total assets	$ 2,238,221	$ 1,966,493
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 21,005	$ 15,887
Accrued liabilities	119,718	104,666
Current portion of long-term debt	5,572	29,688
Income taxes payable	336	39,884
Contingent consideration	50,000	—
Deferred tax liability, net	6,259	275
Deferred revenue	1,138	1,138
Total current liabilities	204,028	191,538
Deferred revenue, non-current	5,718	6,776
Long-term debt, less current portion	544,404	427,073
Contingent consideration, non-current	—	34,800
Deferred tax liability, net, non-current	168,497	178,393
Other non-current liabilities	20,040	6,621
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Ordinary shares, nominal value $0.0001 per share; 300,000 shares authorized; 57,854 and 58,014 shares issued and outstanding at December 31, 2013 and 2012, 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, 2013 and 2012	55	55
Capital redemption reserve	471	471
Additional paid-in capital	1,220,317	1,151,010
Accumulated other comprehensive income	56,153	31,046
Retained earnings (accumulated deficit)	18,532	(61,296)
Total shareholders' equity	1,295,534	1,121,292
Total liabilities and shareholders' equity	$ 2,238,221	$ 1,966,493

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,		
	2013	**2012**	**2011**
Revenues:			
Product sales, net	$ 865,398	$ 580,527	$ 266,518
Royalties and contract revenues	7,025	5,452	5,759
Total revenues	872,423	585,979	272,277
Operating expenses:			
Cost of product sales (excluding amortization of acquired developed technologies)	102,146	78,425	13,942
Selling, general and administrative	304,303	223,882	108,936
Research and development	46,620	20,477	14,120
Intangible asset amortization	79,042	65,351	7,448
Total operating expenses	532,111	388,135	144,446
Income from operations	340,312	197,844	127,831
Interest expense, net	(26,916)	(16,869)	(1,600)
Foreign currency loss	(1,697)	(3,620)	—
Loss on extinguishment and modification of debt	(3,749)	—	(1,247)
Income from continuing operations before income tax provision (benefit)	307,950	177,355	124,984
Income tax provision (benefit)	91,638	(83,794)	—
Income from continuing operations	216,312	261,149	124,984
Income from discontinued operations, net of taxes	—	27,437	—
Net income	$ 216,312	$ 288,586	$ 124,984
Basic income per ordinary share:			
Income from continuing operations	$ 3.71	$ 4.61	$ 3.01
Income from discontinued operations	—	0.48	—
Net income	$ 3.71	$ 5.09	$ 3.01
Diluted income per ordinary share:			
Income from continuing operations	$ 3.51	$ 4.34	$ 2.67
Income from discontinued operations	—	0.45	—
Net income	$ 3.51	$ 4.79	$ 2.67
Weighted-average ordinary shares used in per share computations:			
Basic	58,298	56,643	41,499
Diluted	61,569	60,195	46,798

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

JAZZ PHARMACEUTICALS PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2013	2012	2011
Net income	$ 216,312	$ 288,586	$ 124,984
Other comprehensive income (loss):			
Foreign currency translation adjustments	25,107	31,046	—
Available-for-sale securities:			
Net unrealized gain (loss) on available-for-sale securities, net of income taxes	—	8	(31)
Reclassification adjustments for gains included in earnings, net of income taxes	—	23	—
Other comprehensive income (loss)	25,107	31,077	(31)
Total comprehensive income	$ 241,419	$ 319,663	$ 124,953
Total comprehensive income arises from:			
Continuing operations	$ 241,419	$ 292,226	$ 124,953
Discontinued operations	—	27,437	—
Total comprehensive income	$ 241,419	$ 319,663	$ 124,953

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 Redemp-tion Reserve	Additional Paid-in Capital	Accumu-lated Other Compre-hensive Income	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2010	39,959	$ 4	—	$ —	$ —	$ 505,413	$ —	$ (474,866)	$ 30,551
Stock issued/issuable under directors deferred compensation plan	13	—	—	—	—	368	—	—	368
Issuance of common stock in conjunction with exercise of stock options	1,400	—	—	—	—	12,214	—	—	12,214
Issuance of common stock in conjunction with vesting of restricted stock units	13	—	—	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	359	—	—	—	—	1,546	—	—	1,546
Issuance of common stock in conjunction with exercise of warrants	724	—	—	—	—	2,659	—	—	2,659
Stock-based compensation	—	—	—	—	—	20,497	—	—	20,497
Other comprehensive loss	—	—	—	—	—	—	(31)	—	(31)
Net income	—	—	—	—	—	—	—	124,984	124,984
Balance at December 31, 2011	42,468	4	—	—	—	542,697	(31)	(349,882)	192,788

JAZZ PHARMACEUTICALS PLC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY—(Continued)
(In thousands)

	Ordinary Shares		Non-voting Euro Deferred		Capital Redemp-tion Reserve	Additional Paid-in Capital	Accumu-lated Other Compre-hensive Income	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2011	42,468	$ 4	—	$ —	$ —	$ 542,697	$ (31)	$ (349,882)	$ 192,788
Merger with Azur Pharma	12,360	2	4,000	55	471	575,936	—	—	576,464
Issuance costs related to Azur Merger	—	—	—	—	—	(241)	—	—	(241)
Shares issued under directors deferred compensation plan	45	—	—	—	—	—	—	—	—
Issuance of ordinary shares in conjunction with exercise of share options	1,951	—	—	—	—	14,212	—	—	14,212
Issuance of ordinary shares under employee stock purchase plan	151	—	—	—	—	3,707	—	—	3,707
Shares withheld for payment of employee's withholding tax liability	—	—	—	—	—	(25,299)	—	—	(25,299)
Issuance of ordinary shares in conjunction with exercise of warrants	1,039	—	—	—	—	7,084	—	—	7,084
Share-based compensation	—	—	—	—	—	23,129	—	—	23,129
Excess tax benefits from employee share options	—	—	—	—	—	9,785	—	—	9,785
Other comprehensive income	—	—	—	—	—	—	31,077	—	31,077
Net income	—	—	—	—	—	—	—	288,586	288,586
Balance at December 31, 2012	58,014	6	4,000	55	471	1,151,010	31,046	(61,296)	1,121,292

JAZZ PHARMACEUTICALS PLC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY—(Continued)
(In thousands)

	Ordinary Shares		Non-voting Euro Deferred				Accumu-lated Other Compre-hensive Income		
	Shares	Amount	Shares	Amount	Capital Redemp-tion Reserve	Additional Paid-in Capital		Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity
Balance at December 31, 2012	58,014	$ 6	4,000	$ 55	$ 471	$ 1,151,010	$ 31,046	$ (61,296)	$ 1,121,292
Issuance of ordinary shares in conjunction with exercise of share options	904	—	—	—	—	20,895	—	—	20,895
Issuance of ordinary shares under employee stock purchase plan	147	—	—	—	—	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)
Issuance of ordinary shares in conjunction with exercise of warrants	471	—	—	—	—	4,398	—	—	4,398
Share-based compensation	—	—	—	—	—	44,367	—	—	44,367
Excess tax benefits from employee share options	—	—	—	—	—	(173)	—	—	(173)
Shares repurchased	(1,828)	—	—	—	—	—	—	(136,484)	(136,484)
Other comprehensive income	—	—	—	—	—	—	25,107	—	25,107
Net income	—	—	—	—	—	—	—	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

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,		
	2013	**2012**	**2011**
Operating activities			
Net income	$ 216,312	$ 288,586	$ 124,984
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of intangible assets	79,042	72,922	7,448
Depreciation	3,048	1,307	379
Loss on disposal of property and equipment	46	163	33
Share-based compensation	44,551	23,006	20,704
Excess tax benefit from share-based compensation	173	(9,785)	—
Acquisition accounting inventory fair value step-up adjustments	3,826	19,939	—
Change in fair value of contingent consideration	15,200	(300)	—
Deferred income taxes	(10,097)	(113,862)	—
Gain on sale of business	—	(35,244)	—
Provision for losses on accounts receivable and inventory	2,446	4,654	59
Loss on extinguishment and modification of debt	3,749	—	1,247
Other non-cash transactions	6,278	3,523	394
Changes in assets and liabilities:			
Accounts receivable	(48,846)	(4,724)	(12,293)
Inventories	(8,516)	1,697	1,239
Prepaid expenses and other current assets	(13,871)	(13,091)	(934)
Other long-term assets	(4,306)	(3,491)	186
Accounts payable	5,089	(7,286)	2,080
Accrued liabilities	14,717	(11,428)	11,211
Income taxes payable	(38,984)	39,340	—
Deferred revenue	(1,061)	(1,205)	(1,273)
Other non-current liabilities	14,820	2,351	(82)
Liability under government settlement	—	(7,320)	(3,786)
Net cash provided by operating activities	283,616	249,752	151,596
Investing activities			
Acquisitions, net of cash acquired	—	(542,531)	—
Purchases of marketable securities	—	(37,443)	(79,886)
Net proceeds from sale of business	—	93,922	—
Proceeds from sale of marketable securities	—	81,246	—
Proceeds from maturities of marketable securities	—	31,988	4,033
Acquisition of intangible assets	(1,300)	—	—
Purchases of property and equipment	(9,976)	(5,976)	(1,279)
Purchase of product rights	—	(16,500)	(4,500)
Decrease in restricted cash	—	—	400
Net cash used in investing activities	(11,276)	(395,294)	(81,232)
Financing activities			
Net proceeds from issuance of debt	553,425	450,916	—
Proceeds from employee equity incentive and purchase plans and exercise of warrants	30,703	25,003	16,419
Share repurchases	(136,484)	—	—
Payment of employee withholding taxes related to share-based awards	(5,590)	(25,299)	—
Excess tax benefit from share-based compensation	(173)	9,785	—
Repayment of long-term debt	(465,910)	(11,875)	(41,668)
Payments of debt extinguishment costs	—	—	(483)
Net repayments under revolving credit facility	—	—	(7,350)
Net cash provided by (used in) financing activities	(24,029)	448,530	(33,082)
Effect of exchange rates on cash and cash equivalents	997	2,132	—
Net increase in cash and cash equivalents	249,308	305,120	37,282
Cash and cash equivalents, at beginning of period	387,196	82,076	44,794
Cash and cash equivalents, at end of period	$ 636,504	$ 387,196	$ 82,076

JAZZ PHARMACEUTICALS PLC

CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(In thousands)

	Year Ended December 31,		
	2013	2012	2011
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 18,278	$ 14,192	$ 1,621
Cash paid for income taxes	$ 137,616	$ 9,143	$ —
Non-cash investing activities:			
Acquisition consideration for Azur Merger	$ —	$ 576,464	$ —

The consolidated statements of cash flows include the activities of discontinued operations.
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, a public limited company formed under the laws of Ireland, is a specialty biopharmaceutical company focused on improving patients' lives by identifying, developing and commercializing differentiated products that address unmet medical needs. Our strategy is to continue to create shareholder value by:

- Growing sales of the existing products in our portfolio, including by identifying new growth opportunities;
- Acquiring additional marketed specialty products or products close to regulatory approval to leverage our existing expertise and infrastructure; and
- Pursuing targeted development of a pipeline of post-discovery specialty product candidates.

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, accounted for as a reverse acquisition under the acquisition method of accounting for business combinations, with Jazz Pharmaceuticals, Inc. treated as the acquiring company for accounting purposes. As part of the Azur Merger, a wholly-owned subsidiary of Azur Pharma merged with and into Jazz Pharmaceuticals, Inc., with Jazz Pharmaceuticals, Inc. surviving the Azur Merger as a wholly-owned subsidiary of Jazz Pharmaceuticals plc. Prior to the Azur Merger, Azur Pharma changed its name to Jazz Pharmaceuticals plc.

On June 12, 2012, we completed the acquisition of EUSA Pharma Inc., or EUSA Pharma, which we refer to as the EUSA Acquisition.

In January and February 2014, pursuant to a tender offer, we acquired approximately 98% of the outstanding and fully diluted voting securities of Gentium S.p.A., or Gentium, for an acquisition cost of approximately $993 million, which we refer to as the Gentium Acquisition. Please see Note 20 for additional information regarding this acquisition.

Unless otherwise indicated or the context otherwise requires, references to "Jazz Pharmaceuticals," "the registrant," "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 to the effective time of the Azur 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 Azur Merger on January 18, 2012. The disclosures in this report relating to the pre-Azur Merger business of Jazz Pharmaceuticals plc, unless noted as being the business of Azur Pharma prior to the Azur Merger, pertain to the business of Jazz Pharmaceuticals, Inc. prior to the Azur Merger. All references to "EUSA Pharma" in this report are references to EUSA Pharma Inc. and its consolidated subsidiaries prior to the effective time of the EUSA Acquisition.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Jazz Pharmaceuticals plc and our wholly-owned subsidiaries and intercompany transactions and balances have been eliminated. 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. Certain prior period amounts presented in the accompanying footnotes have been reclassified to conform to current period presentation, as described in Note 4.

Significant Risks and Uncertainties

Our financial results are significantly influenced by sales of Xyrem® (sodium oxybate) oral solution. In 2013, net product sales of Xyrem were $569.1 million, which represented 65.8% of total net product sales. Maintaining or increasing sales of Xyrem in its approved indications is subject to a number of risks and uncertainties, including the potential introduction of generic competition, changed or increased regulatory restrictions, and continued acceptance of Xyrem as safe and effective by physicians and patients. Three abbreviated new drug applications, or ANDAs, have been filed with the United States Food and Drug Administration, or FDA, by third parties seeking to market generic versions of Xyrem. We initiated lawsuits against all three third parties, and the litigation proceedings are ongoing. We cannot predict the timing or outcome of these proceedings.

Although no trial date for the consolidated case with the first ANDA filer, Roxane Laboratories, Inc., or Roxane, has been scheduled, we anticipate that trial in that case could occur as early as late in the fourth quarter of 2014. 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.

In addition, we are continuing our efforts on various regulatory matters, including working with the FDA on updated documents that we have submitted to the FDA on our risk management and controlled distribution system for Xyrem, which we refer to as the Xyrem Risk Management Program. We are engaged in ongoing communications with the FDA with respect to our risk evaluation and mitigation strategies, or REMS, documents for Xyrem, but we have not reached agreement on certain significant terms. For example, we disagree with the FDA's current position that, as part of the current REMS process, the Xyrem deemed REMS should be modified to enable the distribution of Xyrem through more than one pharmacy, or potentially through retail pharmacies and wholesalers, as well as with certain modifications proposed by the FDA that would, in the FDA's view, make the REMS more consistent with the FDA's current practices for REMS documents.

The FDA has notified us that it would exercise its claimed authority to modify our REMS and that it would finalize the REMS as modified by the FDA unless we initiate dispute resolution procedures with respect to the modification of the Xyrem deemed REMS. Given these circumstances, we will initiate dispute resolution procedures with the FDA by the end of February 2014. We cannot predict whether, or on what terms, we will reach agreement with the FDA on final REMS documents for Xyrem, whether we will initiate additional dispute resolution proceedings with the FDA or other legal proceedings prior to finalizing the REMS documents, or the outcome or timing of any such proceedings. We expect that final REMS documents for Xyrem will include modifications to, and/or requirements that are not currently implemented in, the Xyrem Risk Management Program. 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 January 2014, the FDA held an initial meeting with us and current Xyrem ANDA applicants to facilitate the development of a single shared system REMS for Xyrem (sodium oxybate). We also expect to face pressure to license or share our Xyrem Risk Management Program, which is the subject of multiple issued patents, or elements of it, with generic competitors. 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 system REMS for Xyrem (sodium oxybate), licensing or sharing our REMS, or the FDA's response to a certification that a third party had been unable to obtain a license.

Our financial results are increasingly influenced by sales of our second largest product, Erwinaze® (asparaginase *Erwinia chrysanthemi*), called Erwinase® in markets outside of the United States, which have continued to grow. In 2013, net product sales of Erwinaze/Erwinase were $174.3 million, which represented 20.1% of total net product sales in 2013. We seek to maintain and increase sales of Erwinaze, as well as to make Erwinaze more widely available, through ongoing research and development activities. However, our ability to successfully and sustainably 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 ability to obtain approval for the intravenous administration of Erwinaze in the United States, our ability to obtain data on the use of Erwinaze in young adults age 18 to 39 with ALL who are hypersensitive to *E. coli*-derived asparaginase, as well as 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 maintenance of current sales level and continued growth is our need to ensure sufficient supply of Erwinaze on a timely basis. We have limited inventory of Erwinaze, and, during 2013, our supply of Erwinaze was nearly completely absorbed by demand for the product. In the past, we have experienced a disruption of supply of Erwinase in the European market due to manufacturing challenges, including shortages related to the failure of a batch to meet certain specifications in 2013, and we may experience similar or other manufacturing challenges in the future. If our continued efforts to avoid supply shortages are not successful, we could experience Erwinaze supply interruptions in the future, 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, while we continue to work with the manufacturer of Erwinaze to evaluate potential steps to increase the supply of Erwinaze over the longer term to address expected growing worldwide demand, our ability to increase sales of Erwinaze may be limited by our ability to obtain an increased supply of the product.

In addition to risks related specifically to Xyrem and Erwinaze, we are subject to other challenges and risks specific to our business, as well as risks and uncertainties common to companies in the pharmaceutical industry with development and commercial operations, including: the challenges of protecting our intellectual property rights; delays or problems in the supply or manufacture of our products, particularly because we maintain limited inventories of certain products, including products for which our supply demands are growing, and we are dependent on single source suppliers to continue to meet our ongoing commercial needs; the need to obtain appropriate pricing and reimbursement for our products in an increasingly challenging

environment due to, among other things, the attention being paid to health care cost containment and other austerity measures in the United States and worldwide, and in particular the need to maintain reimbursement for Xyrem in the United States and obtain appropriate pricing approvals in order to launch Defitelio® (defibrotide) in certain EU countries which represent a significant market opportunity for Defitelio; the ongoing regulation and oversight by 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 challenges of achieving and maintaining commercial success of our products, such as obtaining sustained acceptance of our products by patients, physicians and payors, and in particular the successful commercial launch of Defitelio in the EU throughout 2014; the challenges inherent in the integration of the business of Gentium with our historic business, including the increase in geographic dispersion among our centers of operation and taking on the operation of a manufacturing plant; and the difficulty and uncertainty of pharmaceutical product development and the uncertainty of clinical success and regulatory approval, especially as we continue to undertake increased activities, and make growing investment in, our product pipeline development projects. Other risks and uncertainties related to our ability to execute on our strategy include: our ability to identify and acquire, in-license or develop additional products or product candidates to grow our business; and possible restrictions on our ability and flexibility to pursue certain future opportunities as a result of our substantial outstanding debt obligations, which have increased significantly as a result of, among other things, the Gentium Acquisition and the acquisition of JZP-110.

Business Acquisitions

Our consolidated financial statements include the operations of an acquired business after the completion of the 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 and liabilities assumed 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 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 hospitals, pharmaceutical wholesale distributors and specialty pharmaceutical distribution companies, primarily in the United States, and to other international distributors. 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, 2013, five customers accounted for 85% 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 Accredo Health Group, Inc. which accounted for 9% of gross accounts receivable. As of December 31, 2012, five customers accounted for 78% of gross accounts receivable including Express Scripts which accounted for 51% of gross accounts receivable and Accredo Health Group, Inc. which accounted for 11% of gross accounts receivable.

We rely on certain sole suppliers for drug substance and certain sole manufacturing partners for certain of our marketed products and product candidates.

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, restricted cash 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 income 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. Realized gains and losses on sales of marketable securities have not been significant.

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 the estimate of future demand is too high, we may have to increase the reserve for excess inventory for that product and record a charge to 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. The fair value of inventories acquired included a step-up in the value of inventories of $0.2 million and $4.0 million as of December 31, 2013 and 2012, respectively.

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 lease 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.

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 15 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. Intangible assets with finite lives 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 the asset and its eventual disposition are less than its carrying amount. The amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

The fair value of IPR&D acquired through a business combination is capitalized as an indefinite-lived intangible asset until the completion or abandonment of the related research and development activities. 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 and when development is complete, which generally occurs when regulatory approval to market a product is obtained, the associated assets would be deemed finite-lived and would then be amortized over their estimated useful lives.

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 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 third party 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 in 2013 and 2012 included $3.8 million and $16.8 million, respectively, of inventory costs associated with the fair value step-up in acquired inventory. Excluded from cost of product sales, as shown on the consolidated statements of income, is amortization of acquired developed technology of $78.8 million, $65.1 million and $7.2 million in 2013, 2012 and 2011, respectively.

Research and Development

Research and development expenses consist primarily of personnel expenses, costs related to clinical studies and outside services, and other research and development costs. Personnel expenses relate primarily to salaries, benefits and share-based compensation. Clinical study and outside services costs relate primarily to clinical studies performed by clinical research organizations, materials and supplies, and other third-party fees. 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, including payments made under license agreements. 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.

Advertising Expenses

We expense the costs of advertising, including promotional expenses, as incurred. Advertising expenses for 2013, 2012 and 2011 were $1.0 million, $0.7 million and $1.0 million, 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 uncertain tax positions using a “more-likely-than-not” threshold for recognizing and resolving uncertain tax positions. A recognized tax position 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 uncertain tax positions are included in the income tax provision (benefit) 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 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 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 amounts and disclosures reported in the 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 is based on the weighted-average number of ordinary shares outstanding. Diluted net income per ordinary share is based on the weighted-average number of ordinary shares outstanding and potentially dilutive ordinary shares outstanding. Basic and diluted net income per ordinary share were computed as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2013	2012	2011
Numerator:			
Income from continuing operations	$ 216,312	$ 261,149	$ 124,984
Income from discontinued operations	—	27,437	—
Net income	$ 216,312	$ 288,586	$ 124,984
Denominator:			
Weighted-average ordinary shares - basic	58,298	56,643	41,499
Dilutive effect of employee equity incentive and purchase plans	1,772	1,536	2,715
Dilutive effect of warrants	1,499	2,016	2,584
Weighted-average ordinary shares - diluted	61,569	60,195	46,798
Basic income per ordinary share:			
Income from continuing operations	$ 3.71	$ 4.61	$ 3.01
Income from discontinued operations	—	0.48	—
Net income	$ 3.71	$ 5.09	$ 3.01
Diluted income per ordinary share:			
Income from continuing operations	$ 3.51	$ 4.34	$ 2.67
Income from discontinued operations	—	0.45	—
Net income	$ 3.51	$ 4.79	$ 2.67

Potentially dilutive ordinary shares from employee equity plans and warrants are determined by applying the treasury stock method to the assumed exercise of warrants and share options, the assumed vesting of outstanding restricted stock units, or RSUs, and the assumed issuance of ordinary shares under our employee stock purchase plan. The following table represents the weighted-average ordinary shares that were excluded from the computation of diluted net income per ordinary share for the periods presented because including them would have an anti-dilutive effect (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Options to purchase ordinary shares and RSUs	1,584	1,506	1,038

All references to “ordinary shares” in the discussion and tables above refer to Jazz Pharmaceuticals plc’s ordinary shares with respect to the years ended December 31, 2013 and 2012 and to Jazz Pharmaceuticals, Inc.’s common stock with respect to the year ended December 31, 2011. Our earnings per share in the year ended December 31, 2011 was not impacted by the Azur Merger in 2012 since each share of Jazz Pharmaceuticals, Inc. common stock issued and outstanding immediately prior to the effective time of the Azur Merger was canceled and automatically converted into and became the right to receive one ordinary share upon the consummation of the Azur Merger.

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 July 2013, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists", or ASU No. 2013-11, which concludes that, under certain circumstances, unrecognized tax benefits should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU No. 2013-11 will be effective for us beginning January 1, 2014. We do not anticipate that the adoption of this standard will have a material impact on our financial position.

In March 2013, the FASB issued ASU No. 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity", or ASU No. 2013-05. The objective of ASU No. 2013-05 is to resolve the diversity in practice regarding the release into net income of the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. ASU No. 2013-05 will be effective for us beginning January 1, 2014. We do not anticipate that the adoption of this standard will have a material impact on our results of operations or financial position, absent any material transactions involving the derecognition of subsidiaries or groups of assets within a foreign entity.

3. Fair Value Measurement

Cash and cash equivalents consisted of the following:

	December 31, 2013				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents
Cash	$ 495,990	$ —	$ —	$ 495,990	$ 495,990
Time deposits	140,514	—	—	140,514	140,514
Totals	$ 636,504	$ —	$ —	$ 636,504	$ 636,504

	December 31, 2012				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents
Cash	$ 343,548	$ —	$ —	$ 343,548	$ 343,548
Money market funds	43,648	—	—	43,648	43,648
Totals	$ 387,196	$ —	$ —	$ 387,196	$ 387,196

Cash equivalents are considered available-for-sale. 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. Proceeds from sales of available-for-sale securities in 2012 were $81.2 million and were used to partially fund the EUSA Acquisition. Gross realized gains and losses in 2012 were insignificant. All available-for-sale securities held as of December 31, 2013 and 2012 were cash equivalents.

The following table summarizes, by major security type, our available-for-sale securities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (in thousands):

	December 31, 2013		December 31, 2012		
	Significant Other Observable Inputs (Level 2)	Total Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
Assets:					
Available-for-sale securities					
Time deposits	$ 140,514	$ 140,514	$ —	$ —	$ —
Money market funds	—	—	43,648	—	43,648
Totals	$ 140,514	$ 140,514	$ 43,648	$ —	$ 43,648
Liabilities:					
Contingent consideration	$ 50,000	$ 50,000	$ —	$ 34,800	$ 34,800

As of December 31, 2013, 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. As of December 31, 2012, our available-for-sale securities included money market funds which were measured at fair value using Level 1 inputs and their carrying values were approximately equal to their fair values. We reviewed trading activity and pricing for these investments as of each measurement date. 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. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. There were no transfers between the different levels of the fair value hierarchy in 2013 or in 2012 except for the contingent consideration obligation as described below.

As part of the EUSA Acquisition, we agreed to make an additional contingent payment of $50.0 million in cash if Erwinaze achieved U.S. net sales of $124.5 million or greater in 2013. In 2012, the fair value measurement of this contingent consideration obligation was determined using unobservable Level 3 inputs. These inputs included the probability of 2013 U.S. net sales of Erwinaze equaling or exceeding the $124.5 million threshold and the discount rate. In 2013, Erwinaze U.S. net sales were greater than $124.5 million and as a result, we are obligated to make the payment of $50.0 million in the first quarter of 2014.

The change in fair value of the contingent consideration payable was as follows (in thousands):

	Level 3
Balance at December 31, 2012	$ 34,800
Fair value adjustment recorded within selling, general and administrative expenses	15,200
Balance at December 31, 2013	$ 50,000

As of December 31, 2013, the principal amount outstanding and estimated fair value of our term loans was $554.4 million and the carrying amount was $550.0 million. The fair value was determined using quotes from the administrative agent of our credit facility that are based on bid/ask prices of our term loan (Level 2). For additional information regarding our term loans please see Note 8.

4. Inventories

Inventories consisted of the following (in thousands):

	December 31,	
	2013	2012
Raw materials	$ 4,900	$ 4,979
Work in process	8,907	5,410
Finished goods	14,862	16,136
Total inventories	$ 28,669	$ 26,525

Inventories of $4.2 million previously classified as raw materials as of December 31, 2012 have been reclassified to work in process to conform to our current period presentation. Inventories included $0.2 million and $4.0 million related to acquisition accounting inventory fair value step-up as of December 31, 2013 and 2012, respectively.

5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	December 31,	
	2013	2012
Computer software	$ 7,960	$ 4,292
Computer equipment	5,610	3,687
Leasehold improvements	4,587	3,899
Construction-in-progress	4,388	1,135
Furniture and fixtures	1,897	1,953
Machinery and equipment	417	94
Subtotal	24,859	15,060
Less accumulated depreciation and amortization	(10,613)	(7,779)
Property and equipment, net	$ 14,246	$ 7,281

6. Accrued liabilities

Accrued liabilities consisted of the following (in thousands):

	December 31,	
	2013	2012
Rebates and other sales deductions	$ 38,772	$ 29,235
Employee compensation and benefits	31,829	24,900
Sales returns reserve	21,110	26,385
Royalties	6,082	3,271
Professional fees	5,675	2,163
Other	16,250	18,712
Total accrued liabilities	$ 119,718	$ 104,666

7. Goodwill and Intangible Assets

The gross carrying amount of goodwill was as follows (in thousands):

Balance at December 31, 2012	$ 442,600
Foreign exchange	7,856
Balance at December 31, 2013	$ 450,456

The gross carrying amounts and net book values of our intangible assets were as follows (in thousands):

	December 31, 2013				December 31, 2012		
	Remaining Weighted-Average Useful Life (In years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Acquired developed technologies	11.5	$ 957,089	$ (179,225)	$ 777,864	$ 930,834	$ (97,578)	$ 833,256
Trademarks	1.0	2,600	(2,327)	273	2,600	(2,054)	546
Total finite-lived intangible assets		959,689	(181,552)	778,137	933,434	(99,632)	833,802
Acquired IPR&D assets		34,259	—	34,259	36,150	—	36,150
Total intangible assets		$ 993,948	$ (181,552)	$ 812,396	$ 969,584	$ (99,632)	$ 869,952

Our two most significant intangible assets are related to Erwinaze/Erwinase, which we acquired in the EUSA Acquisition, and Prialt® (ziconotide) intrathecal infusion, which we acquired in the Azur Merger. The net book values of these assets as of December 31, 2013 were $458.7 million and $199.5 million, respectively.

The increase in the gross carrying amount of intangible assets in 2013 reflects the positive impact of foreign currency exchange which is primarily due to the strengthening of the Euro against the U.S. dollar.

Based on finite-lived intangible assets recorded as of December 31, 2013, and assuming the underlying assets will not be impaired in the future and that we will not change the expected lives of the assets, future amortization costs were estimated as follows (in thousands):

Year Ending December 31,	Estimated Amortization Expense
2014	$ 82,865
2015	76,816
2016	72,486
2017	72,395
2018	72,326
Thereafter	401,249
Total	$ 778,137

In 2012, we sold the women's health business, a component of the acquired Azur Pharma business. Intangible assets related to the women's health business had a net book value of $41.4 million. Please see Note 18 for information regarding discontinued operations.

8. Long-Term Debt

Amendment of Credit Facility and Term Loan Refinancing

In June 2012, Jazz Pharmaceuticals plc, as guarantor, and certain of its wholly owned subsidiaries, as borrowers, entered into a credit agreement providing for $475.0 million principal amount of term loans and a $100.0 million revolving credit facility. On June 13, 2013, we amended the credit agreement to provide for $557.2 million principal amount of new term loans and a $200.0 million revolving credit facility that replaced the $100.0 million revolving credit facility. We used a portion of the proceeds from these new term loans to refinance in full the $457.2 million aggregate principal amount of outstanding term loans under the credit agreement prior to the amendment. As a result of the June 2013 amendment, interest rate margins on the term loans and the revolving loans were reduced by 150 basis points.

Scheduled maturities with respect to the term loans principal outstanding as of December 31, 2013 were as follows (in thousands):

Year ending December 31,	Scheduled Term Loan Maturities
2014	$ 5,572
2015	5,572
2016	5,572
2017	5,572
2018	532,114
Total	$ 554,402

The 2013 refinancing of the term loans involved multiple lenders who were considered members of a loan syndicate. In determining whether the refinancing was to be accounted for as a debt extinguishment or modification, we considered whether the creditors remained the same or changed and whether the change in debt terms was substantial. The debt terms were considered substantially different if the present value of the cash flows of the term loans under the credit agreement, as amended, was at least 10% different from the present value of the remaining cash flows of the original term loans, or the 10% Test. We performed a separate 10% Test for each individual creditor participating in the loan syndication. The loans of creditors who did not participate in the refinanced term loans were accounted for as a debt extinguishment. When there was a change in principal balance for individual creditors, in applying the 10% Test, we used the cash flows related to the lowest common principal balance, or the Net Method. Under the Net Method, any principal in excess of a creditor's reinvested principal balance was treated as a new, separate debt issuance, and any decrease in principal was treated as a partial extinguishment of debt.

For debt considered to be extinguished, the unamortized deferred financing costs and unamortized original issue discount associated with the extinguished debt were expensed. For debt considered to be modified, the unamortized deferred financing costs and unamortized original issue discount associated with the modified debt continue to be amortized, new creditor fees were capitalized and new third party fees were expensed. For new creditors, new creditor fees and new third party fees were capitalized. Deferred financing costs of $11.7 million and an original issue discount of $4.9 million were associated with the 2013 refinancing and are being amortized to interest expense using the interest method over the life of the term loans under the credit agreement.

As the borrowing capacity relating to each creditor under the revolving credit facility after giving effect to the June 2013 amendment was greater than that under the original revolving credit facility, unamortized deferred financing costs, new creditor fees and new third party fees, totaling $4.7 million, were associated with the new arrangement and were deferred and are being amortized to interest expense on a straight-line basis over the life of the facility. As of December 31, 2013, we had not borrowed under the revolving credit facility.

The refinancing resulted in a $3.7 million charge in 2013, which was comprised of $2.7 million related to the expensing of unamortized deferred financing costs and unamortized original issue discount associated with extinguished debt and $1.0 million related to new third party fees associated with modified debt.

As of December 31, 2013, the interest rate on the term loans outstanding under the credit agreement was 3.5%. Interest expense associated with these term loans is recorded using the interest method and includes non-cash interest related to the amortization of the debt discount and debt issuance costs. As of December 31, 2013, the effective interest rate on the term loans outstanding was 4.3%. As of December 31, 2013, the current portion of the carrying amount of the term loans outstanding was $5.6 million and the non-current portion was $544.4 million.

In 2011, we terminated a credit agreement and repaid a term loan in full and as a result, we recorded a loss on extinguishment of debt of $1.2 million, which consisted of a $0.8 million non-cash charge related to the write-off of unamortized debt issuance costs and a debt discount and the remainder related to a prepayment penalty and a termination fee.

On January 23, 2014, we entered into a second amendment to the credit agreement to provide for (i) a tranche of incremental term loans in the aggregate principal amount of $350.0 million, (ii) a tranche of term loans to refinance the $554.4 million aggregate principal amount of term loans previously outstanding under the amended credit agreement, or the prior term loans, in their entirety and (iii) a $425.0 million revolving credit facility that replaces the $200.0 million revolving credit facility. We used the proceeds from the incremental term loans and $300.0 million of loans under the revolving credit facility together with cash on hand, to purchase the Gentium ordinary stock and American Depositary Shares properly tendered and accepted for payment on the January 22, 2014 expiration of the initial tender offer period relating to the Gentium Acquisition.

Please see Note 20 for additional information regarding this acquisition. The January 2014 amendment also reduced the interest rate margins on the terms loans by 25 basis points.

The term loans under the credit agreement, as amended in January 2014, mature on June 12, 2018 and the revolving credit facility terminates, and any loans outstanding thereunder become due and payable on, June 12, 2017.

The term loans under the credit agreement, as amended in January 2014, bear interest, at our option, at a rate equal to either the LIBOR, plus an applicable margin of 2.50% per annum (subject to a 0.75% LIBOR floor), or the prime lending rate, plus an applicable margin equal to 1.50% per annum (subject to a 1.75% prime rate floor). Borrowings under the new revolving credit facility bear interest, at our option, at a rate equal to either the LIBOR, plus an applicable margin of 2.50% per annum, or the prime lending rate, plus an applicable margin equal to 1.50% per annum, subject to reduction by 0.25% or 0.50% based upon our secured leverage ratio. The revolving credit facility has a commitment fee payable on the undrawn amount ranging from 0.25% to 0.50% per annum based upon our secured leverage ratio.

The borrowers' obligations under the credit agreement, as amended in January 2014, and any hedging or cash management obligations entered into with a lender or an affiliate of a lender are guaranteed by us and certain of our subsidiaries and are secured by substantially all of our, the borrower's and the subsidiary guarantors' assets.

We may make voluntary prepayments of principal at any time without payment of a premium except that a 1% premium would apply to any repricing of the term loans effected on or prior to July 23, 2014. We are required to make mandatory prepayments of the term loans (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), (3) beginning with the fiscal year ending December 31, 2014, 50% of our excess cash flow as defined in the amended credit agreement (subject to decrease to 25% if our secured leverage ratio is equal to or less than 2.25 to 1.00 and greater than 1.25 to 1.00 or 0% if our secured leverage ratio is equal to or less than 1.25 to 1.00), and (4) casualty proceeds and condemnation awards (subject to reinvestment rights and other exceptions).

Principal repayments of the term loans are due quarterly beginning in March 2014 and are equal to 1.0% per annum of the original principal amount of $904.4 million with any remaining balance payable on the final maturity date.

The credit agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to Jazz Pharmaceuticals plc and its restricted subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions. The credit agreement contains a financial covenant that requires Jazz Pharmaceuticals plc and its restricted subsidiaries to maintain a maximum secured leverage ratio. We were, as of December 31, 2013, and are currently in compliance with this financial covenant.

9. Deferred Revenue

We have an agreement with UCB under which UCB has the right to market Xyrem for certain indications in various countries outside of the United States. We recognized contract revenues of $1.1 million during each of 2013, 2012, and 2011 relating to two upfront payments received from UCB in 2006 totaling $15.0 million. As of December 31, 2013, $6.8 million was recorded as deferred revenues related to this agreement, of which $1.1 million is a current liability. The deferred revenue balance is being recognized ratably through 2019.

10. 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, 2013 and December 31, 2012. 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.

Rent expense under all operating leases was as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Rent expense	$ 6,213	$ 3,074	$ 2,593

Future minimum lease payments under our noncancelable operating leases at December 31, 2013, were as follows (in thousands):

Year ending December 31,	Lease Payments
2014	$ 9,760
2015	9,131
2016	6,415
2017	3,192
2018	681
Thereafter	130
Total	$ 29,309

In 2013, we entered into a new operating lease agreement for additional office space in Palo Alto for a term of three years with an option to extend for one additional year and we amended and extended the operating lease for our existing Philadelphia office building for additional space for a term of five years.

As of December 31, 2013, we had $52.0 million of noncancelable purchase commitments due within one year, primarily related to agreements with third party manufacturers.

Legal Proceedings

We are involved in several legal proceedings, including the following matters:

Xyrem ANDA Matters: On October 18, 2010, we received a Paragraph IV Patent Certification notice, or Paragraph IV Certification, from Roxane Laboratories, Inc., or Roxane, that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Roxane's Paragraph IV Certification 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 Paragraph IV Certification 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 Paragraph IV Certification in the United States District Court for the District of New Jersey, or the District Court. We are seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe our patents. Additional patents covering Xyrem have issued since the original suit was filed, and cases involving these patents have been consolidated with the original action. In December 2013, the District Court permitted Roxane to amend its Answer in the consolidated case to allege additional equitable defenses, and the parties have been given additional time for discovery on those new defenses. Although no trial date for the consolidated case has been scheduled, based on the current scheduling order, we anticipate that trial in the consolidated case could occur as early as late in the fourth quarter of 2014. However, the actual timing of events in this litigation may be significantly earlier or later than contemplated by the scheduling order, and we cannot predict the timing or outcome of events in this litigation. In accordance with the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, as a result of our having filed a timely lawsuit against Roxane, FDA approval of Roxane's ANDA had been

stayed until April 18, 2013, which was 30 months after our October 18, 2010 receipt of Roxane's Paragraph IV Certification, but that stay has expired. We cannot predict the timing or outcome of this matter.

On December 10, 2012, we received a 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. Amneal's Paragraph IV Certification alleged that seven patents listed for Xyrem in the Orange Book are not infringed by Amneal's proposed generic product. Amneal's Paragraph IV Certification further alleged that an eighth patent listed in the Orange Book for Xyrem is invalid. On December 13, 2012, we received a supplemental Paragraph IV Certification alleging that a ninth patent listed in the Orange Book for Xyrem is invalid. On January 18, 2013, we filed a lawsuit against Amneal in response to Amneal's Paragraph IV Certifications in the District Court. An additional patent covering Xyrem issued since the original suit was filed and the case involving this patent has been consolidated with the original case. We are seeking a permanent injunction to prevent Amneal from introducing a generic version of Xyrem that would infringe our patents. In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Amneal, FDA approval of Amneal's ANDA will be stayed until the earlier of (i) June 10, 2015, which is 30 months after our receipt of Amneal's Paragraph IV Certification on December 10, 2012, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed. We cannot predict the timing or outcome of this matter.

On November 21, 2013, we received a 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. Par's Paragraph IV Certification alleged that ten patents listed in the Orange Book for Xyrem are invalid, unenforceable, and/or will not be infringed by Par's proposed generic product. On December 27, 2013, we filed a lawsuit against Par in the United States District Court, in response to Par's Paragraph IV notice. We are seeking a permanent injunction to prevent Par from introducing a generic version of Xyrem that would infringe our patents. In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Par, FDA approval of Par's ANDA will be stayed until the earlier of (i) May 21, 2016, which is 30 months after our receipt of Par's Paragraph IV Certification on November 21, 2013, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed. We cannot predict the timing or outcome of this matter.

FazaClo ANDA Matters: Azur Pharma received Paragraph IV Certifications from three generics manufacturers, Barr Laboratories, Inc., or Barr, Novel Laboratories, Inc., or Novel, and Mylan Pharmaceuticals, Inc., or Mylan, indicating that ANDAs had been filed with the FDA requesting approval to market generic versions of FazaClo® (clozapine, USP) LD orally disintegrating clozapine tablets. Azur Pharma and CIMA Labs Inc., or CIMA, a subsidiary of Teva Pharmaceutical Industries Limited, or Teva, our licensor and the entity whose drug-delivery technology is incorporated into FazaClo LD, filed a lawsuit in response to each certification claiming infringement based on such certification against Barr on August 21, 2008, against Novel on November 25, 2008, and against Mylan on July 23, 2010. Each case was filed in the United States District Court for the District of Delaware. On July 6, 2011, CIMA, Azur Pharma and Teva, which had acquired Barr, entered into an agreement settling the patent litigation and Azur Pharma granted a sublicense to an affiliate of Teva of Azur Pharma's rights to have manufactured, market and sell a generic version of both FazaClo LD and FazaClo HD, as well as an option for supply of authorized generic product. The sublicense for FazaClo LD commenced in July 2012, and the sublicense for FazaClo HD will commence in May 2015, or earlier upon the occurrence of certain events. Teva exercised its option for supply of an authorized generic product for FazaClo LD and launched the authorized generic product at the end of August 2012. The Novel and Mylan matters have been stayed pending reexamination of the patents in the lawsuits. In September 2013 and January 2014, reexamination certificates were issued for the two patents-in-suit, with the claims of the patents confirmed, and the parties have requested that the stay of litigation be lifted. We cannot predict the timing or outcome of this litigation.

Cutler Matter: On October 19, 2011, Dr. Neal Cutler, one of the original owners of FazaClo, 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 alleges that Azur Pharma and its subsidiary breached certain contractual obligations. Azur Pharma acquired rights to FazaClo from Avanir in 2007. The complaint alleges that as part of the acquisition of FazaClo, Azur Pharma's subsidiary agreed to assume certain contingent payment obligations to Dr. Cutler. The complaint further alleges that certain contingent payments are due because revenue thresholds have been achieved, entitling Dr. Cutler to either a $10.5 million or $25.0 million contingent payment, plus unspecified punitive damages and attorneys' fees. In March 2012, the Superior Court granted our petition to compel arbitration of the dispute in New York and stayed the Superior Court litigation. In July 2012, the arbitrator dismissed the arbitration on the grounds that the parties' dispute falls outside of the scope of the arbitration clause in the applicable contract. That ruling was affirmed by the California Court of Appeal in January 2014, and the case was remanded to Superior Court. We cannot predict the timing or outcome of this litigation.

Shareholder Litigation Matter: In January 2014, we became aware of a purported class action lawsuit filed in the Southern District of New York in connection with the Gentium Acquisition. The lawsuit, captioned *Xavion Jyles, Individually and on Behalf of All Others Similarly Situated v. Gentium S.P.A. et al.*, names Gentium, each of the Gentium's directors, us and

our Italian subsidiary as defendants. The lawsuit alleges, among other things, that Gentium's directors breached their fiduciary duties to Gentium's shareholders in connection with a tender offer agreement that Gentium entered into with us and our Italian subsidiary valuing Gentium ordinary shares and ADSs at $57.00 per share, and that we and our Italian subsidiary violated Sections 14(e) and 20(a) of the Exchange Act by allegedly overseeing Gentium's preparation of an allegedly false and misleading Section 14D-9 Solicitation/Recommendation Statement. The lawsuit seeks, among other relief, class action status, rescission, and unspecified costs, attorneys' fees and other expenses. We cannot predict the timing or outcome of this matter.

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 our two radiopharmaceutical products, ProstaScint and Quadramet, for Medicaid and 340B programs. We have been 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. For ProstaScint, we plan to begin making any required reports when CMS provides guidance on this requirement and reporting methodology, which is currently expected in 2014. We sold Quadramet to a third party in December 2013, but have retained any liabilities related to sales of the product during prior periods. In addition to the discussions with CMS as part of CORAR, we have had separate discussions with CMS directly regarding Quadramet. We are currently unable to predict whether price reporting and rebates will be required for ProstaScint and Quadramet and if so, for what period they will be required. 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 as well as prospective 340B ceiling price obligations for ProstaScint. 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.

11. Shareholders' Equity

Share Repurchase Program

In May 2013, our board of directors authorized a share repurchase program pursuant to which we may repurchase a number of ordinary shares having an aggregate repurchase price of up to $200 million, exclusive of any brokerage commissions. The authorization became effective immediately and has no set expiration date. Under this authorization, we may repurchase our ordinary shares through open market purchases, privately negotiated purchases or a combination of these transactions. 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 the amended credit agreement, corporate and regulatory requirements and market conditions. Share repurchases may be suspended or discontinued at any time without prior notice. We initiated purchases under this program in May 2013. In 2013, we spent a total of $136.5 million to repurchase 1.8 million of our ordinary shares at an average total purchase price, including commissions, of $74.67 per share. All ordinary shares repurchased by the company were canceled. As of December 31, 2013, the remaining amount authorized under the share repurchase program was $63.6 million.

Additional Paid-in Capital

In April 2013, the Irish High Court approved a $1.6 billion reduction of the share premium account of Jazz Pharmaceuticals plc to offset its accumulated deficit, with the resulting reserve to be treated as distributable reserves of our parent company. This transaction impacted our parent company balance sheet only and had no impact on our U.S. GAAP consolidated balance sheet.

Authorized But Unissued Ordinary Shares

We had reserved the following shares of authorized but unissued ordinary shares (in thousands):

	As of December 31, 2013
2011 Equity Incentive Plan	8,917
2007 Equity Incentive Plan	988
2007 Employee Stock Purchase Plan	704
Amended and Restated 2007 Non-Employee Directors Stock Option Plan	374
Amended and Restated Directors Deferred Compensation Plan	183
Exercise of warrants	1,552
Total	12,718

Warrants

As of December 31, 2013, we had ordinary shares issuable under the following warrants (in thousands):

Warrants Issued	Expiration Date	Ordinary Shares	Exercise Price
Warrants issued in 2008 in conjunction with registered direct public offering	July 20, 2014	604	$ 7.37
Warrants issued in 2009 in conjunction with private placement	July 5, 2016	948	$ 4.00
		1,552	

The fair values of these warrants were recorded in shareholders' equity when they were originally issued.

12. Comprehensive Income

Comprehensive income 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 Income

The components of accumulated other comprehensive income at December 31, 2013 and December 31, 2012 were as follows (in thousands):

	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Income
Balance at December 31, 2012	$ 31,046	$ 31,046
Other comprehensive income	25,107	25,107
Balance at December 31, 2013	$ 56,153	$ 56,153

During 2013, other comprehensive income reflects foreign currency translation adjustments which are primarily due to the strengthening of the Euro against the U.S. dollar.

13. Share-Based Compensation

2011 Equity Incentive Plan

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 of the grants under the 2011 Plan were granted to employees and vest ratably over service periods of 4 years and expire no more than 10 years after the date of grant. As of December 31, 2013, a total of 10,945,888 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, 2014, the share reserve under the 2011 Plan automatically increased by 2,603,448 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 incentive stock options, nonstatutory 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 and 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, 2013, 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. Our compensation committee determined not to automatically increase the share reserve under the ESPP on January 1, 2014.

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 nonstatutory 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 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, in connection with the merger with Azur Pharma. Accordingly, all future stock option grants under the 2007 Directors Option Plan will be at the discretion of our board of directors. Since the date of the Azur Merger and as of the date of this report, our board of directors has approved one grant to a non-employee director under the 2007 Directors Option Plan. 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, 2013, a total of 777,713 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, 2014, the share reserve under the 2007 Directors Option Plan automatically increased by 60,000 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 the non-employee directors to defer any annual retainer fees under the Directors Deferred Plan. We recorded no expense in 2013 and in 2012 related to retainer fees earned and deferred, and in 2011 we incurred expense of $0.4 million. As of December 31, 2013, 19,170 of our ordinary shares which 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,		
	2013	2012	2011
Grant date fair value	$ 29.09	$ 25.28	$ 17.38
Volatility	58%	64%	72%
Expected term (years)	4.4	4.6	5.2
Range of risk-free rates	0.5-1.4%	0.5-1.1%	0.0-2.7%
Expected dividend yield	—%	—%	—%

Since 2012, we rely on a blend of the historical and implied volatilities of our own ordinary shares to determine expected volatility for share option grants because our trading history exceeds the expected term of the share options. Prior to 2012, we used a blend of the historical volatility and implied volatility of our ordinary shares, as well as the historical volatility of a peer group, to determine expected volatility for share option grants, and we used the implied volatility of our ordinary shares for grants under our ESPP. We included consideration of the historical volatility of a peer group to estimate expected volatility for share option grants since the trading history of our ordinary shares was less than the expected term of the share options. 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 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 in continuing operations related to share options, RSUs, ordinary shares credited to the directors' phantom share accounts and grants under our ESPP was as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011(1)
Selling, general and administrative	$ 35,674	$ 18,950	$ 15,592
Research and development	6,673	2,640	4,488
Cost of product sales	2,204	1,416	624
Total share-based compensation expense, pre-tax	44,551	23,006	20,704
Tax benefit from share-based compensation expense	(13,822)	(7,499)	—
Total share-based compensation expense, net of tax	$ 30,729	$ 15,507	$ 20,704

(1) Includes expense of $7.3 million related to the acceleration of vesting in December 2011 of certain non-qualified share options held by 17 executives and non-employee directors in connection with the Azur Merger, of which $6.9 million was recorded in selling, general and administrative and $0.4 million was recorded in research and development.

We realized tax benefits related to share option exercises of $6.7 million and $18.3 million in 2013 and 2012, respectively, and none in 2011.

Share Options

The following table summarizes information as of December 31, 2013 and activity during 2013 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, 2013	4,178	$ 32.21		
Options granted	1,348	62.46		
Options exercised	(904)	23.13		
Options forfeited	(316)	46.44		
Options expired	—	—		
Outstanding at December 31, 2013	4,306	42.54	7.9	$ 361,807
Vested and expected to vest at December 31, 2013	3,988	41.53	7.8	339,073
Exercisable at December 31, 2013	1,590	26.09	6.6	159,704

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 $46.0 million, $106.5 million and $33.5 million, during 2013, 2012 and 2011, respectively. We issued new ordinary shares upon exercise of share options.

As of December 31, 2013, total compensation cost not yet recognized related to unvested share options was $53.7 million, which is expected to be recognized over a weighted-average period of 2.6 years. As of December 31, 2013, total compensation cost not yet recognized related to grants under the ESPP was $3.0 million, which is expected to be recognized over a weighted-average period of less than one year.

Restricted Stock Units

In 2013, we granted RSUs covering an equal number of our ordinary shares to employees with a weighted-average grant date fair value of $61.80. 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 2013, 222,000 RSUs were released with 146,000 ordinary shares issued and 76,000 ordinary shares withheld for tax purposes.

As of December 31, 2013, total compensation cost not yet recognized related to unvested RSUs was $42.8 million, which is expected to be recognized over a weighted-average period of 2.8 years.

The following table summarizes information as of December 31, 2013 and activity during 2013 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, 2013	956	$ 49.04		
RSUs granted	585	61.80		
RSUs released	(222)	49.04		
RSUs forfeited	(155)	50.40		
RSUs expired	—	—		
Outstanding at December 31, 2013	1,164	55.28	1.6	$ 147,333

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 specialty pharmaceutical products. The following table presents a summary of total revenues (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Xyrem	$ 569,113	$ 378,663	$ 233,348
Erwinaze	174,251	72,083	—
Prialt	27,103	26,360	—
Psychiatry	49,226	76,489	33,170
Other	45,705	26,932	—
Product sales, net	865,398	580,527	266,518
Royalties and contract revenues	7,025	5,452	5,759
Total revenues	$ 872,423	$ 585,979	$ 272,277

The following table presents a summary of total revenues attributed to geographic sources (in thousands):

	Year Ended December 31,		
	2013	2012	2011
United States	$ 792,518	$ 538,219	$ 265,718
Europe	61,843	38,590	6,224
All other	18,062	9,170	335
Total revenues	$ 872,423	$ 585,979	$ 272,277

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,		
	2013	2012	2011
Express Scripts	65%	64%	85%
Accredo	16%	N/A	N/A

The following table presents total long-lived assets by location (in thousands):

	December 31,	
	2013	2012
Ireland	$ 5,799	$ 2,437
United States	7,734	4,451
Other	713	393
Total long-lived assets (1)	$ 14,246	$ 7,281

(1) Long-lived assets consist of property and equipment.

15. Income Taxes

The components of income from continuing operations before the income tax provision (benefit) were as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Republic of Ireland	$ 186,903	$ (73,949)	$ —
United States	132,855	250,348	124,984
Other	(11,808)	956	—
Total	$ 307,950	$ 177,355	$ 124,984

The following table sets forth the details of the income tax provision (benefit) (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Current			
Republic of Ireland	$ 17,089	$ (10,733)	$ —
United States	71,964	33,387	—
Other	12,682	7,414	—
Total current income tax	101,735	30,068	—
Deferred			
Republic of Ireland	8,353	(315)	—
United States	(3,513)	(103,932)	—
Other	(14,937)	(9,615)	—
Total deferred income tax provision (benefit)	(10,097)	(113,862)	—
Total income tax provision (benefit)	$ 91,638	$ (83,794)	$ —

During 2013, we recognized an income tax provision of $91.6 million related to tax arising on income in Ireland, the United States and certain other foreign jurisdictions, certain uncertain tax positions and various expenses not deductible for tax purposes. During 2012, we recognized an income tax benefit of $83.8 million which resulted primarily from our reversal of a valuation allowance on most of our U.S. federal and state deferred tax assets, as described below. As discussed in Note 1, in January 2012, the businesses of Jazz Pharmaceuticals, Inc. and Azur Pharma were combined in a merger transaction accounted for as a reverse acquisition and the combined company changed its domicile from the United States to Ireland. During 2011, we had operations only in the United States and made no provision for income taxes due to our utilization of federal net operating loss carryforwards, or NOLs, to offset both regular taxable income and alternative minimum taxable income and to our utilization of deferred state tax benefits for which the related deferred tax assets were offset by a valuation allowance.

The effective tax rate for 2013 of 29.8% was higher than the Irish statutory rate of 12.5% primarily due to income taxable at a rate higher than the Irish statutory rate, certain uncertain tax positions, current year losses in some jurisdictions for which no tax benefit is available, and various expenses not deductible for tax purposes, partially offset by benefits from certain

originating income tax credits. In 2012, following the Azur Merger and the change in the combined company's domicile, the statutory income tax rate changed from the U.S. rate of 35.0% to the Irish rate of 12.5%. In June 2012, we completed the EUSA Acquisition, which further expanded our global operations. The 2012 effective income tax rate on continuing activities before utilization of NOLs and tax credit carryforwards and release in valuation allowance in 2012 of 42.5% was higher than the Irish statutory rate of 12.5% due to a number of factors, including income taxable at a rate higher than the Irish statutory rate, losses in certain tax jurisdictions for which no tax benefit is available and various expenses not deductible for tax purposes. The decrease in the effective tax rate in 2013 compared to 2012 was primarily due to changes in income mix among the various jurisdictions in which we operate as well as higher taxes in 2012 relating to acquisition restructuring. We are currently paying taxes in Ireland, the United States and certain other foreign jurisdictions where we have operations and either all NOLs have been utilized, or are restricted as a result of the Azur Merger.

A reconciliation of income taxes at the statutory income tax rate to our effective income tax rate was as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Statutory income tax rate	12.5%	12.5 %	35.0%
Income tax provision at statutory rate	$ 38,494	22,169	43,744
Acquisition-related costs	—	763	3,552
Research and other tax credits	(5,957)	(100)	(1,323)
Non-deductible share-based compensation	2,497	873	670
Foreign income tax rate differential	31,651	52,066	—
Change in unrecognized tax benefits	8,685	2,249	—
Prior period adjustments	3,375	(2,524)	—
Change in valuation allowance	3,220	(159,158)	(46,996)
Non-deductible contingent consideration	5,320	—	—
Other	4,353	(132)	353
Income tax provision (benefit)	$ 91,638	$ (83,794)	$ —
Effective income tax rate	29.8%	(47.2)%	—%

In 2013, the change in valuation allowance was $3.2 million. In 2012, the change in valuation allowance of $159.2 million was comprised of NOLs and tax credit carryforwards of $55.0 million and a release in valuation allowance of $104.2 million as described below.

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.

Significant components of our net deferred tax assets/(liabilities) were as follows (in thousands):

	December 31,	
	2013	2012
Deferred tax assets:		
Net operating loss carryforwards	$ 71,364	$ 71,636
Tax credit carryforwards	11,374	6,034
Intangible assets	10,733	13,940
Share-based compensation	8,116	3,875
Accruals	30,730	32,594
Deferred revenue and other	9,252	13,797
Total deferred tax assets	141,569	141,876
Valuation allowance	(20,691)	(17,471)
Net deferred tax assets	120,878	124,405
Deferred tax liabilities:		
Acquired intangible assets	(176,576)	(191,341)
Other	(10,848)	(1,069)
Net deferred tax liabilities	$ (66,546)	$ (68,005)

The following table presents the breakdown between current and non-current deferred tax assets/(liabilities) (in thousands):

	Year Ended December 31,	
	2013	2012
Current deferred tax assets	$ 33,613	$ 35,813
Current deferred tax liabilities	(6,259)	(275)
Non-current deferred tax assets	74,597	74,850
Non-current deferred tax liabilities	(168,497)	(178,393)
Net deferred tax liabilities	$ (66,546)	$ (68,005)

As of December 31, 2013, we had NOL carryforwards and tax credit carryforwards for U.S. federal income tax purposes of approximately $227.9 million and $18.5 million, respectively, available to reduce future income subject to income taxes. The NOL carryforwards are inclusive of $114.6 million from the EUSA Acquisition in 2012. The federal NOL carryforwards will expire, if not utilized, in the tax years 2016 to 2031, and the federal tax credits will expire, if not utilized, in the tax years 2017 to 2033. In addition, we had approximately $292.2 million of NOL carryforwards and $2.6 million of tax credit carryforwards as of December 31, 2013 available to reduce future taxable income for state income tax purposes. The state NOL carryforwards will expire, if not utilized, in the tax years 2014 to 2032. The state tax credits have no expiration date. In addition, as of December 31, 2013, there were NOL carryforwards for income tax purposes of approximately $59.5 million and $4.3 million available to reduce future income subject to income taxes in the United Kingdom and Germany, respectively. The NOLs generated in the United Kingdom and Germany have no expiration period and we maintain a full valuation allowance against the associated deferred tax assets until sufficient positive evidence exists to support reversal.

Approximately $65.4 million of both the U.S. federal and state NOL carryforwards as of December 31, 2013 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 $20.7 million and $17.5 million as of December 31, 2013 and 2012, respectively, for certain U.S. state and foreign deferred tax assets which we maintain until sufficient positive evidence exists to support reversal. During the fourth quarter of 2012, we recognized an income tax benefit of $104.2 million relating to the reversal of a valuation allowance against

substantially all of our U.S. federal and state deferred tax assets. Management determined that a valuation allowance was no longer needed on these deferred tax assets based on an assessment of the relative impact of all positive and negative evidence that existed at December 31, 2012, including an evaluation of cumulative income in recent years, future sources of taxable income exclusive of reversing temporary differences, and significant risks and uncertainties related to our business. 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.

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 of $28.6 million for each of the years 2014 to 2016, $11.9 million for 2017, and a combined total of $3.3 million for 2018 to 2026. In addition, as a result of the Azur Merger, 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.

Temporary differences related to investments in foreign subsidiaries totaled approximately $664.3 million and $604.2 million as of December 31, 2013 and 2012, 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, 2013 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 unrecognized tax benefits follows (in thousands):

	December 31,		
	2013	2012	2011
Balance at the beginning of the year	$ 7,288	$ 3,764	$ 4,852
Increases related to current year tax positions	14,308	3,492	242
Increases related to prior year tax positions	183	40	213
Decreases related to prior year tax positions	(142)	(8)	(1,543)
Balance at the end of the year	$ 21,637	$ 7,288	$ 3,764

The unrecognized tax benefits were included in other non-current liabilities and deferred tax assets, net, non-current in our consolidated balance sheet. Interest related to our unrecognized tax benefits is recorded in income tax provision (benefit) in our consolidated statements of income. As of December 31, 2013 and 2012, our accrued interest and penalties related to uncertain tax positions were not significant. Included in the balance of unrecognized tax benefits were potential benefits of $16.3 million and $6.3 million at December 31, 2013 and 2012, respectively, that, if recognized, would affect the effective tax rate on income. We do not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease within the next 12 months.

Our major tax jurisdictions are Ireland, the U.S. and France. Because of our net operating loss and tax credit carryforwards, substantially all of our tax positions remain open to federal and state examination in the U.S. In France, tax periods open to examination include the periods 2010 to 2013. In Ireland, tax periods open to examination include the periods 2009 to 2013. Certain of our subsidiaries are currently under examination by the U.S. Internal Revenue Service in respect of periods from 2010 to 2012 and by the French tax authorities in respect of periods from 2010 to 2012.

16. Related Party Transactions

In 2013, we entered into an underwriting agreement with an underwriter and certain selling shareholders, pursuant to which the selling shareholders sold to the underwriter 5.4 million of our ordinary shares, resulting in aggregate gross proceeds to the selling shareholders of approximately $314.4 million, before deducting underwriting discounts, commissions and other offering expenses. The selling shareholders included entities affiliated with certain members of our board of directors and one of our directors. We did not receive any proceeds from the sale of our ordinary shares by the selling shareholders in the offering and, consistent with our obligations under existing registration rights agreements with those shareholders, we paid expenses of approximately $0.5 million in connection with the offering.

In 2012, in connection with the Azur Merger, we assumed a lease for office space in Dublin, Ireland. The lease agreement was with Seamus Mulligan, the former Chief Executive Officer of Azur Pharma, who is a member of our board of directors. Rentals paid on this lease amounted to $0.3 million in 2012. In November 2012, we terminated this lease at a cost of $1.2 million, which was the carrying value of our above market lease liability. There was no resulting gain or loss on the lease termination.

In 2012, we entered into an underwriting agreement with two underwriters and certain selling shareholders, pursuant to which the selling shareholders agreed to sell to the underwriters 7.9 million of our ordinary shares, resulting in aggregate gross proceeds to the selling shareholders of approximately $390.7 million. The selling shareholders included entities affiliated with certain members of our board of directors, four of our directors and four of our executive officers at the time of the agreement. We did not receive any proceeds from the sale of our ordinary shares by the selling shareholders in the offering, and we paid expenses of approximately $0.4 million in connection with this offering.

In 2011, Azur Pharma entered into an agreement with Circ Pharma Limited/Circ Pharma Research and Development Limited, or Circ, companies controlled by Seamus Mulligan, whereby Azur Pharma obtained an option to license certain rights and assets in relation to Tramadol (a chronotherapeutic formulation) and to conduct certain development activities. Azur Pharma paid Circ $0.3 million for this option in 2011. In 2012, we terminated the agreement at no cost.

17. Restructuring

Termination Benefits

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, we incurred costs of severance for terminated employees as well as retention bonus costs for certain employees retained to assist with the transition process, which was completed in June 2013. 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 $1.0 million and $2.8 million in the years ended December 31, 2013 and 2012 respectively, within selling, general and administrative expenses in our consolidated statements of income. To date, we have incurred one-time termination benefit costs under this plan of $3.8 million. We do not expect to incur any additional one-time termination benefit costs in connection with this plan. There were no restructuring activities during 2011.

Facility Closure Costs

In connection with our restructuring plan, we vacated our Langhorne, Pennsylvania facility in June 2013. We incurred facility closure costs of $0.4 million in the year ended December 31, 2013 for the remaining operating lease obligations related to this facility, net of estimated sublease rentals that could be reasonably obtained. Facility closure costs are recorded within selling, general and administrative expenses in our consolidated statements of income. We do not expect to incur any additional facility closure costs in connection with this plan.

The following table summarizes the amounts related to restructuring for the year ended December 31, 2013 (in thousands):

	Termination Benefits	Facility Closure Costs	Total
Balance at December 31, 2012	$ 1,227	$ —	$ 1,227
Costs incurred during the period	1,045	412	1,457
Cash payments	(2,272)	(160)	(2,432)
Balance at December 31, 2013	$ —	$ 252	$ 252

The balance at December 31, 2013 was included within accrued liabilities in our consolidated balance sheet.

18. Discontinued Operations

In 2012, we sold the women's health business, a component of the acquired Azur Pharma business, to Meda Pharmaceuticals Inc. and Meda Pharma, Sàrl, or collectively, Meda, for $97.6 million, including $2.6 million for certain inventory transferred to Meda upon the closing of the sale, less transaction costs of $3.7 million. As part of the transaction, Meda purchased six women's health products from us and offered positions to approximately 60 of our employees who directly supported the women's health business. We recorded a non-recurring gain on the sale of $35.2 million.

We decided to sell our women's health business to concentrate our commercial efforts on our core products in our target therapeutic areas. The results of the women's health business are included in income from discontinued operations in 2012. As

the women's health business was acquired in the Azur Merger, it is not included in the results for 2011. Goodwill was allocated to the divested women's health business using the relative fair value method.

Net revenue and income from discontinued operations were as follows (in thousands):

	Year Ended December 31, 2012
Product sales, net	$ 20,873
Loss from discontinued operations before income taxes (1)	$ (5,787)
Income tax expense (1)	(2,020)
Loss from discontinued operations, net of taxes	(7,807)
Gain on sale of discontinued operations (2)	35,244
Income from discontinued operations, net of taxes	$ 27,437

(1) The income tax expense relates to profits generated by the women's health business in 2012 which are attributable to the United States.

(2) The gain on sale of discontinued operations was not impacted by income taxes as the value attributable to the women's health business was held in a non-taxable jurisdiction.

19. Employee Benefit Plans

We operate a number of defined contribution retirement plans. The costs of these plans are charged to the income statement in the period they are incurred. We recorded expense related to our defined contribution plans of $1.1 million and $0.3 million in the year ended December 31, 2013 and 2012, respectively, and none in 2011. 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 $0.3 million in the year ended December 31, 2013 and none in 2012 and 2011 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 employee contributions under the 401(k) savings plan and recorded expense of $0.4 million. No such matching contributions were made prior to 2013. 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 and $0.2 million in the year ended December 31, 2013 and 2012, respectively, and none in 2011, 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 was $0.3 million as of December 31, 2013 and 2012.

20. Subsequent Events

Acquisition of Gentium

On December 19, 2013, we entered into a definitive agreement with Gentium, or the Gentium tender offer agreement, pursuant to which we made a cash tender offer of $57.00 per share for all outstanding Gentium ordinary shares and American Depositary Shares, or ADSs. As of the expiration of the initial offering period on January 22, 2014, 12,244,156 Gentium ordinary shares and ADSs were properly tendered and not withdrawn in the tender offer. These ordinary shares and ADSs represented approximately 79% of Gentium's issued and outstanding ordinary shares and ADSs and 69% of the fully diluted number of ordinary shares and ADSs (in each case without duplication for ordinary shares underlying ADSs). All properly tendered ordinary shares and ADSs as of such date were accepted for payment, which was made in accordance with the terms of the tender offer. Upon payment for the properly tendered ordinary shares and ADSs, we became the indirect majority shareholder of Gentium. Following the expiration of the initial offering period, and in accordance with the terms of the tender offer agreement, we commenced a subsequent offering period to acquire all remaining untendered ordinary shares and ADSs. The subsequent offering period expired on February 20, 2014 and we accepted and purchased an additional approximately 29% of the fully diluted Gentium ordinary shares and ADSs properly tendered during the subsequent offering period, resulting in total purchases pursuant to the tender offer of approximately 98% of the fully diluted number of Gentium ordinary shares and ADSs as of February 21, 2014. The acquisition cost of the total number of Gentium ordinary shares and ADSs we purchased pursuant to the tender offer was approximately $993 million. We intend to cause Gentium to seek the voluntary delisting of

Gentium ADSs from the NASDAQ Stock Market, or NASDAQ, and the deregistration of Gentium ordinary shares and ADSs under the Exchange Act. We expect that there will not be an active trading market for outstanding ordinary shares and ADSs following the delisting.

To finance this transaction, in January 2014, we amended our credit agreement to provide for $350.0 million principal amount of incremental term loans and a $425.0 million revolving credit facility. Please see Note 8 for further information regarding the credit agreement and the January 2014 amendments thereto. We used the proceeds from the incremental term loans and loans under the revolving credit facility, together with cash on hand, to purchase the Gentium ordinary shares and American Depositary Shares properly tendered and accepted for payment pursuant to the tender offer. As a result of the January 2014 amendment to the credit agreement, the interest rate margin on our existing term loans was reduced by 25 basis points. As of February 19, 2014, the interest rate on the outstanding term loans was 3.25% and on revolving loan borrowings was 2.66%.

Gentium is a biopharmaceutical company focused on the development and manufacturing of therapies to treat and prevent a variety of rare diseases and conditions that currently have few or no treatment options, including orphan vascular diseases related to cancer treatments. In October 2013, the European Commission granted marketing authorization for Defitelio, Gentium's lead product, for the treatment of severe hepatic veno-occlusive disease (VOD) in adults and children undergoing hematopoietic stem cell transplantation. We believe the acquisition will provide us with an opportunity to diversify our development and commercial portfolio and complement our clinical experience in hematology/oncology and our expertise in reaching targeted physicians who treat serious medical conditions.

The acquisition of Gentium will be accounted for as a business combination using the acquisition method. We are in the process of determining fair values of the assets acquired and liabilities assumed in the business combination, and completing the required supplemental pro forma revenue and earnings information for this acquisition. We expect to include a preliminary determination of the acquisition consideration and detail of the assets acquired and liabilities assumed in our consolidated financial statements for the quarter ending March 31, 2014.

Acquisition of Rights to JZP-110 (formerly known as ADX-N05)

On January 13, 2014, we entered into a definitive agreement with Aerial BioPharma, LLC, or Aerial, under which we acquired certain assets related to JZP-110, a novel compound in clinical development for the treatment of excessive daytime sleepiness in patients with narcolepsy. Under the agreement, and in exchange for an upfront initial payment from us totaling $125.0 million, we acquired worldwide development, manufacturing and commercial rights to JZP-110, other than in certain countries in Asia where SK Biopharmaceuticals Co., Ltd, or SK, retains rights. Aerial and SK are eligible to receive milestone payments, in an aggregate amount of up $272.0 million, based on development, regulatory and sales milestones and tiered royalties from high single digits to mid-teens based on potential future sales. This acquisition will be accounted for as a purchase of IPR&D assets with no alternative future use. Accordingly, the $125.0 million upfront payment will be charged to research and development expense in the first quarter of 2014.

21. Quarterly Financial Data (Unaudited)

The following interim financial information presents our 2013 and 2012 results of operations on a quarterly basis (in thousands, except per share amounts):

	2013			
	March 31	June 30	September 30	December 31
Revenues	$ 196,237	$ 208,252	$ 232,160	$ 235,774
Gross margin (1)	167,432	181,533	206,134	208,153
Net income	43,425	42,185	75,409	55,293
Net income per share, basic	0.74	0.72	1.30	0.96
Net income per share, diluted	0.71	0.69	1.23	0.90

	2012			
	March 31	June 30	September 30	December 31
Revenues (2)	$ 102,530	$ 124,231	$ 175,515	$ 183,703
Gross margin(1)(2)	93,708	110,714	141,501	156,179
Income from continuing operations	30,235	31,113	33,595	166,206
Income (loss) from discontinued operations	(2,554)	(3,968)	(386)	34,345
Net income	27,681	27,145	33,209	200,551
Net income per share, basic	0.51	0.48	0.58	3.46
Net income per share, diluted	0.48	0.45	0.55	3.28

(1) Gross margin excludes amortization of acquired developed technology of $19.5 million, $19.3 million, $19.5 million and $20.5 million in the first, second, third and fourth quarters of 2013, respectively, and $10.7 million, $12.9 million, $19.7 million and $21.8 million in the first, second, third and fourth quarters of 2012, respectively.

(2) In 2012, we sold our women's health business. The women's health business met the discontinued operations criteria in the third quarter of 2012. See Note 18 for information regarding discontinued operations. As a result, revenues and gross margin for the first two quarters of 2012 have been restated to reflect only our continuing operations. There was no effect on previously reported net income. Below is a reconciliation of the revenues and gross margin amounts as previously reported in our quarterly reports on Form 10-Q to the restated amounts reported above.

	2012	
	March 31	June 30
Revenues, as previously reported	$ 108,414	$ 129,539
Less product sales from discontinued operations	(5,884)	(5,308)
Revenues, as adjusted	$ 102,530	$ 124,231
Gross margin, as previously reported	$ 96,578	$ 112,940
Less gross margin from discontinued operations	(2,870)	(2,226)
Gross margin, as adjusted	$ 93,708	$ 110,714

The tables above include the following unusual or infrequently occurring items:

- As part of the EUSA Acquisition, we agreed to make an additional contingent payment of $50.0 million in cash if Erwinaze achieved U.S. net sales of $124.5 million or greater in 2013. In 2013, Erwinaze U.S. net sales were greater than $124.5 million and as a result, we are obligated to make the payment of $50.0 million in the first quarter of 2014. The change in fair value of the contingent consideration payable was $4.5 million, $3.4 million, $5.0 million and $2.3 million in the first, second, third and fourth quarters of 2013, respectively;
- Upfront license fees of $4.0 million and $1.0 million in the first and third quarters of 2013, respectively;
- A loss on extinguishment and modification of debt of $3.7 million in the second quarter of 2013;
- Acquisition accounting inventory fair value step-up adjustments of $1.5 million, $1.1 million, $0.5 million and $0.7 million in the first, second, third and fourth quarters of 2013, respectively;
- Transaction costs of $0.4 million and $4.4 million in the second and fourth quarters of 2013, respectively;
- We completed the Azur Merger on January 18, 2012 and the EUSA Acquisition on June 12, 2012 and contributions of the acquired businesses to our total revenues from continuing operations were $18.4 million, $23.5 million, $59.9 million and $59.6 million in the first, second, third and fourth quarters of 2012, respectively, as measured from the date of each acquisition. The portion of gross margin and net income associated with the acquired businesses was not separately identifiable due to the integration with our operations;
- A gain from the sale of our women's health business of $35.2 million recorded in the fourth quarter of 2012;
- A tax benefit of $104.2 million on the release of an income tax valuation allowance in the fourth quarter of 2012;
- Acquisition accounting inventory fair value step-up adjustments in continuing operations of $1.3 million, $3.0 million, $10.3 million and $2.1 million in the first, second, third and fourth quarters of 2012, respectively; and
- Transaction costs of $3.5 million and $8.9 million in the first and second quarters of 2012, respectively.

Schedule II

Valuation and Qualifying Accounts
(In thousands)

		Balance at beginning of period	Additions charged to costs and expenses	Other Additions	Deductions	Balance at end of period
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
For the year ended December 31, 2012						
Allowance for doubtful accounts	(1)	$ 50	$ 678	$ —	$ (13)	$ 715
Allowance for sales discounts	(1)	296	6,022	—	(5,790)	528
Allowance for chargebacks	(1)	20	13,072	—	(10,556)	2,536
Deferred tax asset valuation allowance	(3)(4)	111,188	3,421	62,971	(160,109)	17,471
For the year ended December 31, 2011						
Allowance for doubtful accounts	(1)	$ 50	$ 3	$ —	$ (3)	$ 50
Allowance for sales discounts	(1)	420	3,604	—	(3,728)	296
Allowance for chargebacks	(1)	12	451	—	(443)	20
Deferred tax asset valuation allowance	(4)	155,519	—	—	(44,331)	111,188

(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) Other additions to the deferred income tax asset valuation allowance resulted from the Azur Merger and the EUSA Acquisition.
(4) 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.

EXHIBIT INDEX

Exhibit Number	Description of Document
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	Asset Purchase Agreement, dated as of September 5, 2012, by and among Jazz Pharmaceuticals plc, Jazz Pharmaceuticals International II Limited, Meda Pharmaceuticals Inc. and Meda Pharma, Sàrl (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 October 15, 2012).
2.6	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).
2.7†	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).
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	Third Amended and Restated Investor Rights Agreement, made effective as of June 6, 2007, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3 in Jazz Pharmaceuticals, Inc.'s quarterly report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2007, as filed with the SEC on August 10, 2007).
4.2B	Waiver and Amendment Agreement, dated as of March 12, 2008, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3B in Jazz Pharmaceuticals, Inc.'s annual report on Form 10-K (File No. 001-33500), for the period ended December 31, 2007, as filed with the SEC on March 31, 2008).
4.2C	Waiver and Amendment Agreement, dated as of May 7, 2008, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3C in Jazz Pharmaceuticals, Inc.'s current report on Form 8-K (File No. 001-33500), as filed with the SEC on May 9, 2008).
4.2D	Waiver and Amendment Agreement, dated as of July 6, 2009, by and between Jazz Pharmaceuticals, Inc. and the other parties named therein (incorporated herein by reference to Exhibit 4.3D in Jazz Pharmaceuticals, Inc.'s quarterly report on Form 10-Q (File No. 001-33500) for the period ended June 30, 2009, as filed with the SEC on August 14, 2009).
4.2E	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 4.2E 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).

4.3	Form of Jazz Pharmaceuticals plc Warrant to Purchase Ordinary Shares issued to holders of assumed Registered Direct Common Stock Warrants originally issued by Jazz Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 4.5 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).
4.4	Form of Jazz Pharmaceuticals plc Warrant to Purchase Ordinary Shares issued to holders of assumed Common Stock Warrants originally issued by Jazz Pharmaceuticals, Inc. on July 7, 2009 (incorporated herein by reference to Exhibit 4.6 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).
4.5A	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).
4.5B	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).
4.6	Registration Rights Agreement made as of January 13, 2012, by and among Jazz Pharmaceuticals plc and certain shareholders named therein (incorporated herein by reference to Exhibit 10.2 in Jazz Pharmaceuticals plc's current report on Form 8-K (File No. 001-33500), as filed with the SEC on January 18, 2012).
10.1†	Xyrem Manufacturing Services and Supply Agreement, dated as of March 13, 2007, by and between Jazz Pharmaceuticals, Inc. and Patheon Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.50 in Jazz Pharmaceuticals, Inc.'s registration statement on Form S-1, as amended (File No. 333-141164), as filed with the SEC on May 31, 2007).
10.2†	Quality Agreement, dated as of March 13, 2007, by and between Jazz Pharmaceuticals, Inc. and Patheon Pharmaceuticals, Inc. (incorporated herein by reference to Exhibit 10.51 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).
10.3†	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).
10.4	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).
10.5†	Royalty Bearing License Agreement and Supply Agreement Re Erwinia-Derived Asparaginase, dated July 22, 2005, between the 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), as filed with the SEC on August 9, 2012).
10.6	Credit Agreement, dated as of June 12, 2012, by and among Jazz Pharmaceuticals plc, Jazz Pharmaceuticals, Inc., the Lenders and Barclays Bank PLC, as Administrative Agent, Collateral 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. 001-33500), as filed with the SEC on June 12, 2012).
10.7	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).
10.8	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).
10.9	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).
10.10	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), as filed with the SEC on August 7, 2012).

10.11+	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).
10.12+	Offer Letter from Jazz Pharmaceuticals, Inc. to Kathryn Falberg (incorporated herein by reference to Exhibit 10.92 in Jazz Pharmaceuticals, Inc.'s current report on Form 8-K (File No. 001-33500), as filed with the SEC on December 3, 2009).
10.13+	Noncompetition Agreement by and between Seamus Mulligan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.3 in Jazz Pharmaceuticals plc's registration statement on Form S-4 (File No. 333-177528), as filed with the SEC on October 26, 2011).
10.14+	Offer Letter from Jazz Pharmaceuticals, Inc. to Jeffrey Tobias, M.D. (incorporated herein by reference to Exhibit 10.1 in Jazz Pharmaceuticals, Inc.'s quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 8, 2011).
10.15+	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), as filed with the SEC on May 8, 2012).
10.16+	Employment Agreement by and between Fintan Keegan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.4 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on August 7, 2012).
10.17+	Amendment to Employment Agreement by and between Fintan Keegan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.6 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on August 7, 2012).
10.18+	Noncompetition Agreement by and between Fintan Keegan and Jazz Pharmaceuticals plc (incorporated herein by reference to Exhibit 10.5 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on August 7, 2012).
10.19A+	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).
10.19B+	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).
10.19C+	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), as filed with the SEC on February 26, 2013).
10.19D+	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), as filed with the SEC on February 26, 2013).
10.19E+	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).
10.19F+	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), as filed with the SEC on February 26, 2013).
10.19G+	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), as filed with the SEC on November 5, 2013).
10.19H+	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), as filed with the SEC on November 5, 2013).
10.20A+	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).
10.20B+	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).

10.20C+	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), as filed with the SEC on August 7, 2012).
10.20D+	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), as filed with the SEC on August 7, 2012).
10.20E+	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), as filed with the SEC on February 26, 2013).
10.20F+	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), as filed with the SEC on August 7, 2012).
10.20G+	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), as filed with the SEC on August 7, 2012).
10.20H+	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), as filed with the SEC on February 26, 2013).
10.20I+	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), as filed with the SEC on November 5, 2013).
10.20J+	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), as filed with the SEC on November 5, 2013).
10.20K+	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 10.4 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 5, 2013).
10.20L+	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), as filed with the SEC on November 5, 2013).
10.21+	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).
10.22A+	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).
10.22B+	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), as filed with the SEC on February 26, 2013).
10.22C+	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), as filed with the SEC on November 5, 2013).
10.23A+	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), as filed with the SEC on February 26, 2013).
10.23B+	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 10.4C 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 August 7, 2012).

10.24A+	Jazz Pharmaceuticals plc Cash Bonus Plan, (incorporated herein by reference to Exhibit 10.33 in the annual report on Form 10-K/A (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 April 27, 2012).
10.24B+	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), as filed with the SEC on February 26, 2013).
10.24C+	Jazz Pharmaceuticals Cash Bonus Plan for International Affiliates (2013) (incorporated herein by reference to Exhibit 10.32C in Jazz Pharmaceuticals plc's annual report on Form 10-K (File No. 001-33500), as filed with the SEC on February 26, 2013).
10.24D+	Jazz Pharmaceuticals Cash Bonus Plan for International Affiliates (2014).
10.25A+	Jazz Pharmaceuticals plc Amended and Restated Executive Change in Control and Severance Benefit Plan (incorporated herein by reference to Exhibit 10.34 in the annual report on Form 10-K/A (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 April 27, 2012).
10.25B+	Jazz Pharmaceuticals plc Amended and Restated Executive Change in Control and Severance Benefit Plan (approved July 31, 2013) (incorporated herein by reference to Exhibit 10.8 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 5, 2013).
10.26+	Jazz Pharmaceuticals plc 2012 Non-Employee Director Compensation Arrangements (incorporated herein by reference to Exhibit 10.32 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).
10.27+	Jazz Pharmaceuticals plc 2012 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 June 30, 2012, as filed with the SEC on August 7, 2012).
10.28+	Jazz Pharmaceuticals plc 2013 Executive Officer Compensation Arrangements (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, 2013, as filed with the SEC on May 7, 2013).
10.29	Amendment No. 1, dated as of June 13, 2013, to the Original Credit Agreement and related Guaranty, by and among Jazz Pharmaceuticals, Inc., Jazz Financing I Limited and Jazz Pharmaceuticals Ireland Limited, as borrowers, Jazz Pharmaceuticals plc, as guarantor, the Lenders thereto and Barclays Bank PLC, as Administrative Agent, Collateral Agent, L/C Issuer and Swing Line Lender (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 June 13, 2013).
10.30+	Jazz Pharmaceuticals plc Non-Employee Director Compensation Policy (approved August 1, 2013 (incorporated herein by reference to Exhibit 10.9 in Jazz Pharmaceuticals plc's quarterly report on Form 10-Q (File No. 001-33500), as filed with the SEC on November 5, 2013).
10.31	Amended and Restated Commitment Letter, dated as of January 6, 2014, by and between Jazz Pharmaceuticals plc, Barclays Bank PLC, J.P. Morgan Securities LLC, JPMorgan Chase Bank, N.A., Merrill Lynch Pierce, Fenner & Smith Incorporated, Bank of America, N.A., Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, DNB Bank ASA and DNB Capital Markets, Inc. (incorporated herein by reference to Exhibit 99.(B)(1) in Jazz Pharmaceuticals plc's tender offer statement on Schedule TO, as amended, as filed with the SEC on January 7, 2014).
10.32#	Amendment No. 2, dated as of January 23, 2014, to the Credit Agreement, dated as of June 12, 2012, by and among Jazz Pharmaceuticals, Inc., Jazz Financing I Limited and Jazz Pharmaceuticals Ireland Limited, as borrowers, Jazz Pharmaceuticals Public Limited Company, as guarantor, the Lenders thereto and Barclays Bank PLC, as Administrative Agent, Collateral Agent, L/C Issuer and Swing Line Lender.
21.1	Subsidiaries of Jazz Pharmaceuticals plc.
23.1	Consent of KPMG, Independent Registered Public Accounting Firm.
23.2	Consent of Ernst & Young LLP, 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

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+ 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.

This exhibit replaces the exhibit previously filed as 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 24, 2014.

* 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.

JAZZ PHARMACEUTICALS

CASH BONUS PLAN

(INTERNATIONAL AFFILIATES)

(Calendar Year 2014)

1. Purpose of the Plan.

The Jazz Pharmaceuticals Cash Bonus Plan (International Affiliates) (Calendar Year 2014) (the "***Plan***") is designed to provide meaningful incentive, on an annual basis, for employees of Jazz Pharmaceuticals plc (the "***Company***") and employees of the Company's International Affiliates for the Plan Year beginning January 1, 2014 and ending December 31, 2014.

2. Eligibility.

In order to be eligible to participate in the Plan for a Plan Year, an employee (a) must be an employee of the Company or an International Affiliate whose Employment Start Date is October 31 of the Plan Year or earlier and (b) must not be eligible to participate in a commercial (including sales) or other similar incentive compensation plan. Employees who are interns are not eligible to be Participants, to the extent permissible under local law.

In order to be eligible to receive a Bonus for a Plan Year, a Participant must (i) continue to be an employee of the Company or an International Affiliate in good standing from the date his/her participation in the Plan commences for the Plan Year until the date Bonuses are paid for the Plan Year, except as provided in Section 6, (ii) act in accordance with the Company's Code of Conduct, compliance policies and procedures, and those of the Participant's employer, and applicable laws and regulations during the Plan Year, and (iii) not be serving a notice period.

The Plan will automatically expire at the end of the indicated Plan Year, to the extent permissible under local law.

3. Target Bonus Ranges.

A Participant's Target Bonus Range generally will be based on the Participant's position and/or responsibility level. The Target Bonus Range for Participants and the amount of Bonus actually paid to a Participant in a Plan Year under the Plan may vary from year to year and between positions, and among positions at the same level. However, as a general guideline, the Target Bonus Ranges which will typically be assigned to various categories of employees (and varying depending on responsibility levels within each category) are as follows:

Position	Target Bonus Range (Percent of Base Salary)
Chairman of the Board, Chief Executive Officer, President	100%
Executive Vice President	50%
Senior Vice President	40%
Vice President	25-35%
Senior Director/Executive Director	20-30%
Associate Director/Director	15-25%
Managers (all levels)	10-20%
Other	5-15%

If a Participant moves to a position and/or responsibility level with a higher Target Bonus Range during a Plan Year, the Participant's Target Bonus Range will be reset at such higher level for the entire Plan Year. If a Participant moves to a position and/or responsibility level with a lower Target Bonus Range during a Plan Year, the Participant's Target Bonus Range will be reset at the lower level for the entire Plan Year.

4. Bonus Pool and Bonuses.

Following the end of a Plan Year, the Board or the Compensation Committee will determine, in its sole discretion, the Bonus Pool for the Plan Year to be allocated for the payment of Bonuses to Participants. The Bonus Pool will be calculated by multiplying

(a) the sum of the following amounts for each Participant:

(i) the Base Salary for such Participant, multiplied by

(ii) a percentage within such Participant's applicable Target Bonus Range (as determined by the Company on an individual or category level within the ranges set forth in the table above), provided that in the case of any Participant who is an executive officer of Jazz Pharmaceuticals plc, such Participant's Target Bonus Range will be determined by the Board or the Compensation Committee;

with

(b) the percentage set by the Board or the Compensation Committee based upon its determination of the Company's success in achieving the objectives established by the Board or

the Compensation Committee for funding the Bonus Pool for the Plan Year (the "***Bonus Pool Objectives***").

The Bonus Pool Objectives are related to the achievement of the overall corporate objectives established for the applicable Plan Year by the Board or the Compensation Committee (the "***Corporate Objectives***").

5. Bonus.

Except as provided in Section 6, a Participant's Bonus for a Plan Year will be based upon the following criteria: (a) the Company's success in achieving the Corporate Objectives established for the Plan Year, (b) the Participant's success in achieving his/her individual objectives established for the Plan Year (if applicable) and the Participant's contribution to the Company's success in achieving the Corporate Objectives, in each case while demonstrating Company values, and (c) the Participant's compliance with Company policies and those of Participant's employer. Applying these criteria, a participant may not be entitled to any Bonus. In the event that a Participant is to receive a Bonus, except as provided in Section 6, the amount of Bonus actually paid to each Participant will be an amount equal to such Participant's Base Salary multiplied by a percentage within the applicable Target Bonus Range (as may be adjusted up or down for each Participant by the Board, the Compensation Committee or the Company's management, as appropriate, based on the criteria set forth above). Each Participant's Bonus for a Plan Year will be approved by the Chief Executive Officer or his or her delegate, except that in the case of any Participant who is an executive officer of Jazz Pharmaceuticals plc, such Participant's Bonus will be approved by the Board or the Compensation Committee.

The total of all Bonuses paid under this Plan in any Plan Year may not exceed the Bonus Pool for such Plan Year unless such excess amount is specifically approved by the Board or the Compensation Committee. Except as provided in Section 6, no amounts will be payable to any Participant hereunder until the Bonus Pool and such Participant's Bonus have been determined as described above. Except as provided in Section 6, no Participant is entitled to any particular bonus, or any bonus, unless approved as described above.

6. Termination of Employment; Death; Retirement; Permanent Disability.

No Bonus will be paid to any Participant whose employment with the Company or an International Affiliate terminates prior to the date Bonuses for a Plan Year are scheduled to be paid pursuant to Section 7, unless (a) such termination is due to the Participant's death, retirement or Permanent Disability, (b) the Board, the Compensation Committee, or the Company's management in appropriate circumstances in management's discretion determines that the Participant will be eligible to receive a Bonus, or (c) such condition is prohibited by regulations, laws, employment agreements or employment contracts applicable to a particular Participant.

In the case of a Participant whose employment with the Company or an International Affiliate terminates (including due to death, retirement or Permanent Disability) prior to the date Bonuses for a Plan Year are scheduled to be paid and who becomes entitled to receive a Bonus pursuant to the foregoing paragraph, the amount of such Participant's Bonus for the Plan Year will be

determined by the Board, the Compensation Committee, or the Company's management and may be prorated or otherwise determined based on the number of months employed during the Plan Year, performance or any other factors as decided by the Board, the Compensation Committee or the Company's management, as appropriate, to the extent permissible under local law.

Any Participant whose employment with the Company or an International Affiliate terminates (including due to death, retirement or Permanent Disability) prior to the date Bonuses for a Plan Year are scheduled to be paid and who becomes entitled to receive a Bonus pursuant to this Section 6 will be paid such Bonus at the time determined by the Company's management, which will in no event be later than the time at which other Participants' Bonuses for the Plan Year are scheduled to be paid pursuant to Section 7.

Unless otherwise required under local law, payments under this Plan shall not be included in calculation of any payment in lieu of notice, severance pay, termination, indemnity or similar pay.

7. Payment of Bonuses.

Bonuses for a Plan Year will be paid in cash to a Participant (or his/her beneficiary, in the event of death) by March 15th of the following year, except (i) as is otherwise determined in the sole discretion of the Board, the Compensation Committee or the Company's management, as appropriate, or (ii) as may be necessary or advisable to comply with regulations, laws, employment agreements or employment contracts applicable to a particular Participant. Benefits under this Plan are not transferable, to the extent permissible under local law.

8. Withholding of Taxes.

Bonuses will be subject to income and employment tax withholding as required by applicable local laws.

9. Plan Amendments.

This Plan may be revised, modified, or terminated at any time in the sole discretion of the Board or the Compensation Committee. Without limiting the foregoing, the Plan may be revised, modified, or terminated with respect to a Participant or specific group of Participants as may be necessary or advisable to comply with the laws and regulations of the jurisdiction where such Participant or specific group of Participants are employed or where such Participant or specific group of Participants are tax residents.

10. No Employment Rights.

Nothing contained in this Plan is intended to confer any right upon any employee to continued employment with the Company or any International Affiliate or other affiliate thereof.

11. Plan Administration.

This Plan will be administered by the Board or the Compensation Committee. The Board and

the Compensation Committee shall have the sole discretion and authority to administer and interpret the Plan, and the decisions of the Board and the Compensation Committee shall in every case be final and binding on all persons having an interest in the Plan. Notwithstanding the foregoing, certain aspects of the Plan may be administered by the Chief Executive Officer or the Company's management, as specifically provided in the Plan, and in such event, the Chief Executive Officer or the Company's management shall have the sole discretion and authority to administer and interpret such aspects of the Plan, and the decisions of the Chief Executive Officer or the Company's management shall in such cases be final and binding.

12. Definitions.

"***Base Salary***" for a Participant means the total amount of base salary or base pay actually paid to the Participant during the period of his/her participation in the Plan for the Plan Year, rather than the Participant's base salary level or base pay level at any particular point during the Plan Year (*e.g.*, the Base Salary for a Participant whose base salary or base pay is adjusted during the Plan Year, for a Participant who is hired during the Plan Year, or for a Participant whose employment terminates during the Plan Year will be the total amount of base salary or base pay actually paid to the Participant during the period of his/her participation in the Plan for the Plan Year). Base Salary does not include any expense reimbursements, relocation payments, incentive compensation or bonuses, amounts received as a result of equity awards, overtime or shift differential payments or similar one-time or unusual payments. Any salary or pay earned for periods during which a Participant is on disciplinary action or serving a notice period are excluded from Base Salary to the extent permissible under local law.

"***Board***" means the Board of Directors of Jazz Pharmaceuticals plc.

"***Bonus***" means a Participant's actual bonus for a Plan Year as determined in accordance with Section 5 or Section 6, if applicable.

"***Bonus Pool***" for a Plan Year means the aggregate dollar amount set by the Board or the Compensation Committee for the payment of Bonuses for such Plan Year to Participants as set forth in Section 4.

"***Chief Executive Officer***" means the Chief Executive Officer of Jazz Pharmaceuticals plc.

"***Compensation Committee***" means the Compensation Committee of the Board.

"***Employment Start Date***" means the first business day on which a Participant is an employee of the Company or an International Affiliate, on the Company's or International Affiliate's payroll, as applicable.

"***International Affiliate***" means any "parent" or "subsidiary" of the Company that is organized under the laws of any country other than the United States.

"***Participant***" means an employee of the Company or an International Affiliate who meets all of the eligibility requirements set forth in Section 2.

"***Permanent Disability***" means that a Participant has become permanently disabled under any

policy or program of disability income insurance then in force covering such Participant.

"***Plan***" means this Jazz Pharmaceuticals Cash Bonus Plan (International Affiliates) (Calendar Year 2014).

"***Plan Year***" means the calendar year beginning January 1, 2014 and ending December 31, 2014.

"***Target Bonus Range***" means, for a Participant for a Plan Year, the percentage or range of percentages of Base Salary, based on such Participant's position and/or responsibility level in a Plan Year, that represents the amount of Bonus that such Participant may receive for such Plan Year, as may be adjusted with respect to such Participant for such Plan Year in the discretion of the Board, the Compensation Committee or the Chief Executive Officer or his or her delegate, as applicable.

As approved by the Compensation Committee of the Board of Directors of Jazz Pharmaceuticals plc on October 26, 2013.

AGREEMENT AND ACCEPTANCE

I acknowledge that this Cash Bonus Plan for the Plan Year beginning January 1, 2014 and ending December 31, 2014 supersedes and replaces all prior agreements, representations or understandings, whether written, oral or implied, between the Company, my employer and me. Further, I acknowledge that I have read, understand, and agree to comply with all of the terms and conditions of this Cash Bonus Plan.

Employee Signature:

Date:

Exhibit 10.32

EXECUTION VERSION

AMENDMENT No. 2, dated as of January 23, 2014 (this "Amendment"), to the Credit Agreement dated as of June 12, 2012, by and among Jazz Pharmaceuticals Public Limited Company, a public limited company organized under the laws of Ireland ("Parent"), Jazz Pharmaceuticals, Inc., a Delaware corporation (the "U.S. Borrower"), Jazz Financing I Limited, a company incorporated under the laws of Ireland and a Subsidiary of Parent ("Jazz Financing I"), and Jazz Pharmaceuticals Ireland Limited, a company incorporated under the laws of Ireland and a Subsidiary of Parent ("Jazz Ireland" and, together with Jazz Financing I, the "Irish Borrowers" and, together with the U.S. Borrower, the "Borrower"), the Lenders from time to time party thereto and Barclays Bank PLC, as Administrative Agent (the "Administrative Agent"), Collateral Agent, Swing Line Lender and L/C Issuer (as amended, restated, modified and supplemented prior to the date hereof, the "Original Credit Agreement"); capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Amended Credit Agreement (as defined below).

WHEREAS, Parent, Jazz Pharmaceuticals Italy S.r.L., an Italian *società a responsabilità limitata* and a wholly-owned subsidiary of Parent organized under the laws of Italy (the "Gentium Acquisition Sub"), and Gentium S.p.A, a *società per azioni* incorporated in Italy ("Gentium"), have entered into a Tender Offer Agreement (the "Gentium Acquisition Agreement"), pursuant to which Parent has commenced a tender offer (the "Gentium Tender Offer") to acquire (the "Acquisition") all of the ordinary shares and American Depositary Shares representing ordinary shares (collectively, the "Gentium Stock") of Gentium on the terms and conditions set forth therein (including the subsequent acquisition of any Gentium Stock remaining after the Gentium Tender Offer, the "Gentium Acquisition");

WHEREAS, pursuant to Section 2.15 of the Original Credit Agreement, the U.S. Borrower desires to establish (i) an Incremental Term Facility with Incremental Term Loan Commitments in an aggregate principal amount of $350,000,000 (the "New Incremental Term Loans"), (ii) new Term Loans in an aggregate principal amount of $554,401,563 (the "New Term Loans" and, together with the New Incremental Term Loans, the "Tranche 2 Term Loans"), which would refinance the Term Loans outstanding immediately prior to the Amendment No. 2 Effective Date (as defined below) (the "Tranche 1 Term Loans") and (iii) an Incremental Revolving Increase with Incremental Revolving Commitments in an aggregate principal amount of $225,000,000 (the "New Revolving Commitments");

WHEREAS, this Amendment shall be considered an Increase Joinder pursuant to Section 2.15(c) of the Original Credit Agreement;

WHEREAS, Section 2.15(c) of the Original Credit Agreement provides that an Increase Joinder may, without the consent of any other Lenders, effect such amendments to the Original Credit Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of Section 2.15 of the Original Credit Agreement;

WHEREAS, each Lender with Tranche 1 Term Loans that has executed and delivered a signature page to this Amendment (as set forth in Annex II hereto) has agreed to have its outstanding Tranche 1 Term Loans converted to Tranche 2 Term Loans on the Amendment No. 2 Effective Date (each an "Amendment No. 2 Converted Term Loan Lender.").

WHEREAS, in addition to the foregoing, the U.S. Borrower desires to amend the Original Credit Agreement to (i) have the Unrestricted Margin Stock provisions of the Amended Credit Agreement apply to all Loans and not just the New Incremental Term Loans (the "Margin Stock Amendment") and (ii) make certain other changes (the "Other Amendments");

WHEREAS, pursuant to Section 10.01 of the Original Credit Agreement, the Margin Stock Amendment and the Other Amendments may be effected with the consent of the Required Lenders (after giving effect to the incurrence of the New Term Loans, the New Incremental Term Loans and the New Revolving Commitments);

WHEREAS, the Lenders identified on Schedule I hereto (each of which shall have executed and delivered a signature page as set forth in Annex I hereto) have severally agreed to provide New Revolving Commitments in the respective amounts set forth opposite such Lenders' names on Schedule I hereto under the column "Revolving Commitments";

WHEREAS, Barclays Bank PLC is executing this agreement in respect of its Amendment No. 2 Incremental Tranche 2 Term Loan Commitments (as defined in Exhibit A hereto) as set forth opposite its name on Schedule I hereto under the column "Amendment No. 2 Incremental Tranche 2 Commitments"; and

WHEREAS, Barclays Bank PLC is executing this agreement in respect of its commitment to provide the Additional Tranche 2 Term Commitment (as defined in Exhibit A hereto) as set forth opposite its named on Schedule I hereto (in such capacity, the "Additional Tranche 2 Lender"), under the column "Additional Tranche 2 Term Commitments."

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. **Amendments/Waivers**.

(a) The Original Credit Agreement is, effective as of the Amendment No. 2 Effective Date, hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Original Credit Agreement attached as Exhibit A hereto (the Original Credit Agreement, as so amended, being referred to as the "Amended Credit Agreement").

(b) Each of Schedule 2.01 and Schedule 5.06 to the Original Credit Agreement is, effective as of the Amendment No. 2 Effective Date, hereby amended and replaced in its entirety by Schedule II and Schedule IV, respectively, hereto. For the avoidance of doubt, each other reference to "Schedule" in Exhibit A hereto shall refer to such schedule as of the Closing Date.

(c) (i) Each Revolving Lender executing this Amendment hereby irrevocably waives its right to receive any payments under Section 3.05 of the Original Credit Agreement as a result of its Revolving Loans being repaid on the Amendment No. 2 Effective Date and (ii) each Amendment No. 2 Converted Term Loan Lender hereby irrevocably waives its right to receive any payments under Section 3.05 of the Original Credit Agreement as a result of its Tranche 1 Term Loans being repaid on the Amendment No. 2 Effective Date.

For the avoidance of doubt, the Required Lenders (after giving effect to the incurrence of the New Incremental Term Loans, the New Term Loans and New Revolving Commitments) hereby agree that the Gentium Acquisition (including any acquisition of Gentium Stock after the consummation of the Gentium Tender Offer, whether pursuant to a subsequent tender offer, private purchase, merger or otherwise, and any Investments by or in Gentium Acquisition Sub made in connection with the foregoing) shall be deemed part of the same Permitted Acquisition and no further certification referenced in the definition of Permitted Acquisition shall be required to be delivered in respect of any subsequent acquisition of Gentium Stock.

Section 2. **Representations and Warranties, No Default**. In order to induce the Lenders to enter into this Amendment and to amend the Original Credit Agreement in the manner provided herein, the Loan Parties represent and warrant to each Lender that:

(a) After giving effect to this Amendment, the representations and warranties of the Loan Parties contained in Article V of the Amended Credit Agreement and in any other Loan Document, or which are contained in any Compliance Certificate furnished at any time under or in connection therewith, are (i) in the case of representations and warranties qualified by "materiality," "Material Adverse Effect" or similar language, true and correct in all respects and (ii) in the case of all other representations and warranties, true and correct in all material respects, in each case on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct on the basis set forth above as of such earlier date; the representations and warranties contained in subsection (b) of Section 5.05 of the Amended Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 6.01 of the Original Credit Agreement; and

(b) At the time of and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

Section 3. **Effectiveness**. Section 1 of this Amendment shall become effective on the date (such date, if any, the "Amendment No. 2 Effective Date") that the following conditions have been satisfied:

(a) Consents. The Administrative Agent shall have received executed signature pages hereto from (i) Lenders constituting the Required Lenders (after giving effect to

the incurrence of the New Incremental Term Loans, the New Term Loans and New Revolving Commitments), (ii) each Amendment No. 2 Converted Term Loan Lender, (iii) each Lender listed on Schedule I hereto and (iv) each of the Loan Parties;

(b) Acquisition. As of the expiration time of the Gentium Tender Offer, more than 50% of the outstanding Gentium Stock shall have been validly tendered and not withdrawn in accordance with the terms of the Gentium Tender Offer and the terms of the Gentium Acquisition Agreement (and the acquisition of such Gentium Stock shall be consummated substantially concurrently with the funding of the New Incremental Term Loans); provided that no amendment, modification or waiver of any term of the Gentium Acquisition Agreement or any condition to Parent or its subsidiary's obligation to consummate the Gentium Acquisition thereunder (other than any such amendment, modification or waiver that is not materially adverse to any interest of the Lenders and other than a Permitted Minimum Condition Modification (as defined in the Gentium Acquisition Agreement)) shall have been made or granted, as the case may be (it being understood that any reduction in the price that is less than or equal to 10% of the total consideration set forth in the Gentium Acquisition Agreement as of the date hereof will not be deemed to be materially adverse to the interests of the Lenders);

(c) No Material Adverse Effect. As of the scheduled expiration date of the Offer (as defined in the Gentium Acquisition Agreement), since June 30, 2013, there shall not have occurred a Company Material Adverse Effect (as defined in the Gentium Acquisition Agreement), and there has not been, and there does not exist, any Effect (as defined in the Gentium Acquisition Agreement) that, individually or in the aggregate with other Effects, would reasonably be expected to have a Company Material Adverse Effect;

(d) Notice of Borrowing. The Administrative Agent shall have received a duly completed Notice of Borrowing for the Loans to be borrowed on the Amendment No. 2 Effective Date;

(e) Fees and Expenses. The U.S. Borrower shall have paid (i) to Barclays Bank PLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets, Inc., Morgan Stanley Senior Funding, Inc., Royal Bank of Canada and DNB Markets, Inc. (the "Commitment Parties") all fees and expense reimbursements required to be paid to it on the Amendment No. 2 Effective Date as the U.S. Borrower or Parent may separately agree to in writing, (ii) to the Administrative Agent for the account of each Lender that has agreed to provide a New Revolving Commitment and has returned an executed counterpart hereof to the Administrative Agent on or prior to 12:00 p.m. New York time, January 22, 2014, an upfront fee as previously agreed to with the Amendment No. 2 Arrangers, (iii) to the Administrative Agent for the account of each Lender that has agreed to provide a New Incremental Term Loan and has returned an executed counterpart hereof to the Administrative Agent on or prior to 12:00 p.m. New York time, January 22, 2014, an upfront fee equal to 0.50% of the aggregate principal amount of such New Incremental Term Loan, which fee shall take the form or original issue discount on the New Incremental Term Loans and (iv) any additional upfront fees as may be separately agreed to with the Amendment No. 2 Arrangers.

(f) Legal Opinions. The Administrative Agent shall have received favorable written opinion of (i) Cooley LLP, counsel to the Loan Parties, (ii) A&L Goodbody, Irish counsel to the Loan Parties, (iii) Arthur Cox, Irish counsel to the Administrative Agent, (iv) Conyers, Dill & Pearman Limited, Bermuda counsel to the Loan Parties, (v) Ellul & Co., Gibraltar counsel to the Loan Parties, (vi) Arendt & Medernach, Luxembourg counsel to the Loan Parties, (vii) Clifford Chance LLP, Italian counsel to the Administrative Agent, (viii) Allen & Overy LLP, UK counsel to the Administrative Agent, and (ix) Hogan Lovells International LLP, UK counsel to the Loan Parties, in each case addressed to the Administrative Agent, Collateral Agent and each Lender, dated the Amendment No. 2 Effective Date, in form reasonably satisfactory to the Administrative Agent; provided that to the extent any of the above reference opinions are to be delivered in conjunction with foreign security documents required to be delivered under clause (k) below and any such foreign security document is delivered post-closing under the terms of such clause then the applicable opinion may also be delivered post-closing;

(g) Officer's Certificate. The Administrative Agent shall have received a certificate, dated the Amendment No. 2 Effective Date and signed by a Responsible Officer of Parent on behalf of each Loan Party, confirming compliance with the conditions precedent set forth in clauses (m), (o) and (p) below;

(h) Organizational Documents. The Administrative Agent shall have received (i) a certificate of the Secretary or Assistant Secretary or other applicable Responsible Officer of each Loan Party dated the Amendment No. 2 Effective Date and certifying (A) that, in the case of the U.S. Borrower and any Domestic Guarantor, the Organization Documents referred to in clause (B) below of such Loan Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing or comparable status from its jurisdiction of organization furnished pursuant to clause (ii) below and remains in full force and effect; (B) that attached thereto is a true and complete copy of the Organization Documents of each Loan Party as in effect on the Amendment No. 2 Effective Date and at all times since the date of the resolutions described in clause (C) below or certifying that such Organization Documents have not been amended since such date, (C) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party authorizing the execution, delivery and performance of this Amendment, joinders to any Loan Documents, and any other documents required to be executed by such Loan Party pursuant to this Section 3 (the "Amendment Documents") and, in the case of each Borrower, the borrowings under the Amended Credit Agreement, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and are the only resolutions authorizing the execution, delivery and performance of the Amendment Documents; and (D) as to the incumbency and specimen signature of each Responsible Officer executing any Amendment Document; (ii) a certificate of good standing (or comparable status) of each Loan Party as of a recent date, from the applicable secretary of state or similar governmental authority; provided that to the extent a certificate of good standing (or comparable status) is not applicable in the jurisdiction of any Loan Party that is a Foreign Subsidiary, such Loan Party shall provide an Officer's Certificate in form and substance reasonably satisfactory to the Administrative Agent; and (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or other applicable Responsible Officer executing the certificate pursuant to clause (i) above;

(i) Collateral Matters. The Administrative Agent shall have received: (i) certified copies of UCC, United States Patent and Trademark Office and United States Copyright Office, Tax and judgment lien searches or equivalent reports or searches within the United States, each of a recent date listing all effective financing statements, lien notices or comparable documents that name any Loan Party as debtor and that are filed in those state and county jurisdictions in which the U.S. Borrower or any Domestic Guarantor is organized or maintains its principal place of business and such other searches within the United States that are required by the Perfection Certificate or that the Collateral Agent deems necessary or appropriate, none of which encumber the Collateral covered or intended to be covered by the Collateral Documents (other than Permitted Liens), and (ii) an executed supplement to the Perfection Certificate;

(j) Repayment of Loans. The Administrative Agent shall have received a notice of repayment from the U.S. Borrower in full of (a) the aggregate outstanding principal amount of Revolving Loans and any accrued interest with respect thereto to but not including the Amendment No. 2 Effective Date and (b) the aggregate outstanding principal amount of Swing Line Loans and any accrued interest with respect thereto to but not including the Amendment No. 2 Effective Date. Concurrently with the making of the Amendment No. 2 Incremental Tranche 1 Term Loans, the U.S. Borrower shall have paid in full (i) all Revolving Loans and Swingline Loans subject to the prepayment notice set forth above (including all accrued interest thereon) and (ii) the aggregate outstanding principal amount and all accrued interest with respect to Tranche 1 Term Loans to but not including the Amendment No. 2 Effective Date (it being understood that the aggregate principal amount of Tranche 1 Term Loans of each Amendment No. 2 Converted Term Loan Lender shall be considered paid in full upon such conversion);

(k) Foreign Security Document Amendments. On or prior to the Amendment No. 2 Effective Date, the Administrative Agent shall have received duly executed counterparts from each party thereto or, as applicable, a fully-executed copy, of each document set forth on Schedule III hereto; provided that to the extent any documents set forth in Schedule III are not delivered after the applicable Loan Parties have used commercially reasonable efforts to do so then the delivery of such documents may instead be provided within sixty (60) days of the Amendment No.2 Effective Date, subject to such extensions as are reasonably agreed to by the Administrative Agent;

(l) Solvency Certificate. On or prior to the Amendment No. 2 Effective Date, Parent shall have delivered or caused to be delivered to the Administrative Agent a solvency certificate from a Responsible Officer or chief accounting officer of Parent, substantially in the form of Exhibit K to the Original Credit Agreement, setting forth the conclusions that, after giving effect to the consummation of all financings contemplated herein, Parent and its Subsidiaries (on a consolidated basis) are Solvent;

(m) Representations and Warranties. On the Amendment No. 2 Effective Date, the representations and warranties set forth in Section 2(a) above shall be true and correct on the basis set forth therein;

(n) PATRIOT Act. At least five days prior to the Amendment No. 2 Effective Date, each Loan Party shall have provided the documentation and other information concerning such Loan Party to the Administrative Agent and the Amendment No. 2 Arrangers as has been reasonably requested in writing at least ten days prior to the Amendment No. 2 Effective Date by the Administrative Agent (as requested by any Lender to the Administrative Agent) that the Lenders reasonably determine is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act;

(o) No Default. No Default or Event of Default shall exist or would result from the proposed Credit Extensions on the Amendment No. 2 Effective Date or from the application of the proceeds thereof;

(p) Maximum Secured Leverage Ratio. After giving effect to the making of the Loans pursuant to the Incremental Facilities on the Amendment No. 2 Effective Date (and assuming the full amount of the New Revolving Commitments are fully drawn), Parent shall be in compliance with the covenant set forth in Section 7.10 of Exhibit A hereto on a pro forma basis in accordance with Section 1.03(c) of Exhibit A hereto;

(q) Compliance with Secured Leverage Ratio. On or prior to the Amendment No. 2 Effective Date, Parent shall have delivered or caused to be delivered to the Administrative Agent a certificate from a Responsible Officer or chief accounting officer of Parent, confirming that at the time of the incurrence of the Incremental Facilities on the Amendment No. 2 Effective Date and after giving effect thereto on a pro forma basis, the Senior Secured Leverage Ratio (as defined in the Original Credit Agreement) is less than or equal to 2.75 to 1.00; and

(r) Financial Statements. The Amendment No. 2 Arrangers shall have received (i) unqualified audited financial statements of Gentium for its three most recently completed fiscal years ended 90 days before the Amendment No. 2 Effective Date (it being understood that the Amendment No. 2 Arrangers have received such financial statements for each of the fiscal years ended December 31, 2010, 2011 and 2012), and (ii) unaudited financial statements for any quarterly interim period or periods of Gentium ending more than 45 days prior to the Amendment No. 2 Effective Date (it being understood that the quarter ending December 31, 2013 is not an interim period), together with unaudited financial statements for the corresponding period of the prior year (it being understood that the Amendment No. 2 Arrangers have received such financial statements for the quarterly periods ended March 31, 2013, June 30, 2013 and September 30, 2013); provided that the filing of the required financial statements with the SEC will satisfy the foregoing requirements. All such financial statements shall have been prepared in accordance with GAAP (except, in the case of the interim financials, for year-end audit adjustments and absence of footnotes).

Section 4. **Fungibility**. Except as may be expressly set forth in this Amendment or the Amended Credit Agreement, the New Incremental Term Loans shall have identical terms as the New Term Loans and shall otherwise be subject to the provisions, including any provisions restricting the rights, or regarding the obligations, of the Loan Parties or any provisions regarding the rights of the Lenders, of the Amended Credit Agreement and the other Loan Documents. Upon the funding of the New Term Loans and the New Incremental Term Loans, the Administrative Agent will record the New Term Loans and the New Incremental Term Loans as being of the same "Class," each Tranche 2 Term Loans. The New Term Loans and the New Incremental Term Loans shall be assigned the same CUSIP.

Section 5. **Counterparts**. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. **Applicable Law**. **THIS AMENDMENT AND THE OTHER AMENDMENT DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT OR ANY OTHER AMENDMENT DOCUMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL (EXCEPT, AS TO ANY OTHER AMENDMENT DOCUMENT, AS EXPRESSLY SET FORTH THEREIN), BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; *PROVIDED, HOWEVER,* THAT EACH OF (A) THE INTERPRETATION OF THE DEFINITION OF COMPANY MATERIAL ADVERSE EFFECT AND WHETHER THERE SHALL HAVE OCCURRED A COMPANY MATERIAL ADVERSE EFFECT AND (B) WHETHER THE ACQUISITION CONDITION HAS BEEN SATISFIED SHALL, IN EACH CASE, BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE TO THE EXTENT THAT THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.**

Section 7. **Headings**. Section and Subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

Section 8. **Effect of Amendment**. Except as expressly set forth herein, (i) this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders, the Administrative Agent or any other Agent, in each case under the Original Credit Agreement or any other Loan Document, and (ii) shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Original Credit Agreement or any other provision of

either such agreement or any other Loan Document. Each and every term, condition, obligation, covenant and agreement contained in the Amended Credit Agreement or any other Loan Document is hereby ratified and re-affirmed in all respects and shall continue in full force and effect. Each Loan Party reaffirms its obligations under the Loan Documents to which it is party and the validity of the guarantees and Liens granted by it pursuant to the Collateral Documents. This Amendment shall constitute a Loan Document for purposes of the Amended Credit Agreement and, from and after the Amendment No. 2 Effective Date, (x) all references to the Original Credit Agreement or Amended Credit Agreement in any Loan Document and all references in the Original Credit Agreement or Amended Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Original Credit Agreement, shall, unless expressly provided otherwise, refer to the Amended Credit Agreement and (y) all references to any other Loan Document amended hereby in any Loan Document and all references in such Loan Document to "this Agreement", "hereunder", "hereof" or words of like import referring to such Loan Document, shall, unless expressly provided otherwise, refer to such Loan Document as amended by this Amendment. Each of the Credit Parties hereby (i) consents to this Amendment, (ii) confirms that all obligations of such Credit Party under the Loan Documents to which such Credit Party is a party shall continue to apply to the Amended Credit Agreement and (iii) agrees that all security interests granted by it pursuant to any Loan Document shall secure the Amended Credit Agreement.

Section 9. **Submission to Jurisdiction; Waivers**. Each of the parties hereto hereby irrevocably and unconditionally:

(a) (i) submits for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof , in any action or proceeding arising out of or relating to this Amendment or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court; and (ii) agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(b) waives, to the fullest extent permitted by applicable Laws, (i) any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Amendment or any other Loan Document in any court referred to in Section 9(a), and (ii) the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court;

(c) consents to service of process in any action or proceeding arising out of or relating to any Loan Document, in the manner provided for notices (other than telecopier) in Section 10.02 of the Amended Credit Agreement; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

JAZZ PHARMACEUTICALS, INC.

By: /s/ Kathryn E. Falberg
Name: Kathryn E. Falberg
Title: Executive Vice President and Chief Financial Officer

GIVEN under the common seal of
JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY

(Common Seal)

/s/ Fintan Keegan
Fintan Keegan, Executive Vice President

/s/ Shawn Mindus
Shawn Mindus, Company Secretary

GIVEN under the common seal of
JAZZ FINANCING I LIMITED

(Common Seal)

/s/ Shawn Mindus
Shawn Mindus, Director

/s/ Aislinn Doody
Aislinn Doody, Company Secretary

GIVEN under the common seal of
JAZZ PHARMACEUTICALS
IRELAND LIMITED

(Common Seal)

/s/ Shawn Mindus
Shawn Mindus, Director

/s/ Aislinn Doody
Aislinn Doody, Company Secretary

[Signature Page to Jazz Amendment No. 2]

BARCLAYS BANK PLC,
as Administrative Agent, Collateral Agent,
Amendment No. 2 Incremental Tranche 2 Lender, Additional Tranche 2 Lender and Lender

By: /s/ Alicia Borys
Name: Alicia Borys
Title: Vice President

Annex I

The undersigned evidences its consent to the amendments reflected in this Amendment and agrees to provide the Revolving Commitments set forth opposite such Lender's name on Schedule I to this Amendment.

_____,
(Name of Institution)

By: _____
Name:
Title:

[If a second signature is necessary:

By: _____
Name:
Title:]

Annex II

The undersigned Term Loan Lender hereby consents to this Amendment and consents to convert 100% of the outstanding principal amount of the Tranche 1 Term Loan held by such Lender (or such lesser amount allocated to such Lender by the Amendment No. 2 Arrangers) into a Tranche 2 Term Loan in a like principal amount on the Amendment No. 2 Effective Date.

_____,
(Name of Institution)

By: _____
Name:
Title:

[If a second signature is necessary:

By: _____
Name:
Title:]

Schedule I

Incremental Commitments

Lender	New Revolving Commitments	Amendment No. 2 Incremental Tranche 1 Commitments	Additional Tranche 2 Term Commitments
Barclays Bank PLC	$ 7,500,000	$ 350,000,000	$ 0
JPMorgan Chase Bank, N.A.	$ 10,000,000		
Bank of America, N.A.	$ 7,500,000		
Citibank, N.A.	$ 7,500,000		
Morgan Stanley Bank, NA	$ 7,500,000		
Royal Bank of Canada	$ 6,250,000		
DNB Capital LLC	$ 11,250,000		
RBS Citizens, NA	$ 17,500,000		
Union Bank, N.A.	$ 12,500,000		
SunTrust Bank	$ 2,500,000		
Credit Suisse AG, Cayman Islands Branch	$ 20,000,000		
Santander Bank N.A.	$ 20,000,000		
Associated Bank, N.A.	$ 17,500,000		
BMO Harris Bank, N.A.	$ 17,500,000		
Fifth Third Bank	$ 17,500,000		
HSBC Bank PLC, Dublin Branch	$ 17,500,000		
Sumitomo Mitsui Banking Corporation	$ 17,500,000		
Comerica Bank	$ 2,500,000		
Silicon Valley Bank	$ 2,500,000		
Stifel Bank & Trust	$ 2,500,000		
Total	$225,000,000	$ 350,000,000	$ 0

Schedule II

Lender	Revolving Commitments
Barclays Bank PLC	$ 32,500,000
JPMorgan Chase Bank, N.A.	$ 32,500,000
Bank of America, N.A.	$ 30,000,000
Citibank, N.A.	$ 30,000,000
Morgan Stanley Bank, NA	$ 30,000,000
Royal Bank of Canada	$ 26,250,000
DNB Capital LLC	$ 26,250,000
RBS Citizens, NA	$ 22,500,000
Union Bank, N.A.	$ 22,500,000
SunTrust Bank	$ 22,500,000
Credit Suisse AG, Cayman Islands Branch	$ 20,000,000
Santander Bank N.A.	$ 20,000,000
Associated Bank, N.A.	$ 17,500,000
BMO Harris Bank, N.A.	$ 17,500,000
Fifth Third Bank	$ 17,500,000
HSBC Bank PLC, Dublin Branch	$ 17,500,000
Sumitomo Mitsui Banking Corporation	$ 17,500,000
Comerica Bank	$ 7,500,000
Silicon Valley Bank	$ 7,500,000
Credit Industrie et Commercial	$ 2,500,000
Raymond James Bank, N.A.	$ 2,500,000
Stifel Bank & Trust	$ 2,500,000
Total	$225,000,000

Schedule III

Foreign Security Documents

- Irish Deed of Confirmation by and among Barclays Bank PLC, as Collateral Agent, Jazz Pharmaceuticals PLC, Jazz Pharmaceuticals Ireland Limited, Jazz Financing I Limited, Jazz Financing II Limited and Jazz Financing Lux S.à r.l.
- Bermuda Deed of Amendment, Restatement & Consolidation, by and among Jazz Pharmaceuticals PLC and Barclays Bank PLC.
- Gibraltar Confirmation Letter from EUSA Pharma International Limited to Barclays Bank PLC and EUSA Pharma (Luxembourg), S.à r.l.
- Luxembourg Confirmation Letter from Jazz Pharmaceuticals PLC to Barclays Bank PLC and Jazz Financing Lux S.à r.l., relating to the Luxembourg law governed share pledge agreement dated 11 September 2013.
- Luxembourg Confirmation Letter from EUSA Pharma International Limited to Barclays Bank PLC and Pharma (Luxembourg) S.à r.l., relating to the Luxembourg law governed share pledge agreement dated 18 April 2013.
- Luxembourg Confirmation Letter from Jazz Financing Lux S.à r.l. to Barclays PLC, relating to the Luxembourg law governed account pledge agreement dated 11 September 2013
- Luxembourg Confirmation Letter from EUSA Pharma (Luxembourg) S.à r.l. to Barclays Bank PLC, relating to the Luxembourg law governed account pledge agreement dated 18 April 2013.
- UK Guarantee and Security Confirmation, by and among Barclays Bank PLC, as Collateral Agent, EUSA Pharma (Europe) Limited, EUSA Pharma (Luxembourg) S.à r.l. and Jazz Pharmaceuticals, Inc.
- Italian Share Pledge Agreement, by and among Jazz Financing I Limited and Barclays Bank PLC
- Irish Deed of Charge over Shares, by and among Jazz Investments II Limited and Barclays Bank PLC
- Irish Deed of Partial Release, by and among Barclays Bank PLC and Jazz Pharmaceuticals PLC.

Schedule IV

Schedule 5.06

Litigation

Xyrem ANDA Matters:

- Jazz Pharmaceuticals, Inc. v. Roxane Laboratories, Inc., Civ No. 2-10-cv-06108 (D. New Jersey)
- Jazz Pharmaceuticals, Inc. v. Amneal Pharmaceuticals, Inc., Civ. No. 2-13-cv-00391 (D. New Jersey)
- Jazz Pharmaceuticals, Inc. v. Par Pharmaceutical, Inc., Civ. No. 2-13-cv-07884 (D. New Jersey)

On October 18, 2010, the U.S. Borrower received a Paragraph IV Patent Certification notice, or Paragraph IV Certification, from Roxane Laboratories, Inc. ("Roxane"), that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Roxane's Paragraph IV Certification alleged that all five patents then listed for Xyrem in the FDA's publication "Approved Drug Products with Therapeutic Equivalence Evaluations" (the "Orange Book"), on the date of the Paragraph IV Certification are invalid, unenforceable or not infringed by Roxane's proposed generic product. On November 22, 2010, the U.S. Borrower filed a lawsuit against Roxane in response to Roxane's Paragraph IV Certification in the United States District Court for the District of New Jersey, or the District Court. The U.S. Borrower is seeking a permanent injunction to prevent Roxane from introducing a generic version of Xyrem that would infringe its patents. Two additional method of use patents covering the distribution system for Xyrem were issued in December 2010 and February 2011, respectively, and were listed in the Orange Book, and the U.S. Borrower filed lawsuits against Roxane in February 2011 and again in May 2011 to include these additional patents in the litigation in response to Roxane's Paragraph IV Certifications against each of these patents, and also to include another issued patent in the litigation which is not listed in the Orange Book. These additional lawsuits were subsequently consolidated with the action filed on November 22, 2010. On April 26, 2012, the District Court held a Markman hearing, a pretrial hearing following which the trial judge construes the claims of the patents at issue in a lawsuit, and the District Court issued a Markman order construing the claims of the patents then involved in the litigation in September 2012. Two additional patents, one covering a formulation of Xyrem and the other covering use of Xyrem for treatment of narcolepsy (Patent Nos. 8,263,650 and 8,324,275), or the '650 patent and the '275 patent, were issued in September 2012 and December 2012, respectively, and were listed in the Orange Book. In October 2012, the U.S. Borrower filed a new lawsuit in the District Court against Roxane in response to Roxane's Paragraph IV Certification against the '650 patent, or the '650 case, and in December 2012, the U.S. Borrower filed a lawsuit in the District Court against Roxane alleging infringement of the '275 patent, or the '275 case. In April 2013, the District Court issued an order consolidating the three lawsuits and an order scheduling discovery and other deadlines for the consolidated case. Under the current scheduling order, expert discovery involving all ten of the patents involved in the consolidated case will close in May 2014. Although no trial date for the consolidated case has been scheduled, based on the current scheduling order, the we anticipate that trial in the consolidated case could occur as early as mid-2014. However, the actual timing of events in this litigation may be significantly earlier or later than contemplated

by the scheduling order, and we cannot predict the timing or outcome of events in this litigation. In accordance with the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, as a result of the U.S. Borrower having filed a timely lawsuit against Roxane, FDA approval of Roxane's ANDA had been stayed until April 18, 2013, which was 30 months after the U.S. Borrower's October 18, 2010 receipt of Roxane's Paragraph IV Certification, but that stay has expired. On September 30, 2013, the U.S. Borrower received a Paragraph IV Certification from Roxane alleging that a tenth patent listed in the Orange Book for Xyrem would not be infringed by Roxane's proposed generic product. The We have filed a covenant not to sue Roxane on that patent, and do not expect that patent to be litigated.

On December 10, 2012, the U.S. Borrower received a Paragraph IV Certification from Amneal Pharmaceuticals, LLC ("Amneal"), that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Amneal's Paragraph IV Certification alleged that seven patents listed for Xyrem in the Orange Book are not infringed by Amneal's proposed generic product. Amneal's Paragraph IV Certification further alleged that an eighth patent listed in the Orange Book for Xyrem is invalid. On December 13, 2012, the U.S. Borrower received a supplemental Paragraph IV Certification alleging that a ninth patent listed in the Orange Book for Xyrem is invalid. On January 18, 2013, the U.S. Borrower filed a lawsuit against Amneal in response to Amneal's Paragraph IV Certifications in the District Court. On August 2, 2013 the U.S. Borrower received a Paragraph IV Certification alleging that a tenth patent listed in the Orange Book for Xyrem would not be infringed by Amneal's proposed generic product. On September 12, 2013, the U.S. Borrower filed a lawsuit against Amneal alleging infringement of this patent as well as another issued patent which is not listed in the Orange Book. The U.S. Borrower is seeking a permanent injunction to prevent Amneal from introducing a generic version of Xyrem that would infringe its patents. In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Amneal, FDA approval of Amneal's ANDA will be stayed until the earlier of (i) June 10, 2015, which is 30 months after the Borrower's receipt of Amneal's Paragraph IV Certification on December 10, 2012, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed. We cannot predict the timing or outcome of this matter.

On November 21, 2013, the U.S. Borrower received a Paragraph IV Certification from Par Pharmaceutical, Inc. ("Par"), that it had submitted an ANDA to the FDA requesting approval to market a generic version of Xyrem. Par's Paragraph IV Certification alleged that ten patents listed in the Orange Book for Xyrem are invalid, unenforceable, and/or will not be infringed by Par's proposed generic product. On December 27, 2013 the U.S. Borrower filed a lawsuit against Par in the United States District Court, in response to Par's Paragraph IV notice. The U.S. Borrower is seeking a permanent injunction to prevent Par from introducing a generic version of Xyrem that would infringe its patents. In accordance with the Hatch-Waxman Act, as a result of having filed a timely lawsuit against Par, FDA approval of Amneal's ANDA will be stayed until the earlier of (i) May 21, 2016, which is 30 months after the U.S. Borrower's receipt of Par's Paragraph IV Certification on November 21, 2013, or (ii) a District Court decision finding that the identified patents are invalid, unenforceable or not infringed. We cannot predict the timing or outcome of this matter.

~~$757,187,500~~1,329,401,563

CREDIT AGREEMENT

dated as of June 12, 2012,
as amended by Amendment No. 1 dated as of June 13, ~~2013~~2013,
as amended by Amendment No. 2 dated as of January 23, 2014

among

JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY,
as Parent,
JAZZ PHARMACEUTICALS, INC.,
as U.S. Borrower,
JAZZ PHARMACEUTICALS IRELAND LIMITED,
as an Irish Borrower,
JAZZ FINANCING I LIMITED,
as an Irish Borrower,

THE LENDERS FROM TIME TO TIME PARTY HERETO,

BARCLAYS BANK PLC,
as Administrative Agent, Collateral Agent, L/C Issuer and Swing Line Lender,

BARCLAYS BANK PLC,
as Sole Lead Arranger,
BARCLAYS BANK PLC, CITIGROUP GLOBAL MARKETS, INC.
and J.P. MORGAN SECURITIES LLC,
as Joint Bookrunners,
BANK OF AMERICA, N.A., CITIBANK, N.A. and JPMORGAN CHASE BANK, N.A.,
as Co-Syndication Agents,
ROYAL BANK OF CANADA and SUNTRUST BANK,
as Co-Documentation Agents

~~And~~

UNION BANK,
as Senior Managing Agent for Amendment No. 1

BARCLAYS BANK PLC, CITIGROUP GLOBAL MARKETS, INC.
and J.P. MORGAN SECURITIES LLC,
as Lead Arrangers and Joint Bookrunners for Amendment No. 1

BARCLAYS BANK PLC, J.P. MORGAN SECURITIES LLC,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
CITIGROUP GLOBAL MARKETS, INC. and MORGAN STANLEY SENIOR FUNDING, INC.,
as Lead Arrangers and Joint Bookrunners for Amendment No. 2
and
ROYAL BANK OF CANADA, DNB BANK ASA, UNION BANK, SUNTRUST BANK and RBS CITIZENS,
as Senior Managing Agents for Amendment No. 2

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CREDIT AGREEMENT

This Credit Agreement, dated June 12, 2012 (as amended by Amendment No. 1 on June 13, 2013 **and as further amended by Amendment No. 2 on January 23, 2014** and as may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), by and among Jazz Pharmaceuticals Public Limited Company, a public limited company organized under the laws of Ireland ("Parent"), Jazz Pharmaceuticals, Inc., a Delaware corporation (the "U.S. Borrower"), Jazz Financing I Limited , a company incorporated under the laws of Ireland ("Jazz Financing I"), Jazz Pharmaceuticals Ireland Limited, a company incorporated under the laws of Ireland ("Jazz Ireland"), the Lenders (as hereinafter defined) and Barclays Bank PLC, as Administrative Agent, Collateral Agent, Swing Line Lender and L/C Issuer.

PRELIMINARY STATEMENTS:

Jewel Merger Sub, a Delaware corporation and a direct wholly-owned subsidiary of the U.S. Borrower (the "Merger Sub"), was organized by the U.S. Borrower to acquire control of EUSA Pharma Inc., a Delaware corporation (the "Acquired Business").

Pursuant to the Agreement and Plan of Merger dated April 26, 2012 (the "Merger Agreement") among Parent, the Merger Sub, the Acquired Business and the stockholders' representatives party thereto, Parent and the Merger Sub consummated a merger (the "Acquisition") with the Acquired Business in which the Merger Sub was merged with and into the Acquired Business with the Acquired Business surviving such merger as a wholly-owned subsidiary of the U.S. Borrower.

The proceeds of the borrowings hereunder on the Closing Date were used to fund a portion of the Acquisition, the repayment of certain indebtedness of the Acquired Business, for permitted capital expenditures and acquisitions, to provide ongoing working capital requirements of Parent and its subsidiaries, for transaction costs associated with each of the foregoing and for other general corporate purposes of Parent and its subsidiaries.

~~The Borrowers have requested that the lenders provide~~ **The Lenders provided on the Amendment No. 1 Effective Date** a term loan facility in the amount of $557,187,500 and a revolving credit facility in the amount of $200,000,000, **which replaced the existing term loan facility and revolving credit facility hereunder at such time.**

Pursuant to the Tender Offer Agreement dated December 19, 2013 (the "Gentium Acquisition Agreement") among Parent, Jazz Pharmaceuticals Italy S.r.L., an Italian *società a responsabilità limitata* and a wholly-owned Subsidiary of Parent (the "Gentium Acquisition Sub"), and Gentium S.p.A, a *società per azioni* incorporated in Italy ("Gentium"), the Parent and Gentium Acquisition Sub have agreed to commence a tender offer (the "Gentium Tender Offer") to acquire all of the ordinary shares and American Depositary Shares representing ordinary shares (collectively, the "Gentium Stock") of Gentium on the terms and conditions set forth therein (including the subsequent acquisition of any Equity Interests remaining after the Gentium Tender Offer, the "Gentium Acquisition").

The U.S. Borrower has requested that the Lenders provide (i) Incremental Term Loans in the aggregate principal amount of $350,000,000, (ii) Amendment No. 2 Tranche 2 Term Loans in an aggregate principal amount of $554,401,563, which would refinance the Tranche 1 Term Loans outstanding immediately prior to the Amendment No. 2 Effective Date and (iii) Incremental Revolving Commitments in the aggregate principal amount of $225,000,000, and the Lenders have

indicated their willingness to ~~lend and the L/C Issuer has indicated its willingness to issue letters of credit, in each case,~~**provide such Incremental Term Loans, Amendment No. 2 Tranche 2 Term Loans and Incremental Revolving Commitments** on the terms and subject to the conditions set forth herein. **The Term Loans set forth in clauses (i) and (ii) shall be treated as a single Class of Term Loans.**

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I.

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings set forth below:

"Acceptable Discount" has the meaning specified in Section 2.19(d)(ii).

"Acceptable Prepayment Amount" has the meaning specified in Section 2.19(d)(iii).

"Acceptance and Prepayment Notice" means an irrevocable written notice from Parent or any of its Subsidiaries accepting a Solicited Discounted Prepayment Offer to make a Discounted Term Loan Prepayment at the Acceptable Discount specified therein pursuant to Section 2.19(d) substantially the form of Exhibit R hereto.

"Acceptance Date" has the meaning specified in Section 2.19(d)(ii).

"Acquired Business" has the meaning set forth in the Preliminary Statements.

"Acquisition" has the meaning set forth in the Preliminary Statements.

"Acquisition Consideration" means the sum of the cash purchase price for any Permitted Acquisition payable at or prior to the closing date of such Permitted Acquisition (and which, for the avoidance of doubt, shall not include any purchase price adjustment, royalty, earnout, contingent payment or any other deferred payment of a similar nature) plus the aggregate principal amount of Indebtedness assumed on such date in connection with such Permitted Acquisition.

"Additional Agents" has the meaning specified in Section 9.03, each an "Additional Agent" and any two or more "Additional Agents."

"Additional Tranche 1 Lender" means the Person identified as such in Amendment No. 1.

"Additional Tranche 1 Term Commitment" means, with respect to the Additional Tranche 1 Lender, its commitment to make a Tranche 1 Term Loan on the Amendment No. 1 Effective Date in an amount equal to $557,187,500 minus the aggregate principal amount of the Converted Term Loans of all Lenders.

"Additional Tranche 2 Lender" means the Person identified as such in Amendment No. 2.

"Additional Tranche 2 Term Commitment" means, with respect to the Additional Tranche 2 Lender, its commitment to make a Tranche 2 Term Loan on the Amendment No. 2 Effective Date in an amount equal to $554,401,563 minus the aggregate principal amount of the Amendment No. 2 Converted Term Loans of all Lenders.

"Adjusted Eurodollar Rate" means, for the Interest Period for each Eurodollar Loan comprising part of the same Group, the quotient obtained (expressed as a decimal, carried out to five decimal places) by dividing (i) the applicable Eurodollar Rate for such Interest Period by (ii) 1.00 minus the Eurodollar Reserve Percentage; provided that, in the case of the Term Loans, the Adjusted Eurodollar Rate shall at all times be deemed to be not less than the Adjusted LIBOR Floor.

"Adjusted LIBOR Floor" means 0.75% per annum.

"Administrative Agent" means Barclays Bank PLC, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify the U.S. Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent" means the Administrative Agent, the Collateral Agent and any successors and assigns in such capacity, and "Agents" means any two or more of them.

"Agent Related Persons" means each Agent, together with its Related Parties.

"Aggregate Commitments" means at any date the Commitments of all the Lenders.

"Agreement" has the meaning specified in the preamble.

"Amendment No. 1" means Amendment No. 1 to this Agreement, dated as of June ~~[ ],~~ **13,** 2013, by and among Parent, the U.S. Borrower, the Irish Borrowers, the Guarantors, the Administrative Agent and the Lenders party thereto.

"Amendment No. 1 Arrangers" means Barclays Bank PLC, Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC in their respective capacities as lead arrangers and joint bookrunners for Amendment No. 1.

"Amendment No. 1 Consenting Lender" means each Lender that provided the Administrative Agent with a counterpart to Amendment No. 1 executed by such Lender.

"Amendment No. 1 Effective Date" has the meaning specified in Amendment No. 1.

"Amendment No. 2" means Amendment No. 2 to this Agreement, dated as of January 23, 2014, by and among Parent, the U.S. Borrower, the Irish Borrowers, the Guarantors, the Administrative Agent and the Lenders party thereto.

"Amendment No. 2 Arrangers" means Barclays Bank PLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets, Inc. and Morgan Stanley Senior Funding, Inc. in their respective capacities as lead arrangers and joint bookrunners for Amendment No. 2.

"Amendment No. 2 Consenting Lender" means each Lender that provided the Administrative Agent with a counterpart to Amendment No. 2 executed by such Lender.

"Amendment No. 2 Converted Term Loan" means each Term Loan held by an Amendment No. 2 Consenting Lender on the Amendment No. 2 Effective Date immediately prior to the effectiveness of Amendment No. 2 (or, if less, the amount notified to such Lender by the Administrative Agent prior to the Amendment No. 2 Effective Date).

"Amendment No. 2 Effective Date" has the meaning specified in Amendment No. 2.

"Amendment No. 2 Incremental Tranche 2 Term Lender" means the Person identified as such in Amendment No. 2.

"Amendment No. 2 Incremental Tranche 2 Term Loan Commitment" means, with respect to the Amendment No. 2 Incremental Tranche 2 Term Lender, its commitment to make a Tranche 1 Term Loan on the Amendment No. 2 Effective Date in an amount equal to $350,000,000.

"Amendment No. 2 Incremental Tranche 2 Term Loans" has the meaning specified in Section 2.01(b)(iii).

"Amendment No. 2 Tranche 2 Term Loans" has the meaning specified in Section 2.01(b)(iv).

"Amendment No. 2 Transactions" means (i) the Gentium Tender Offer and the Gentium Acquisition, (ii) the entry into Amendment No. 2 by the Loan Parties, (iii) the incurrence of the Term Loans and the provision of the Revolving Commitments pursuant to Section 2.01 on the Amendment No. 2 Effective Date and (iv) the payment of fees and expenses incurred in connection therewith.

"Anti-Money Laundering Laws" means any and all laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties applicable to a Loan Party, its Subsidiaries or Affiliates related to terrorism financing or money laundering, including any applicable provision of Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (Title III of Pub. L. 107-56) and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

"Applicable Commitment Fee Percentage" means a percentage per annum set forth below corresponding to the Secured Leverage Ratio as of the most recent Calculation Date:

Pricing Level	Secured Leverage Ratio	Applicable Commitment Fee Percentage
I	³ 1.75:1.00	0.500%
II	> 0.75:1.00 but < 1.75:1.00	0.375%
III	£ 0.75:1.00	0.250%

Each Applicable Commitment Fee Percentage shall be determined and adjusted quarterly on the date (each, a "Calculation Date") three Business Days after the earlier of the actual delivery date by which Parent provides, or the required delivery date by which Parent is required to provide, the consolidated financial information required by Section 6.01(a) or (b), as applicable, and the Compliance Certificate required by Section 6.01(c) for the fiscal quarter or year of Parent most recently ended prior to the Calculation Date; provided, however, that the Applicable Commitment Fee Percentage shall be deemed to be (i) (x) in Pricing Level II from the Amendment No. 1 Effective Date until the first Calculation Date occurring after the first full fiscal quarter of Parent subsequent to the Amendment No. 1 Effective Date and (y) in Pricing Level I at any time during the existence of an Event of Default under Sections 8.01(a), (h) or (i) and (ii) if Parent fails to provide the consolidated financial information required by Section 6.01(a) or (b), as applicable, or the Compliance Certificate required by Section 6.01(c) for the most recently ended fiscal quarter or year of Parent preceding any applicable Calculation Date, each Applicable Commitment Fee Percentage from such Calculation Date shall be based on Pricing Level I until such time as such consolidated financial information and an appropriate Officer's Certificate is provided.

"Applicable Margin" means a percentage per annum equal to:

(a) for purposes of calculating Term Loans **(I)** (i) for Tranche 1 Term Loans that are Eurodollar Loans, 2.75% and (ii) for Tranche 1 Term Loans that are Base Rate Loans, 1.75% **and (II)(i) for Tranche 2 Term Loans that are Eurodollar Loans, 2.50% and (ii) for Tranche 2 Term Loans that are Base Rate Loans, 1.50%**; and

(b) for purposes of calculating (A) the applicable interest rate for any day for any Revolving Loan or Swing Line Loan or (B) the applicable rate of the Letter of Credit Fee for any day for purposes of Section 2.11(b)(i), the applicable percentage per annum set forth below corresponding to the Secured Leverage Ratio as of the most recent Calculation Date:

Pricing Level	Secured Leverage Ratio	Letter of Credit Fee and Applicable Margin for Revolving Loans that are Eurodollar Loans	Applicable Margin for Swing Line Loans and Revolving Loans that are Base Rate Loans
I	³ 1.75:1.00	2.50%	1.50%
II	> 0.75:1.00 but < 1.75:1.00	2.25%	1.25%
III	£ 0.75:1.00	2.00%	1.00%

Each Applicable Margin shall be determined and adjusted quarterly on the date (each a "Calculation Date") three Business Days after the earlier of the actual delivery date by which Parent provides, or the required delivery date by which Parent is required to provide, the consolidated financial information required by Section 6.01(a) or (b), as applicable, and the Compliance Certificate required by Section 6.01(c) for the fiscal quarter or year of Parent most recently ended prior to the Calculation Date; provided, however, that with respect to (A) any Revolving Loan or Swing Line Loan or (B) the Letter of Credit Fee, the Applicable Margin shall be deemed to be (i) (x) in Pricing Level ~~II~~**I** from the Amendment No. ~~1~~**2** Effective Date until the first Calculation Date occurring after the first full fiscal quarter of Parent subsequent to the Amendment No. ~~1~~**2** Effective Date and (y) in Pricing Level I at any time during the existence of an Event of Default under Sections 8.01(a), (h) or (i) and (ii) if Parent fails to provide the consolidated financial information required by Section 6.01(a) or (b), as applicable, or the Compliance Certificate required by Section 6.01(c) for the most recently ended fiscal quarter or year of Parent preceding

any applicable Calculation Date, each Applicable Margin from such Calculation Date shall be based on Pricing Level I until such time as such consolidated financial information and an appropriate Officer's Certificate is provided.

In the event that the Administrative Agent and Parent determine in good faith that any financial statement or Compliance Certificate delivered pursuant to Section 6.01 is inaccurate (regardless of whether this Agreement or the Revolving Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected would have led to a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin applied for such Applicable Period, then (i) Parent shall immediately deliver to the Administrative Agent a correct Compliance Certificate for such Applicable Period, (ii) the Applicable Margin shall be determined by reference to the corrected Compliance Certificate (but in no event shall the Lenders owe any amounts to the Borrowers), and (iii) the applicable Borrower shall within three Business Days of demand therefor by the Administrative Agent pay to the Administrative Agent the additional interest owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with the terms hereof. This paragraph shall not limit the rights of the Administrative Agent and the Lenders hereunder.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage of the Aggregate Commitments represented by the aggregate of such Lender's Revolving Commitment Percentage and its Term Commitment Percentage at such time, in each case subject to adjustment as provided in Section 2.15 or 2.17; provided that if the Commitments of each Lender to make Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender of each Class and for all Classes is set forth opposite the name of such Lender on Schedule 2.01 under the caption "Commitments" of the applicable Class or under the caption "Aggregate Commitment Percentage," as applicable, or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Applicable Prepayment" has the meaning specified in Section 2.09(f).

"Approved Fund" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"Asset Disposition" means any Disposition (or series of related Dispositions) of any assets **(other than Unrestricted Margin Stock)** by Parent or any of its Restricted Subsidiaries in respect of which either the fair market value of such property or the Disposition Consideration payable to the Parent or any of its Restricted Subsidiaries exceeds $500,000, excluding any Disposition by way of Casualty or Condemnation.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor or by Affiliated investment advisors.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b) and/or the definition of "Eligible Assignee"), and accepted by the Administrative Agent, substantially in the form of Exhibit C or any other form approved by the Administrative Agent and the U.S. Borrower.

"Auction Agent" means (a) the Administrative Agent or (b) any other financial institution or advisor employed by Parent or any of its Subsidiaries (whether or not an Affiliate of the Administrative Agent) to act as an arranger in connection with a Discounted Term Loan Prepayment pursuant to Section 2.19; provided that neither Parent nor any of its Subsidiaries shall designate the Administrative Agent as the Auction Agent without the written consent of the Administrative Agent (it being understood that the Administrative Agent shall be under no obligation to agree to act as the Auction Agent).

"Auto-Extension Letter of Credit" has the meaning specified in Section 2.05(c)(iii).

"Available Amount" means, at any date, an amount equal to:

(a) the sum of (without duplication):

(i) $250,000,000;

(ii) the Net Cash Proceeds received after the Amendment No. 1 Effective Date and on or prior to such date from any issuance of Qualified Capital Stock by Parent;

(iii) the Net Cash Proceeds received after the Amendment No. 1 Effective Date and on or prior to such date by Parent or any Restricted Subsidiary from the issuance of convertible or exchangeable debt securities that have been converted into or exchanged for Qualified Capital Stock of Parent; and

(iv) Cumulative Excess Cash Flow as of such date that has not been applied to prepay Loans, or, in the case of any calculation of Cumulative Excess Cash Flow for any period other than an Excess Cash Flow Period, (A) in the case of any such period ending prior to the end of the initial Excess Cash Flow Period, 50% of Cumulative Excess Cash Flow for such period and (B) in the case of any such period ending after the initial Excess Cash Flow Period, the sum of (1) Cumulative Excess Cash Flow as of the most recently ended Excess Cash Flow Period that has not been applied to prepay Loans and (2) 50% of Cumulative Excess Cash Flow for the period that has elapsed since such Excess Cash Flow Period; minus

(b) the amount of any usage of such Available Amount pursuant to Section 7.04(w), Section 7.06(i) and Section 7.08(b), in each case prior to such date.

"Available Amount Conditions" means, prior to and after giving effect to any usage of the Available Amount, (a) no Default or Event of Default shall have occurred and be continuing and (b) Parent shall be in compliance with the covenant set forth in Section 7.10 on a pro forma basis in accordance with Section 1.03(c) and (c) solely with respect to Restricted Payments made pursuant to Section 7.06(i), the Total Leverage Ratio, as of the end of the most recently completed Test Period, shall be less than or equal to 2.50 to 1.0 on a pro forma basis in accordance with Section 1.03(c).

"Azur Financial Statements" means the audited financial statements of Azur Pharma for the fiscal years ended December 31, 2009, 2010 and 2011.

"Azur Merger" means the merger effective January 18, 2012 of Jaguar Merger Sub Inc. into the U.S. Borrower, as result of which the U.S. Borrower became a wholly-owned subsidiary of Parent.

"Azur Pharma" means Azur Pharma Public Limited Company.

"Bankruptcy Code" means Title 11 of the United States Code, as now and hereafter in effect, or any successor statute.

"Bankruptcy Law" means the Bankruptcy Code and all other liquidation, receivership, moratorium, conservatorship, assignment for the benefit of creditors, insolvency, examinership or similar federal, state or foreign law for the relief of debtors.

"Base Rate" means, for any day, a fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate plus ½ of 1%, (ii) the Prime Rate in effect on such day and (iii) the Adjusted Eurodollar Rate for a one month Interest Period beginning on such day (or, if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; provided that, in the case of the Term Loans, the Base Rate shall at all times be deemed to be not less than the Base Rate Floor. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Rate, respectively.

"Base Rate Floor" means 1.75% per annum.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"BBA LIBOR" means the LIBOR Rate as administered by the British Bankers Association or, in the event it shall no longer administer such rate, by any successor administrator of such rate.

"Bermuda Share Charge" means a charge granted by the Parent of its equity interests in the relevant Foreign Subsidiary in favor of the Collateral Agent for the benefit of the Finance Parties, which charge shall be in form and substance reasonably satisfactory to the Administrative Agent.

"Board of Directors" means, with respect to any Person, (i) in the case of any corporation, the board of directors of such Person (or any committee or subcommittee thereof), (ii) in the case of any limited liability company, the board of managers (or any committee or subcommittee thereof) or managing member of such Person, (iii) in the case of any partnership, the board of directors of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

"Borrower" means the U.S. Borrower and the Irish Borrowers collectively on a joint and several basis (unless the context otherwise requires that such term shall apply only to the U.S. Borrower).

"Borrower Materials" has the meaning specified in Section 10.02(d).

"Borrowing" has the meaning specified in Section 1.07.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, (x) the state where the Administrative Agent's Office is located and (y) if such day relates to the payment of any obligation or the performance of any covenant, duty or obligation of any Irish Borrower, Ireland, except that (i) when used in Section 2.05 with respect to any action taken by or with respect to any L/C Issuer, the term "Business Day" shall not include any day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the jurisdiction where such L/C Issuer's Lending Office is located and (ii) when used in connection with a Eurodollar Loan, the term "Business Day" means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

"Capital Lease" of any Person means any lease of (or other arrangement conveying the right to use) property (whether real, personal or mixed) by such Person as lessee which would, in accordance with GAAP, be required to be accounted for as a capital lease on the balance sheet of such Person; provided that any lease or other arrangement that, under GAAP as in effect on the Closing Date, would not be required to be accounted for as a capital lease shall not constitute a "Capital Lease" hereunder.

"Capital Lease Obligations" means, with respect to any Person, all obligations of such Person as lessee under Capital Leases, which, as of any time of determination, shall be equal to the amount of liability under such Capital Leases required at such time to be capitalized and reflected as a liability on a balance sheet of such Person (excluding the footnotes thereto) prepared in accordance with GAAP.

"Cash Collateralize" means to pledge and deposit with or deliver to the Collateral Agent, for the benefit of the Administrative Agent, any L/C Issuer or any Swing Line Lender (as applicable) and the Lenders, as collateral for L/C Obligations, Senior Credit Obligations in respect of Swing Line Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash, deposit account balances or, if the applicable L/C Issuer or Swing Line Lender, as applicable, benefiting from such collateral shall agree in its sole discretion, other credit support (including a backup letter of credit), in each case pursuant to documentation (including as to stated amount in the case of a backup letter of credit which shall not be more than 103%) in form and substance reasonably satisfactory to (a) the Administrative Agent, (b) the Collateral Agent and (c) the applicable L/C Issuer or Swing Line Lender (as applicable) (which documents are hereby consented to by the Lenders). "Cash Collateral" and "Cash Collateralization" shall have meanings correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, purchasing cards, electronic funds transfer and other cash management arrangements.

"Cash Management Bank" means any Person that at the request of a Loan Party is designated a "Cash Management Bank" and that is a Lender, an Agent or an Affiliate of a Lender or an Agent (i) at the time it entered into a Cash Management Agreement with a Loan Party or (ii) is designated as a "Cash Management Bank" (so long as, upon such designation, a Cash Management Agreement exists between such Person and a Loan Party), in each case, even if such Person for any reason ceases for any reason after the execution of such agreement or such designation to be a Lender, an Agent or an Affiliate of a Lender or an Agent.

"Cash Management Obligations" means all obligations under any Secured Cash Management Agreements.

"Casualty" means any casualty, damage, destruction or other similar loss with respect to real or personal property or improvements.

"Casualty Event" means any involuntary loss of title, any involuntary loss of, damage to or any destruction of, or any condemnation or other taking (including by any Governmental Authority) of, any property of Parent or any of its Subsidiaries. "Casualty Event" shall include but not be limited to any taking of all or any part of any real property of any person or any part thereof, in or by condemnation or other eminent domain proceedings pursuant to any requirement of Law, or by reason of the temporary requisition of the use or occupancy of all or any part of any real property of any person or any part thereof by any Governmental Authority, civil or military, or any settlement in lieu thereof.

"CEA Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Internal Revenue Code of 1986.

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any applicable law, rule, regulation or treaty, (b) any change in any applicable law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Change of Control" means (a) the acquisition of beneficial ownership (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) by any Person or group (within the meaning of the Exchange Act and the rules of the SEC thereunder) of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Parent; (b) during any period of two consecutive years, a majority of the seats (other than vacant seats) on the Board of Directors of Parent shall cease to be occupied by individuals (i) who were members of such Board of Directors on the first day of such period, (ii) whose election or nomination to such Board of Directors was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of such Board of Directors or (iii) whose election or nomination to such Board of Directors was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of such Board of Directors; (c) Parent ceases to own, directly or indirectly, 100% of the Equity Interests of the U.S. Borrower; or (d) the occurrence of a change of control, or other similar provision, as defined in any agreement or instrument evidencing any Material Indebtedness (triggering a default or mandatory prepayment, which default or mandatory prepayment has not been waived in writing) other than Indebtedness permitted under Section 7.01(p).

"Class" has the meaning specified in Section 1.07.

"Closing Date" means June 12, 2012.

"Closing Date Refinancing" means the repayment or other satisfaction in full and the termination of any commitment to make extensions of credit under all of the outstanding indebtedness of the Acquired Business listed on Schedule 1.01(A).

"Co-Documentation Agent" each of Royal Bank of Canada and SunTrust Bank, in its capacity as a Co-Documentation Agent.

"Co-Syndication Agent" each of Bank of America, N.A., Citibank, N.A. and JPMorgan Chase Bank, N.A., in its capacity as a Co-Syndication Agent.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means all of the property, which includes Mortgaged Property and all other property of whatever kind and nature, which is subject or is purported to be subject to the Liens granted by any of the Collateral Documents.

"Collateral Agent" means Barclays Bank PLC, in its capacity as collateral agent for the Finance Parties under the Collateral Documents, its successor or successors in such capacity.

"Collateral Documents" means, collectively, the U.S. Security Agreement, the Mortgages, the Foreign Collateral Documents, any additional pledges, security agreements, patent, trademark or copyright filings or mortgages or deeds of trust required to be delivered pursuant to the Loan Documents and any instruments of assignment or other similar instruments or agreements executed pursuant to the foregoing.

"Commitment" means (i) with respect to each Lender, its Revolving Commitment, Term Commitment (including the Additional Tranche 1 Term Commitment**, the Amendment No. 2 Incremental Tranche 2 Term Commitment and the Additional Tranche 2 Term Commitment**), Incremental Revolving Commitment, Incremental Term Loan Commitment, Other Revolving Commitment or Other Term Commitment, as and to the extent applicable, (ii) with respect to each L/C Issuer, its L/C Commitment and (iii) with respect to the Swing Line Lender, the Swing Line Commitment, in each case as set forth on Schedule 2.01, Schedule I to Amendment No. ~~1~~**1, Schedule I to Amendment No. 2** or in the applicable Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as its Commitment of the applicable Class, as any such amount may be adjusted from time to time in accordance with this Agreement.

"Commitment Fee" has the meaning specified in Section 2.11(a).

"Committed Tranche 1 Term Loan" has the meaning specified in Section 2.01(b)(ii).

"Committed Tranche 2 Term Loan" has the meaning specified in Section 2.01(b)(iv).

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. §1 et. seq.), as amended from time to time, and any successor statute.

"Communications" has the meaning specified in Section 10.02(d).

"Company Material Adverse Effect" has the meaning specified in Section 4.01(g).

"Compliance Certificate" means a certificate, duly executed by a Responsible Officer, appropriately completed and substantially in the form of Exhibit D.

"Condemnation" means any taking or expropriation by a Governmental Authority of property or assets, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, by reason of any public improvement or condemnation or in any other manner.

"Condemnation Award" means all proceeds of any Condemnation or transfer in lieu thereof.

"Consolidated Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset that would be classified as a fixed or capital asset on a consolidated balance sheet of Parent and its Restricted Subsidiaries prepared in accordance with GAAP but excluding (i) expenditures made in connection with any replacement, substitution or restoration of property

as a result of any involuntary loss of title, any involuntary loss of, damage to or destruction of, or any condemnation or other taking (including by any Governmental Authority) of, any property of Parent or any of its Restricted Subsidiaries, (ii) expenditures constituting consideration for any Permitted Acquisitions, (iii) expenditures constituting interest capitalized during such period, (iv) expenditures that are accounted for as capital expenditures of such Person and that actually are paid for by a third party and for which no Loan Party has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other Person and (v) the purchase price of equipment that is purchased substantially contemporaneously with the trade in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time.

"Consolidated Current Assets" means at any date, the consolidated current assets of the Parent and its Restricted Subsidiaries as of such date, determined on a consolidated basis in accordance with GAAP, but excluding cash, deferred income Taxes and Permitted Investments.

"Consolidated Current Liabilities" means at any date, the consolidated current liabilities of Parent and its Restricted Subsidiaries as of such date, determined on a consolidated basis in accordance with GAAP, but excluding the current portion of Consolidated Funded Indebtedness, outstanding Revolving Loans and Swing Line Loans, the current portion of interest expense (other than interest expense that is due and unpaid), accrued Taxes and accrued dividends.

"Consolidated EBITDA" means, with reference to any period, Consolidated Net Income for such period plus, to the extent deducted in determining Consolidated Net Income for such period, (i) Consolidated Interest Expense, (ii) expense for Taxes paid or accrued, (iii) depreciation, (iv) amortization, (v) extraordinary, unusual or non-recurring non-cash expenses or losses incurred other than in the ordinary course of business, (vi) non-cash expenses related to stock based compensation, (vii) fees and expenses directly incurred or paid in connection with (x) the Azur Merger and the Transactions, (y) any other Permitted Acquisition and, to the extent permitted hereunder, Investments (other than Permitted Acquisitions) and Dispositions, to the extent the aggregate amount of all such fees and expenses does not exceed $30,000,000 during any fiscal year and (z) to the extent permitted hereunder, issuances or incurrence of Indebtedness, issuances of Equity Interests or refinancing transactions and modifications of instruments of Indebtedness, (viii) any non-recurring charges, costs, fees and expenses directly incurred or paid directly as a result of discontinued operations (other than such charges, costs, fees and expenses to the extent constituting losses arising from such discontinued operations), (ix) any unrealized losses in respect of Swap Agreements, (x) any other extraordinary, unusual or non-recurring cash charges or expenses incurred outside of the ordinary course of business, (xi) Milestone Payments and Upfront Payments, (xii) the amount of cost savings and synergies projected by Parent in good faith to be realized as a result of the Azur Merger, the Acquisition or any other Permitted Acquisition or Investment, in each case within the four consecutive fiscal quarters following the consummation of such acquisition or Investment (or following the consummation of the squeeze-out merger in the case of an acquisition structured as a two-step transaction), calculated as though such cost savings and synergies had been realized on the first day of such period and net of the amount of actual benefits received during such period from such acquisition; provided that (A) a duly completed certificate signed by a Responsible Officer of Parent shall be delivered to the Administrative Agent certifying that such cost savings and synergies are reasonably expected and factually supportable in the good faith judgment of Parent, (B) no cost savings or synergies shall be added pursuant to this clause (xii) to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a pro forma adjustment or otherwise, for such period and (C) the aggregate amount of cost savings and synergies added back pursuant to this clause (xii) shall not exceed 15% of Consolidated EBITDA for the four quarter period ending on any date of determination (prior to giving effect to the addback of such items pursuant to this clause (xii)), (xiii) restructuring charges or reserves,

including write-downs and write-offs, including any one-time costs incurred in connection with the Azur Merger, the Acquisition, Permitted Acquisitions and other Investments and costs related to the closure, consolidation and integration of facilities, information technology infrastructure and legal entities, and severance and retention bonuses, (xiv) adjustments relating to purchase price allocation accounting, and (xv) the aggregate amount of all other non-cash charges, expenses or losses reducing Consolidated Net Income during such period, minus, to the extent included in Consolidated Net Income for such period, (l) interest income (to the extent not netted against interest expense in the calculation of Consolidated Interest Expense), (2) income tax credits and refunds (to the extent not netted from Tax expense), (3) any cash payments made during such period in respect of items described in clauses (v) or (xv) above subsequent to the applicable Test Period in which the relevant non-cash expenses or losses were incurred, (4) any non-recurring income or gains directly as a result of discontinued operations, (5) any unrealized income or gains in respect of Swap Agreements (to the extent not included in clause (1) above or netted against interest expense in the calculation of Consolidated Interest Expense) and (6) extraordinary, unusual or non-recurring income or gains realized other than in the ordinary course of business, all as determined for Parent and its Restricted Subsidiaries in accordance with GAAP on a consolidated basis. For the avoidance of doubt, the foregoing additions to, and subtractions from, Consolidated EBITDA shall not give effect to any items attributable to the Unrestricted Subsidiaries. For the purposes of calculating Consolidated EBITDA for any Test Period, (i) if at any time during such Test Period, Parent or any Restricted Subsidiary shall have made any Material Disposition or converted any Restricted Subsidiary into an Unrestricted Subsidiary, the Consolidated EBITDA for such Test Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition or to such conversion for such Test Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Test Period, and (ii) if during such Test Period Parent or any Restricted Subsidiary shall have made a Material Acquisition or converted any Unrestricted Subsidiary into a Restricted Subsidiary, Consolidated EBITDA for such Test Period shall be calculated after giving pro forma effect thereto in accordance with Section 1.03(c) as if such Material Acquisition or such conversion occurred on the first day of such Test Period. Notwithstanding the foregoing, Consolidated EBITDA for the fiscal quarters ended June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012 shall be deemed to be $46,369,000, $51,937,000, $72,567,000 and $77,963,000, respectively.

"Consolidated Funded Indebtedness" means at any date, the Funded Indebtedness of the Parent and its Restricted Subsidiaries as of such date, determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, with reference to any period, the interest expense (including without limitation interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of Parent and its Restricted Subsidiaries calculated on a consolidated basis for such period with respect to all outstanding Indebtedness of Parent and its Restricted Subsidiaries allocable to such period in accordance with GAAP (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs and benefits under interest rate Swap Agreements to the extent such net costs and benefits are allocable to such period in accordance with GAAP). In the event that Parent or any Restricted Subsidiary shall have completed a Material Acquisition or a Material Disposition since the beginning of the relevant period, Consolidated Interest Expense shall be determined for such period on a pro forma basis as if such acquisition or disposition, and any related incurrence or repayment of Indebtedness, had occurred at the beginning of such period.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of Parent and its Restricted Subsidiaries calculated in accordance with GAAP on a consolidated basis (without duplication) for such period, provided that there shall be excluded the income of any Restricted

Subsidiary (other than a Loan Party) to the extent that the declaration or payment of dividends or other distributions by such Restricted Subsidiary of that income is not at the time permitted by any of its Organization Documents, a requirement of Law or any agreement or instrument applicable to such Restricted Subsidiary, except that the amount of cash dividends or other cash distributions actually paid to any Loan Party by any such Restricted Subsidiary during such period shall be included; provided, further, that there shall be excluded any income (or loss) of any Person other than Parent or a Restricted Subsidiary, but any such income so excluded may be included in such period or any later period to the extent of any cash dividends or distributions actually paid in the relevant period to Parent or any wholly-owned Restricted Subsidiary of Parent.

"Consolidated Secured Debt" means, as of any date of determination, Consolidated Senior Debt outstanding on such date that is secured by a Lien on any assets of Parent or any of its Restricted Subsidiaries.

"Consolidated Senior Debt" means, as of any date of determination, the aggregate principal amount of Consolidated Total Indebtedness outstanding on such date, but excluding any Specified Subordinated Indebtedness.

"Consolidated Subsidiary" means with respect to any Person at any date any Subsidiary of such Person or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date in accordance with GAAP.

"Consolidated Total Assets" means, as of the date of any determination thereof, total assets of Parent and its Restricted Subsidiaries calculated in accordance with GAAP on a consolidated basis as of the end of the most recently completed Test Period.

"Consolidated Total Indebtedness" means, as of the date of any determination thereof, (a) the sum, without duplication, of (x) the aggregate Indebtedness of Parent and its Restricted Subsidiaries that is of a type that would be reflected on a consolidated balance sheet of Parent prepared as of such time in accordance with GAAP and (y) Indebtedness of the type referred to in clause (x) hereof of another Person guaranteed by Parent or any of its Restricted Subsidiaries or secured by the assets of Parent or any of its Restricted Subsidiaries; provided that Consolidated Total Indebtedness shall not include Indebtedness in respect of any letter of credit or bank guaranty, except to the extent of unreimbursed obligations in respect of any drawn letter of credit or bank guaranty less (b) the aggregate amount of Unrestricted Cash (not to exceed $150,000,000) at such time, which aggregate amount of Unrestricted Cash shall be determined without giving pro forma effect to the proceeds of Indebtedness incurred on such date.

"Consolidated Working Capital" means, as at any date, the excess of Consolidated Current Assets over Consolidated Current Liabilities.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Converted Term Loan" means each Term Loan held by an Amendment No. 1 Consenting Lender on the Amendment No. 1 Effective Date immediately prior to the effectiveness of Amendment No. 1 (or, if less, the amount notified to such Lender by the Administrative Agent prior to the Amendment No. 1 Effective Date).

"Covered Jurisdictions" has the meaning set forth in Section 6.09(e).

"Credit Agreement Refinancing Indebtedness" means (a) Indebtedness or (b) Other Revolving Commitments, in each case, issued, incurred or otherwise obtained (including by means of the extension or renewal of existing Indebtedness) to Refinance, in whole or part, existing Term Loans, existing Incremental Term Loans, outstanding Revolving Loans (and Revolving Commitments), outstanding Incremental Revolving Loans (and Incremental Revolving Commitments) or any outstanding Credit Agreement Refinancing Indebtedness ("Refinanced Debt"); provided that (i) such Indebtedness (including, if such Indebtedness includes any Other Revolving Commitments, the unused portion of such Other Revolving Commitments) is in an original aggregate principal amount (or accreted value, if applicable) not greater than the aggregate principal amount (or accreted value, if applicable) of the Refinanced Debt (and, in the case of Refinanced Debt consisting, in whole or in part, of unused Revolving Commitments, Incremental Revolving Commitments or Other Revolving Commitments, the amount thereof) (except by an amount equal to accrued and unpaid interest and premium thereon, including tender premium, and underwriting and original issue discounts, fees, commissions, and expenses associated in connection with such extending, renewing, replacement or refinancing), (ii) such Indebtedness has a maturity equal to or later than, and a Weighted Average Life to Maturity equal to or greater than, the Refinanced Debt, (iii) the Refinanced Debt shall be repaid, defeased or satisfied and discharged (and to the extent that the Refinanced Debt consists, in whole or in part, of Revolving Commitments, Incremental Revolving Commitments, Other Revolving Commitments (or Revolving Loans, Incremental Revolving Loans, Other Revolving Loans, or Swing Line Loans incurred pursuant to any Revolving Commitments, Incremental Revolving Commitments or Other Revolving Commitments), such Revolving Commitments, Incremental Revolving Commitments or Other Revolving Commitments, as applicable, shall be terminated), and all accrued interest, fees and premiums (if any) in connection therewith shall be paid, substantially concurrently with the issuance, incurrence or obtaining of such Credit Agreement Refinancing Indebtedness, (iv) in the case of Credit Agreement Refinancing Indebtedness in the form of notes, such Credit Agreement Refinancing Indebtedness does not contain any mandatory prepayment provisions (other than related to customary asset sale and change of control offers or cash or net share conversion settlement provisions in the case of convertible or exchangeable debt securities) that could result in prepayments of such notes prior to the Refinanced Debt, (v) such Indebtedness shall not be guaranteed by any Persons other than the Loan Parties, (vi) such Indebtedness (if secured and not obtained pursuant to a Refinancing Amendment) shall be subject to a First Lien Intercreditor Agreement or Second Lien Intercreditor Agreement, as applicable, and (vii) the other terms and conditions of such Credit Agreement Refinancing Indebtedness (excluding pricing, fees, rate floors and optional prepayment or redemption terms) are substantially identical to, or less favorable to the investors providing such Credit Agreement Refinancing Indebtedness than, those applicable to the Refinanced Debt (except for covenants or other provisions applicable only to periods after the Latest Maturity Date).

"Credit Exposure" means, as applied to each Lender and with respect to each Class of its Commitments and/or Loans:

(i) at any time prior to the termination of the Commitments of the Lenders in respect of such Class, the sum, as applicable, of (A) the Revolving Commitment Percentage of such Lender multiplied by the Revolving Committed Amount plus (B) the Incremental Revolving Commitment Percentage of the relevant Class of such Lender multiplied by the total Incremental Revolving Commitments of such Class plus (C) the Other Revolving Commitment Percentage of the relevant Class of such Lender multiplied by the total Other Revolving Commitments of such Class plus (D)

the Term Commitment Percentage of such Lender multiplied by the Term Committed Amount of such Class plus (E) the Other Term Commitment Percentage of the relevant Class of such Lender multiplied by the total Other Term Commitments of such Class plus (F) the Incremental Term Loan Commitment Percentage of the relevant Class of such Lender multiplied by the total Incremental Term Loan Commitments of such Class; and

(ii) at any time after the termination of the Commitments of the Lenders in respect of such Class, the sum, as applicable, of (A) the principal balance of the outstanding Loans of such Lender of such Class plus (B) in the case of the termination of the Revolving Commitments, any Class of Incremental Revolving Commitments or any Class of Other Revolving Commitments, in each case, such Lender's Participation Interests in all L/C Obligations and Swing Line Loans issued under the relevant terminated Class.

"Credit Extension" means a Borrowing or an L/C Credit Extension.

"Cumulative Excess Cash Flow" means an amount (not to be less than zero) equal to the sum of Excess Cash Flow for the fiscal quarter ending September 30, 2013 and each fiscal quarter thereafter.

"Debt Issuance" means the incurrence, issuance or assumption by Parent or any of its Restricted Subsidiaries of any Indebtedness.

"Default" means any condition or event that constitutes an Event of Default or that, with the giving of notice, the passage of applicable grace periods, or both, would be an Event of Default.

"Default Rate" means (i) overdue principal amounts (to the extent legally permitted) shall bear interest at a rate per annum that is equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to Revolving Loan that is a Base Rate Loan plus 2%, and (ii) any overdue interest payable on any Loan or Reimbursement Obligation or any Commitment Fee or other amount payable hereunder shall bear interest at a rate per annum equal to the rate then applicable to Base Rate Loans under the relevant Class of Loans plus 2% (or, in the case of any such other amounts that do not relate to a particular Class of Loans, the rate then applicable to Revolving Loan that is a Base Rate Loan plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date such amount was due until such overdue amount is paid in full (after as well as before judgment).

"Defaulting Lender" means, subject to Section 2.17(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans or participations in respect of an L/C Obligation within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the U.S. Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (which conditions precedent, together with the applicable default, if any, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any L/C Issuer, any Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two Business Days of the date when due, (b) has notified the U.S. Borrower, the Administrative Agent or any L/C Issuer or Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lenders' obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with the applicable default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the

Administrative Agent or the U.S. Borrower, to confirm in writing to the Administrative Agent and the U.S. Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the U.S. Borrower), or (d) has, or has a direct or indirect parent company that has, after the date of this Agreement, (i) become the subject of a proceeding under any Bankruptcy Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.17(b)) upon delivery of written notice of such determination to the U.S. Borrower, each L/C Issuer, each Swing Line Lender and each Lender.

"Discharge of Senior Credit Obligations" means (i) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such interest is, or would be, allowed in such Insolvency or Liquidation Proceeding) and premium, if any, on all Indebtedness outstanding under the Loan Documents and termination of all commitments to lend or otherwise extend credit under the Loan Documents, (ii) payment in full in cash of all other Finance Obligations under the Loan Documents that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (including legal fees and other expenses, costs or charges accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such fees, expenses, costs or charges is, or would be, allowed in such Insolvency or Liquidation Proceeding), other than Cash Management Obligations and Swap Obligations not yet due and payable, and (iii) termination, cancellation or Cash Collateralization of all Letters of Credit issued or deemed issued under the Loan Documents.

"Discount Prepayment Accepting Lender" has the meaning specified in Section 2.19(b)(ii).

"Discount Range" has the meaning specified in Section 2.19(c)(i).

"Discount Range Prepayment Amount" has the meaning specified in Section 2.19(c)(i).

"Discount Range Prepayment Notice" means a written notice of a Solicitation of Discount Range Prepayment Offers made pursuant to Section 2.19(c)(i) substantially in the form of Exhibit N hereto.

"Discount Range Prepayment Offer" means the irrevocable written offer by a Term Lender, substantially in the form of Exhibit O hereto, submitted in response to an invitation to submit offers following the Auction Agent's receipt of a Discount Range Prepayment Notice.

"Discount Range Prepayment Response Date" has the meaning specified in Section 2.19(c)(i).

"Discount Range Proration" has the meaning specified in Section 2.19(c)(iii).

"Discounted Prepayment Determination Date" has the meaning specified Section 2.19(d)(iii).

"Discounted Prepayment Effective Date" means in the case of an Offer of Specified Discount Prepayment, Solicitation of Discount Range Prepayment Offer or Solicitation of Discounted Prepayment Offer, five (5) Business Days following the receipt by each relevant Term Lender of notice from the Auction Agent in accordance with Section 2.19(b), Section 2.19(c) or Section 2.19(d), as applicable unless a shorter period is agreed between Parent or any of its Subsidiaries and Auction Agent.

"Discounted Term Loan Prepayment" has the meaning specified in Section 2.19(a).

"Disposition" means, with respect to any Person, a sale, transfer, lease, disposition or Exclusive License of any asset of such Person (including any such transaction effected by way of merger or consolidation and including any issuance of any of Equity Interests in a Subsidiary of such Person). "Dispose" and "Disposed," as to any asset subject to the Disposition, shall have a corollary meaning.

"Disposition Consideration" means (a) for any Disposition (other than an Exclusive License), the aggregate fair market value of any assets sold, transferred, leased or otherwise disposed of and (b) for any Exclusive License, the aggregate cash payment paid to Parent or any Restricted Subsidiary on or prior to the consummation of the Exclusive License (and which, for the avoidance of doubt, shall not include any royalty, earnout, contingent payment or any other deferred payment that may be payable thereafter).

"Disqualified Capital Stock" means any Equity Interest of any Person that is not Qualified Capital Stock.

"Dollars" and "$" means, lawful money of the United States of America.

"Domestic Guarantor" means each Guarantor that is a Domestic Subsidiary.

"Domestic Subsidiary" means, with respect to any Person, each Subsidiary of such Person that is not a Foreign Subsidiary, and "Domestic Subsidiaries" means any two or more of them.

"Drug Acquisition" means any acquisition (including any license or any acquisition of any license) solely or primarily of all or any portion of the rights in respect of one or more drugs or pharmaceutical products, whether in development or on market, and related property or assets, but not of Equity Interests in any Person or any operating business unit.

"Economic Sanctions Laws" refers to applicable U.S. Laws regarding economic sanctions or embargoes including the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et. seq., the Trading with the Enemy Act, 50 U.S.C. §§ 1 et. seq., and any regulations promulgated thereunder imposing economic sanctions or embargoes.

"Eligible Assignee" means (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any other Person (other than a natural person) approved by, solely in the case of this clause (iv), the Administrative Agent (and, in the case of any assignment of a Revolving Commitment, the L/C Issuer and the Swing Line Lender) and unless an Event of Default has occurred and is continuing, the applicable Borrower (each such approval not to be unreasonably withheld or delayed and; provided that, with respect to any Borrower consent that is required, the applicable Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after the applicable Borrower has received notice thereof); provided,

however that any assignment in connection with the primary syndication of the Commitments and Loans made by Barclays Bank PLC to an Eligible Assignee previously identified to and reasonably agreed to by the applicable Borrower shall be permitted to be made without otherwise complying with Section 10.06(b); provided that notwithstanding the foregoing (but, for the avoidance of doubt, subject to the provisions of Section 2.19), "Eligible Assignee" shall not include Parent or any of Parent's Subsidiaries.

"Embargoed Person" refers to any Person that is identified on the Specially Designated Nationals List maintained by OFAC.

"Employee Benefit Arrangements" means in any jurisdiction the benefit schemes or arrangements in respect of any employees or past employees operated, maintained or contributed to by Parent or any of its Restricted Subsidiaries or in which Parent or any of its Restricted Subsidiaries participates and which provide benefits on retirement, ill-health, injury, death or voluntary withdrawal from or termination of employment, including termination indemnity payments and life assurance and post-retirement medical benefits, other than Plans.

"Enforceability Limitations" has the meaning specified Section 5.04.

"Environment" means ambient air, indoor air, surface water, groundwater, land and subsurface strata and natural resources such as wetlands, flora and fauna.

"Environmental Laws" means all Laws, Environmental Permits or governmental restrictions relating to pollution or the protection of the Environment, including those relating to the generation, use, transportation, distribution, storage, treatment, disposal, presence, Release or threat of Release of any Hazardous Materials.

"Environmental Liability" means any liability, contingent or otherwise, of Parent or any of its Restricted Subsidiaries resulting from or based on (i) violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage or treatment of any Hazardous Material, (iii) exposure to any Hazardous Material, (iv) the presence, Release or threatened Release of any Hazardous Material into the Environment or (v) any contract or agreement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, license, approval, registration, notification, exemption, consent or other authorization required by or from a Governmental Authority under Environmental Law.

"Equity Equivalents" means with respect to any Person any rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case exercisable for or convertible into or exchangeable for, directly or indirectly, Equity Interests of such Person or securities exercisable for or convertible into or exchangeable for Equity Interests of such Person, whether at the time of issuance or upon the passage of time or the occurrence of some future event, but excluding any Indebtedness convertible into or exchangeable for Equity Interests.

"Equity Interests" means all shares of capital stock, partnership interests (whether general or limited), limited liability company membership interests, beneficial interests in a trust and any other interest or participation that confers on a Person the right to receive a share of profits or losses, or distributions of assets, of an issuing Person, but excluding any Indebtedness convertible into or exchangeable for such Equity Interests.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulation promulgated thereunder.

"ERISA Affiliate" means each entity that is a member of a "controlled group of corporations," under "common control" or an "affiliated service group" with Parent or any of its Restricted Subsidiaries within the meaning of Section 414(b), (c) or (m) of the Code, or required to be aggregated with Parent or any of its Restricted Subsidiaries under Section 414(o) of the Code or is under "common control" with Parent or any of its Restricted Subsidiaries, within the meaning of Section 4001(a)(14) of ERISA.

"ERISA Event" means:

(i) a reportable event as defined in Section 4043 of ERISA and the regulations issued under such Section with respect to a Plan, excluding, however, such events as to which the PBGC by regulation has waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event;

(ii) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of any Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days;

(iii) the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Plan (whether or not waived in accordance with Section 412 of the Code), the application for a minimum funding waiver under Section 303 of ERISA with respect to any Plan (or, after the effective date of the Pension Protection Act of 2006, Section 302(c) of ERISA), the failure to make by its due date a required installment under Section 412(m) of the Code (or Section 430(j) of the Code, as amended by the Pension Protection Act of 2006) with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan, the determination that any Plan is, or is expected to be, in "at-risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code);

(iv) (A) the incurrence of any liability by Parent or any of its Restricted Subsidiaries pursuant to Title I of ERISA or to the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), or the occurrence or existence of any event, transaction or condition that could reasonably be expected to result in the incurrence of any such liability by Parent or any of its Restricted Subsidiaries pursuant to Title I of ERISA or to such penalty or excise tax provisions of the Code; or (B) the incurrence of any liability by Parent or any of its Restricted Subsidiaries or an ERISA Affiliate pursuant to Title IV of ERISA or the occurrence or existence of any event, transaction or condition that could reasonably be expected to result in the incurrence of any such liability or imposition of any lien on any of the rights, properties or assets of Parent or any of its Restricted Subsidiaries or any ERISA Affiliate pursuant to Title IV of ERISA or to Section 412 of the Code;

(v) the provision by the administrator of any Plan of a notice pursuant to Section 4041(a)(2) of ERISA (or the reasonable expectation of such provision of notice) of intent to terminate such Plan in a distress termination described in Section 4041(c) of ERISA, the institution by the PBGC of proceedings to terminate any Plan or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of a Plan by the PBGC, or the appointment of a trustee by the PBGC to administer any Plan;

(vi) the withdrawal of Parent or any of its Restricted Subsidiaries or ERISA Affiliate in a complete or partial withdrawal (within the meaning of Section 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential liability therefor, or the receipt by Parent or any of its Restricted Subsidiaries or ERISA Affiliate of notice from any Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or is in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA), or that it intends to terminate or has terminated under Section 4041A or 4042 of ERISA;

(vii) the imposition of liability (or the reasonable expectation thereof) on Parent or any of its Restricted Subsidiaries or ERISA Affiliate pursuant to Section 4062, 4063, 4064 or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA;

(viii) the assertion of a claim (other than routine claims for benefits) against any Plan (other than a Multiemployer Plan) or the assets thereof, or against Parent or any of its Restricted Subsidiaries or, with respect to a Plan subject to Title IV of ERISA, an ERISA Affiliate, in connection with any Plan;

(ix) the receipt by Parent or any of its Restricted Subsidiaries from the United States Internal Revenue Service of notice of (x) the failure of any Plan (or any Employee Benefit Arrangement intended to be qualified under Section 401(a) of the Code) to qualify under Section 401 (a) of the Code, or (y) the failure of any trust forming part of any Plan or Employee Benefit Arrangement to qualify for exemption from taxation under Section 501(a) of the Code; and

(x) the establishment or amendment by Parent or any of its Restricted Subsidiaries of any Welfare Plan that provides post-employment welfare benefits other than as may be required under applicable law.

"Eurodollar Loan" means at any date a Loan which bears interest at a rate based on the Adjusted Eurodollar Rate.

"Eurodollar Rate" means, for any Interest Period with respect to any Eurodollar Loan, the rate per annum equal to the ~~British Bankers Association LIBOR Rate ("~~BBA LIBOR~~")~~, as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 A.M., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period**; provided that the Eurodollar Rate for the initial Interest Period for the Amendment No. 2 Incremental Tranche 2 Term Loans shall be the Eurodollar Rate for the Interest Period in effect for the Tranche 1 Term Loans immediately prior to the Amendment No. 2 Effective Date**. If such rate is not available at such time for any reason, then the "Eurodollar Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Loan being made, continued or converted by Barclays Bank PLC and with a term equivalent to such Interest Period would be offered by major banks in the London interbank eurodollar market to Barclays Bank PLC at its request at approximately 11:00 A.M. (London time) two Business Days prior to the commencement of such Interest Period.

"Eurodollar Reserve Percentage" means for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any other entity succeeding to the functions currently performed thereby) for

determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Adjusted Eurodollar Rate for each outstanding Eurodollar Loan shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"EUSA Financial Statements" means the audited financial statements of the Acquired Business for the fiscal years ended December 31, 2009, 2010 and 2011.

"Event of Default" has the meaning specified in Section 8.01.

"Excess Cash Flow" means, for any period, without duplication:

(a) the sum of:

(i) Consolidated Net Income (or loss) for such period, *plus*

(ii) the aggregate amount of all non-cash charges deducted (less the amount of all non-cash credits included) in arriving at such Consolidated Net Income (or loss), *plus*

(iii) the difference, if positive, of the amount of Consolidated Working Capital at the end of the prior Excess Cash Flow Period (or the beginning of the Excess Cash Flow Period in the case of the first Excess Cash Flow Period) over the amount of Consolidated Working Capital at the end of such Excess Cash Flow Period, *plus*

(iv) the amount of any loss (less any gain) incurred in connection with the receipt of Net Cash Proceeds (other than sales of inventory and other Dispositions in the ordinary course of business) of the type described in clause (i) of the definition thereof to the extent included in Consolidated Net Income (or loss), *plus*

(v) the aggregate amount of cash dividends and other cash distributions received during such period by Parent or any Restricted Subsidiary in respect of minority Equity Interests in any Person, *less*

(b) the sum of:

(i) the aggregate amount of Consolidated Capital Expenditures (A) made or paid by the Parent and its Subsidiaries in cash during such period solely to the extent permitted by this Agreement and (B) excluding any amount funded with proceeds from the issuance of Funded Indebtedness (other than revolving Indebtedness) or Equity Interests, *plus*

(ii) the aggregate amount of Investments, Restricted Payments and acquisitions of intellectual property (A) made or paid by Parent and its Subsidiaries in cash during such period solely to the extent permitted by this Agreement and (B) excluding any amount funded (I) with the proceeds from the issuance of Funded Indebtedness (other than revolving Indebtedness) or Equity Interests or (II) out of the Available Amount, *plus*

(iii) the aggregate amount of all regularly scheduled and other mandatory principal payments of Consolidated Funded Indebtedness made during such period, excluding any amount funded with proceeds from the issuance of Funded Indebtedness (other than revolving Indebtedness) or Equity Interests, *plus*

(iv) the aggregate principal amount of all optional prepayments or repurchases (if such repurchases are made at a discount, the amount paid for such repurchases) of Consolidated Funded Indebtedness (other than Term Loans, Other Term Loans, Incremental Term Loans, Credit Agreement Refinancing Indebtedness and Consolidated Funded Indebtedness that is revolving in nature) made during such period, excluding any amount funded through (I) proceeds from the issuance of Funded Indebtedness (other than revolving Indebtedness) or Equity Interests, (II) proceeds from any Asset Disposition or (III) proceeds of any Casualty or Condemnation, *plus*

(v) the absolute value of the difference, if negative, of the amount of Consolidated Working Capital at the end of the prior Excess Cash Flow Period (or the beginning of the Excess Cash Flow Period in the case of the first Excess Cash Flow Period) over the amount of Consolidated Working Capital at the end of such Excess Cash Flow Period, *plus*

(vi) any premium, make-whole or penalty payments paid in cash during such period in connection with the prepayment, redemption, purchase, defeasance or other satisfaction prior to scheduled maturity of Indebtedness permitted to be prepaid, redeemed, purchased, defeased or satisfied hereunder to the extent such premium, make-whole or penalty payments are not expensed during such period or otherwise deducted in calculating Consolidated Net Income, excluding any amount funded (I) with proceeds from the issuance of Funded Indebtedness (other than revolving Indebtedness) or Equity Interests, (II) with proceeds from any Asset Disposition, or (III) with the proceeds of any Casualty or Condemnation, *plus*

(vii) the aggregate amount of net income in respect of minority Equity Interests in any Person for such period included in arriving at such Consolidated Net Income (or loss).

"Excess Cash Flow Period" means (a) the period commencing on July 1, 2013 and ending on December 31, 2014 and (b) each fiscal year of Parent thereafter.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Assets" means:

(a) real property owned by Parent or any Subsidiary with a fair market value less than $5,000,000 and any leasehold interest in Real Property;

(b) motor vehicles and other assets subject to certificates of title;

(c) any governmental licenses or state or local franchises, charters and authorizations, to the extent a security interest in any such license, franchise, charter or authorization is prohibited or restricted thereby (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable Law);

(d) (i) Equity Interests in joint ventures or any non-Wholly Owned Subsidiaries to the extent not permitted by the terms of such entity's Organization Documents or joint venture documents and (ii) Margin Stock;

(e) any lease, license or agreement or property subject to a purchase money security interest or similar arrangement permitted by the Credit Agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or purchase money arrangement or create a right of termination in favor of any other party thereto (after giving effect to the applicable anti-assignment provisions of the UCC or other applicable Law), other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC or other applicable Law notwithstanding such prohibition;

(f) any assets (including intangibles) not located in the United States to the extent the grant of a security interest therein is restricted or prohibited by applicable Law or contract (after giving effect to applicable anti-assignment provisions of the UCC or other applicable Law);

(g) any intent-to-use application trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal Law;

(h) voting Equity Interests in a Foreign Subsidiary that is not a Loan Party, in excess of 65% of the total voting Equity Interests in such Subsidiary, to the extent the pledge thereof would result in material adverse Tax consequences to Parent and its Subsidiaries as determined in good faith by Parent; and voting Equity Interests in a Domestic Subsidiary that holds no material assets other than Equity Interests in one or more CFCs in excess of 65% of the total voting Equity Interests in such Subsidiary;

(i) all commercial tort claims (as defined in the UCC) below $500,000; and

(j) any other assets where the cost of obtaining or perfecting a security interest in such assets exceeds the practical benefit to the Lenders afforded thereby as reasonably determined by the Administrative Agent in writing (in consultation with the U.S. Borrower).

"Excluded Subsidiary" means (a) any Subsidiary that is prohibited by any Law or by any contractual obligation existing on the Closing Date (or, if later, the date of acquisition of such Subsidiary) from guaranteeing the Senior Credit Obligations or any Subsidiary that would require consent, approval, license or authorization of any Governmental Authority in order to guarantee the Senior Credit Obligations unless such consent, approval, license or authorization has been received, (b) any Foreign Subsidiary for which the providing of a guarantee under the Guaranty Agreement would result in material adverse Tax consequence to the Parent and its Subsidiaries (including as a result of the operation of Section 956 of the Code or any similar law or regulation in any applicable jurisdiction) as determined in good faith by Parent, (c) any Domestic Subsidiary that holds no material assets other than Equity Interests in one or more CFCs, (d) any Foreign Subsidiary for which the providing of the guarantee under the Guaranty Agreement could reasonably be expected to result in any violation or breach of, or conflict with, fiduciary duties of such Subsidiary's officers, directors or managers, (e) any Subsidiary that is not a Wholly Owned Subsidiary of Parent, (f) any Immaterial Subsidiary and (g) those Foreign Subsidiaries as to which the U.S. Borrower and the Administrative Agent shall reasonably determine in writing that the costs of providing the guarantee under the Guaranty Agreement are excessive in relation to the value to be afforded thereby.

"Excluded Swap Obligation" means, with respect to any Guarantor at any time, any CEA Swap Obligation, if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such CEA Swap Obligation (or any Guarantee

thereof) is illegal at such time under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Subsidiary Guarantor or the grant of such security interest becomes effective with respect to such CEA Swap Obligation. If a CEA Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such CEA Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender Party or any other recipient of any payment made by or on account of any obligation of any Loan Party under any Loan Document,

(a) Taxes imposed on (or measured by) overall net income, and franchise Taxes imposed (in lieu of net income Taxes), by the United States or by the jurisdiction under the laws of which such recipient is organized or in which its office is located or, in the case of any Lender, in which its Lending Office is located, or as a result of a present or former connection between such recipient and the jurisdiction (or any political subdivision thereof) of the Governmental Authority imposing such Tax (other than a connection arising solely from such recipient having executed, delivered, performed its obligations or received a payment under, received or perfected a security interest under, having been a party to, having enforced, or having engaged in any other transaction pursuant to this Agreement or any other Loan Document);

(b) any branch profits Taxes under Section 884(a) of the Code or any similar Taxes imposed by a jurisdiction described in clause (a) of this definition;

(c) any U.S. federal withholding Taxes imposed on or with respect to amounts payable to a Non-U.S. Lender by a law in effect on the date on which such Non-U.S. Lender becomes a party hereto (or designates a new Lending Office), except (i) to the extent that such Non-U.S. Lender (or its assignor) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the applicable Loan Party with respect to such withholding Tax pursuant to Section 3.01, or (ii) if such Non-U.S. Lender is an assignee pursuant to a request by the applicable Borrower under Section 3.07;

(d) any U.S. federal withholding Taxes attributable to such recipient's failure to comply with Section 3.01(f);

(e) any U.S. federal Taxes imposed under FATCA; or

(f) solely with respect to any Revolving Borrowing, any Irish withholding taxes imposed on or with respect to amounts payable to a Lender by a Law in effect on the date on which such Lender becomes a party hereto (or designates a new Lending Office), except (i) to the extent that such Lender (or its assignor) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the applicable Loan Party with respect to such withholding Tax pursuant to Section 3.01, or (ii) if such Lender is an assignee pursuant to a request by the applicable Borrower under Section 3.07.

"Exclusive License" means, with respect to any drug or pharmaceutical product, any license to develop, commercialize, sell, market and promote such drug or pharmaceutical product with a term greater than five (5) years (unless terminable prior to such time without material penalty or premium by the applicable Loan Party) and which provides for exclusive rights to develop, commercialize, sell,

market and promote such drug or product within the United States; provided that an "Exclusive License" shall not include (a) any license to distribute any such drug or product on an exclusive basis within any particular geographic region or territory, (b) any licenses, which may be exclusive, to manufacture any such drug or product, and (c) any license to manufacture, use, offer for sale or sell any authorized generic version of such drug or product. "Exclusively License" shall have the correlative meaning.

"Failed Loan" has the meaning specified in Section 2.03(d).

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

"FCPA" has the meaning set forth in Section 5.22.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the Fee Letter dated April 26, 2012 between Parent and Barclays Bank PLC.

"Finance Document" means (i) each Loan Document, (ii) each Swap Agreement between one or more Loan Parties and a Swap Creditor evidencing Swap Obligations and (iii) each Secured Cash Management Agreement, and "Finance Documents" means all of them, collectively.

"Finance Obligations" means, at any date, (i) all Senior Credit Obligations, (ii) all Swap Obligations of a Loan Party permitted hereunder owed or owing to any Swap Creditor and (iii) all Cash Management Obligations.

"Finance Party" means each Lender, the Swing Line Lender, each L/C Issuer, each Swap Creditor, each Cash Management Bank, each Agent and each Indemnitee and their respective successors and assigns, and "Finance Parties" means any two or more of them, collectively.

"Financial Officer" means the chief financial officer, principal accounting officer, senior vice president of finance, treasurer or controller of Parent.

"First Lien Intercreditor Agreement" means a First Lien Intercreditor Agreement among the Administrative Agent, the Collateral Agent and one or more Senior Representatives for holders of Indebtedness secured by Liens on the Collateral that are *pari passu* with the Liens on the Collateral securing the Senior Credit Obligations, in form and substance reasonably satisfactory to the Administrative Agent.

"Foreign Collateral Documents" means the Irish Parent Debenture, the Irish Security Documents, the Bermuda Share Charge and each of the other documents set forth on Schedule 1.01(B).

"Foreign Pension Plan" means any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States by Parent or any Restricted Subsidiary primarily for the benefit of employees of Parent or any Restricted Subsidiary residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Foreign Guarantor" means Parent and each Guarantor that is a Foreign Subsidiary.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to the L/C Issuer, such Defaulting Lender's Applicable Percentage of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Revolving Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to any Swing Line Lender, such Defaulting Lender's Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Revolving Lenders or Cash Collateralized in accordance with the terms of Section 2.17(a)(iv).

"Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"Funded Indebtedness" means, with respect to any Person, all Indebtedness of such Person that by its terms matures more than one year after the date of determination or incurrence or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year after such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year after such date, including, without limitation, all amounts of Funded Indebtedness of such Person required to be paid or prepaid within one year after the date of its creation.

"GAAP" means, subject to Section 1.03(b), United States generally accepted accounting principles as in effect as of the date of determination thereof.

"Gentium" has the meaning specified in the Preliminary Statements hereto.

"Gentium Acquisition" has the meaning specified in the Preliminary Statements hereto.

"Gentium Acquisition Agreement" has the meaning specified in the Preliminary Statements hereto.

"Gentium Acquisition Sub" has the meaning specified in the Preliminary Statements hereto.

"Gentium Stock" has the meaning specified in the Preliminary Statements hereto.

"Gentium Tender Offer" has the meaning specified in the Preliminary Statements hereto.

"Government Acts" has the meaning specified in Section 2.05(l).

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Group" means at any time a group of Loans consisting of (i) all Loans which are Base Rate Loans at such time or (ii) all Loans which are Eurodollar Loans having the same Interest Period at such time; provided that, if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Article III, such Loan shall be included in the same Group or Group of Loans from time to time as it would have been had it not been so converted or made.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the lesser of (a) the stated or determinable amount of the primary payment obligation in respect of which such Guarantee is made and (b) the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary payment obligation and the maximum amount for which such guaranteeing Person may be liable are not stated or determinable, in which case the amount of the Guarantee shall be such guaranteeing Person's maximum reasonably possible liability in respect thereof as reasonably determined by Parent in good faith.

"Guaranteed Obligations" shall have the meaning as set forth in the Guaranty Agreement.

"Guarantor" means collectively, (A) Parent, (B) each Restricted Subsidiary of Parent (except ~~the~~ (i) the U.S. Borrower with respect to Guaranteed Obligations of the U.S. Borrower, (ii) Jazz Financing I with respect to Guaranteed Obligations of Jazz Financing I, (iii) Jazz Ireland with respect to Guaranteed Obligations of Jazz Ireland and (iv) and any Excluded Subsidiary) and (C) each Subsidiary of Parent that becomes a party to the Guaranty Agreement or other guaranty agreement after the Closing Date required pursuant to Section 6.09, and "Guarantors" means any two or more of them.

"Guaranty Agreement" means the Guaranty, substantially in the form of Exhibit E hereto, by Parent and the Subsidiary Guarantors in favor of the Administrative Agent, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof and of this Agreement.

"Hazardous Materials" means all materials, chemicals, substances, wastes, pollutants, contaminants, compounds, mixtures and constituents in any form, including petroleum or petroleum products, asbestos or asbestos-containing materials, polychlorinated biphenyls or radon gas, regulated pursuant to, or which can give rise to liability under, any Environmental Law.

"Honor Date" has the meaning specified in Section 2.05(e)(i).

"Identified Participating Lenders" has the meaning specified in Section 2.19(c)(iii).

"Identified Qualifying Lenders" has the meaning specified in Section 2.19(c)(iii).

"Immaterial Asset Sale" means any Disposition or series of related Dispositions of property in respect of which the fair market value of such property and the Disposition Consideration payable to the Parent or any of its Restricted Subsidiaries is equal to or less than $20,000,000.

"Immaterial Subsidiary" means, as of any date of determination, any direct or indirect Subsidiary of Parent that has been designated by Parent to the Administrative Agent in writing (and not redesignated as a Material Subsidiary as provided below) as an "Immaterial Subsidiary"; provided that (i) for purposes of this Agreement, at no time shall (a) (I) the total assets of any Immaterial Subsidiary equal or exceed 5% of Consolidated Total Assets as of the end of the most recently completed Test Period or (II) the revenues for any Immaterial Subsidiary equal or exceed 5% of the consolidated revenues of Parent and its Restricted Subsidiaries for such Test Period or (b) (I) the total assets of all Immaterial Subsidiaries equal or exceed, in the aggregate, 10% of Consolidated Total Assets as of the end of the most recently completed Test Period or (II) the revenues for all Immaterial Subsidiaries equal or exceed, in the aggregate, 10% of the consolidated revenues of Parent and its Restricted Subsidiaries for such Test Period, (ii) the Parent shall not designate any new Immaterial Subsidiary if such designation would not comply with the provisions set forth in clause (i) above, (iii) if the total assets or revenues of all Subsidiaries so designated by Parent as "Immaterial Subsidiaries" (and not redesignated as "Material Subsidiaries") shall at any time exceed the limits set forth in clause (i)(b) above, then Parent (or in the event Parent has failed to do so concurrently with the delivery of financial statements required for such Test Period by Section 6.01(a) or (b), the Administrative Agent) shall redesignate one or more Immaterial Subsidiaries as Material Subsidiaries such that, as a result thereof, the total assets and revenues of all Subsidiaries still designated as "Immaterial Subsidiaries" do not exceed such limits, and (iv) no Borrower nor any direct or indirect parent company of any Borrower may be designated as an "Immaterial Subsidiary"; and provided, further, that Parent may designate and re-designate a Subsidiary as an Immaterial Subsidiary at any time, subject to the terms set forth in this definition. Notwithstanding the foregoing, for any determination made as of or prior to the date any Person becomes an indirect or direct Subsidiary of Parent, such determination and designation shall be made based on financial statements provided by or on behalf of such Person in connection with the acquisition by Parent of such Person or such Person's assets.

"Increase Effective Date" has the meaning set forth in Section 2.15(a).

"Increase Joinder" has the meaning set forth in Section 2.15(c).

"Incremental Facilities" has the meaning set forth in Section 2.15(a).

"Incremental Loans" means, collectively, the Incremental Term Loans and Incremental Revolving Loans.

"Incremental Revolving Commitment Percentage" means, for each Lender, the percentage of the aggregate Incremental Revolving Commitments represented by such Lender's Incremental

Revolving Commitment at such time and identified as its Incremental Revolving Commitment Percentage in any Increase Joinder, as such percentage may be modified in connection with any Assignment and Assumption made in accordance with the provisions of Section 10.06(b).

"Incremental Revolving Commitments" has the meaning set forth in Section 2.15(a).

"Incremental Revolving Increase" has the meaning set forth in Section 2.15(a).

"Incremental Revolving Loans" has the meaning set forth in Section 2.15(a).

"Incremental Term Facility" has the meaning set forth in Section 2.15(a).

"Incremental Term Loan Commitment Percentage" means, for each Lender, the percentage of the aggregate Incremental Term Loan Commitments represented by such Lender's Incremental Term Loan Commitment at such time and identified as its Incremental Term Loan Commitment Percentage in any Increase Joinder, as such percentage may be modified in connection with any Assignment and Assumption made in accordance with the provisions of Section 10.06(b).

"Incremental Term Loan Commitments" has the meaning set forth in Section 2.15(a).

"Incremental Term Loans" has the meaning set forth in Section 2.15(a).

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (excluding trade accounts payable and accrued expenses arising in the ordinary course of business and licenses in the ordinary course of business), (d) all obligations of such Person in respect of the deferred purchase price of property or services (but excluding (i) trade accounts and accrued expense payable not more than 90 days overdue incurred in the ordinary course of business, (ii) payroll liabilities and deferred compensation and (iii) any purchase price adjustment, royalty, earnout, Milestone Payment, contingent payment or deferred payment of a similar nature incurred in connection with an acquisition), (e) all Capital Lease Obligations and Synthetic Lease Obligations of such Person, (f) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and surety bonds, (g) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (h) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed; provided that, if such Person has not assumed or otherwise become liable in respect of such Indebtedness, such obligations shall be deemed to be in an amount equal to the lesser of (i) the unpaid amount of such Indebtedness and (ii) fair market value of such property at the time of determination (in Parent's good faith estimate), (i) all Guarantees by such Person of Indebtedness of others and (j) all Disqualified Capital Stock. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means any Taxes other than Excluded Taxes.

"Indemnitee" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Insolvency or Liquidation Proceeding" means (i) any voluntary or involuntary case or proceeding under the Bankruptcy Code or any other Bankruptcy Law with respect to any Loan Party, (ii) any other voluntary or involuntary insolvency, examinership, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Loan Party or with respect to a material portion of their respective assets, (iii) any liquidation, dissolution, examinership, reorganization or winding up of any Loan Party whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (iv) any assignment for the benefit of creditors or any other marshaling of assets and liabilities of any Loan Party.

"Insurance Proceeds" means all insurance proceeds (other than business interruption insurance proceeds), damages, awards, claims and rights of action with respect to any Casualty.

"Intercompany Note" means a promissory note contemplated by Section 7.04(d), substantially in the form of Exhibit H hereto, and "Intercompany Notes" means any two or more of them.

"Interest Payment Date" means (i) as to Base Rate Loans, the last Business Day of each March, June, September and December (commencing September 30, 2012) and the Maturity Date for Loans of the applicable Class and (ii) as to Eurodollar Loans, the last day of each applicable Interest Period and the Maturity Date for Loans of the applicable Class, and in addition where the applicable Interest Period for a Eurodollar Loan is greater than three months, then also the respective dates that fall every three months after the beginning of such Interest Period; **provided that the Amendment No. 1 Effective Date shall constitute an Interest Payment Date with respect to accrued and unpaid interest up to but excluding the Amendment No. 1 Effective Date for all Loans;** provided further that the Amendment No. ~~1~~**2** Effective Date shall constitute an Interest Payment Date with respect to accrued and unpaid interest up to but excluding the Amendment No. ~~1~~**2** Effective Date for all Loans.

"Interest Period" means with respect to each Eurodollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Extension/Conversion and ending one (1), two (2), three (3) or six (6) (or if agreed by all relevant Lenders, twelve (12)) months thereafter, as the applicable Borrower may elect in the applicable notice; provided that:

(i) any Interest Period which would otherwise end on a day which is not a Business Day shall, subject to clause (v) below, be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iii) no Interest Period in respect of Term Loans may be selected which extends beyond a Principal Amortization Payment Date for Loans of the applicable Class unless, after giving effect to the selection of such Interest Period, the aggregate principal amount of Term Loans which are comprised of Base Rate Loans together with such Term Loans comprised of Eurodollar Loans with Interest Periods expiring on or prior to such Principal Amortization Payment Date are at least equal to the aggregate principal amount of Term Loans due on such date;

(iv) if so provided in a written notice to the applicable Borrower by the Administrative Agent at the direction of the Required Lenders, no Interest Period in excess of one month may be selected at any time when an Event of Default is then in existence; ~~and~~

(v) no Interest Period may be selected which would end after the Maturity Date for Loans of the applicable Class**; and**

(vi) the initial Interest Period for the Amendment No. 2 Incremental Tranche 2 Term Loans shall be equal to the unexpired portion of the Interest Period in effect with respect to the Tranche 1Term Loans outstanding immediately prior to the Amendment No. 2 Effective Date.

"Investment" has the meaning specified in Section 7.04.

"Irish Borrowers" means, collectively, Jazz Financing I and Jazz Ireland and "Irish Borrower" means either Jazz Financing I or Jazz Ireland, as the context requires.

"Irish Parent Debenture" means the debenture dated 12 June 2012 made between Parent, Jazz Ireland and the Collateral Agent pursuant to which the Parent and Jazz Ireland created fixed and floating charges over their respective assets located in Ireland as amended and supplemented by a supplemental deed dated 7 December 2012 made between Parent, Jazz Ireland and the Collateral Agent.

"Irish Security Documents" means (a) the supplemental deed and deed of confirmation **dated June 13, 2013** to the Irish Parent Debenture (charging the shares held by (i) Parent in Jazz Financing I, and (ii) Jazz Ireland in Jazz Financing II) ~~to be~~ made between Parent, Jazz Ireland, and the Collateral Agent, ~~and~~ (b) the debenture ~~to be~~**dated June 13, 2013** made between Jazz Financing I, Jazz Financing II and the Collateral **Agent and (c) the deed of charge over shares dated September 11, 2013 made between Jazz Financing S.à r.l. and the Collateral** Agent, which security documents shall be in form and substance reasonably satisfactory to the Administrative Agent.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

"Jazz Financial Statements" means the audited financial statements of the U.S. Borrower for the fiscal years ended December 31, 2009, 2010 and 2011.

"Jazz Financing I" has the meaning specified in the preamble.

"Jazz Financing II" means Jazz Financing II Limited, a company incorporated under the laws of Ireland.

"Jazz Ireland" has the meaning specified in the preamble.

"Joint Bookrunners" means Barclays Bank PLC, Citibank, N.A. and JPMorgan Chase Bank, N.A.

"Junior Debt Payments" has the meaning specified in Section 7.08(b).

"JV Subsidiary" means any Subsidiary that is not a Wholly Owned Subsidiary and that is a joint venture with a third party unaffiliated with Parent or any other Subsidiary of Parent.

"Latest Maturity Date" means, at any date of determination, the latest maturity or termination date applicable to any Loan or Commitment hereunder at such time, including the latest maturity or expiration date of any Other Term Loan, any Other Term Commitment, any Other Revolving

Loan or any Other Revolving Commitment (but excluding, for the avoidance of doubt, any Permitted External Credit Agreement Refinancing Indebtedness) in each case as extended in accordance with this Agreement from time to time.

"Laws" means, collectively, all applicable international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directives, licenses, authorizations and permits of any Governmental Authority.

"L/C Borrowing" means a Revolving Borrowing made pursuant to Section 2.05(e)(iv) and (v) to refinance Unreimbursed Amounts in respect of drawn Letters of Credit.

"L/C Commitment" means the commitment of one or more L/C Issuers to issue Letters of Credit in an aggregate face amount at any one time outstanding (together with the amounts of any unreimbursed drawings thereon) of up to the L/C Sublimit.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"L/C Disbursement" means a payment or disbursement made by an L/C Issuer pursuant to a Letter of Credit.

"L/C Documents" means, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any Letter of Credit Application and any agreements, instruments, Guarantee or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (i) the rights and obligations of the parties concerned or at risk or (ii) any collateral security for such obligations.

"L/C Issuer" means (i) Barclays Bank PLC, in its capacity as issuer of Letters of Credit under Section 2.05(a), and its successor or successors in such capacity and (ii) any other Revolving Lender (or, if reasonably satisfactory to the Administrative Agent, an Affiliate of any Revolving Lender) which the U.S. Borrower shall have designated as an "L/C Issuer" by notice to the Administrative Agent with the consent of such other Revolving Lender or Affiliate of a Revolving Lender, as applicable. Notwithstanding anything herein to the contrary, neither Barclays Bank PLC nor any of its branches or Affiliates shall be required to issue any commercial letters of credit hereunder.

"L/C Issuer Fees" has the meaning specified in Section 2.11(b)(iii).

"L/C Obligations" means at any time, the sum of (i) the maximum amount which is, or at any time thereafter may become, available to be drawn under Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit plus (ii) the aggregate amount of all Unreimbursed Amounts not then paid by the applicable Borrower as provided in Section 2.05(e)(ii), (iii), (iv) or (v) to the applicable L/C Issuer in respect of drawings under Letters of Credit, including any portion of any such obligation to which a Lender has become subrogated pursuant to Section 2.05(e)(vi). For all purposes of this Agreement and all other Loan Documents, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"L/C Sublimit" means an amount equal to $10,000,000. The L/C Sublimit is a part of, and not in addition to, the Revolving Committed Amount.

"Lead Arranger" means Barclays Bank PLC in its capacity as lead arranger, or any successor lead arranger.

"Leases" means any and all leases, subleases, tenancies, options, concession agreements, rental agreements, occupancy agreements, franchise agreements, access agreements and any other agreements (including all amendments, extensions, replacements, renewals, modifications and/or guarantees thereof), whether or not of record and whether now in existence or hereafter entered into, affecting the use or occupancy of all or any portion of any real property.

"Lender" means a Revolving Lender, Term Lender and each Eligible Assignee that becomes a Lender pursuant to Section 10.06(b) and their respective permitted successors and shall include, as the context may require, the Swing Line Lender in such capacity and each L/C Issuer in such capacity.

"Lender Party" means any Lender, L/C Issuer or Swing Line Lender.

"Lending Office" means (i) with respect to any Lender and for each Type of Loan made to any Borrower, the "Lending Office" of such Lender (or of an Affiliate of such Lender) designated for such Type of Loan in such Lender's Administrative Questionnaire or in any applicable Assignment and Assumption pursuant to which such Lender became a Lender hereunder or such other office of such Lender (or of an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and any Borrower as the office by which its Loans of such Type to such Borrower are to be made and maintained and (ii) with respect to any L/C Issuer and for each Letter of Credit made to any Borrower, the "Lending Office" of such L/C Issuer (or of an Affiliate of such L/C Issuer) designated on the signature pages hereto or such other office of such L/C Issuer (or of an Affiliate of such L/C Issuer) as such L/C Issuer may from time to time specify to the Administrative Agent and such Borrower as the office by which its Letters of Credit are to be issued and maintained with respect to such Borrower.

"Letter of Credit" means any commercial or standby letter of credit issued hereunder by an L/C Issuer on or after the Closing Date.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form and from time to time in use by the applicable L/C Issuer.

"Letter of Credit Expiration Date" means the fifth Business Day prior to the Revolving Termination Date then in effect.

"Letter of Credit Fee" has the meaning specified in Section 2.11(b)(i).

"Letter of Credit Request" has the meaning specified in Section 2.05(c).

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, easement, right-of-way or other encumbrance on title, lien (statutory or otherwise), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing); provided that any operating lease or license (other than an Exclusive License), and any filing of a UCC financing statement that is a protective lease filing in respect of an operating lease and any filings with the Governmental Authority in respect of any license (other than an Exclusive License) do not constitute Liens.

"Loan" means a Revolving Loan, a Term Loan, an Incremental Term Loan, an Other Term Loan, an Incremental Revolving Loan, an Other Revolving Loan or a Swing Line Loan (or a portion of any Revolving Loans, Term Loans, Incremental Term Loans, Other Term Loans, Incremental Revolving Loans, Other Revolving Loans or Swing Line Loans), individually or collectively as appropriate; provided that, if any such loan or loans (or portions thereof) are combined or subdivided pursuant to a Notice of Extension/Conversion, the term "Loan" shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

"Loan Documents" means this Agreement, the Notes, the Guaranty Agreement, the Collateral Documents, each L/C Document and any agreement creating or perfecting rights in cash collateral pursuant to the provisions of Section 2.16 of this Agreement, collectively, in each case as the same may be amended, modified or supplemented from time to time, and all other related agreements and documents executed by a Loan Party in favor of, and delivered to, any Senior Credit Party in connection with or pursuant to any of the foregoing, but for the avoidance of doubt, excluding any Swap Agreements and any Cash Management Agreements.

"Loan Parties" means each Borrower and the Guarantors, and "Loan Party" means any of the foregoing.

"Margin Stock" means "margin stock" as such term is defined in Regulation U.

"Material Acquisition" means any Permitted Acquisition that involves the payment of aggregate Acquisition Consideration by Parent and its Restricted Subsidiaries in excess of $50,000,000.

"Material Adverse Effect" means (a) a material adverse effect on the business, property, results of operations, or financial condition of Parent and its Subsidiaries, taken as a whole (after taking into account any applicable insurance and any applicable indemnification (to the extent the provider of such insurance or indemnification has the financial ability to support its obligations with respect thereto and is not disputing or refusing to acknowledge the same)); or (b) material adverse effect on the rights of or benefits or remedies available to the Lenders or the Collateral Agent under any Loan Document.

"Material Disposition" means any Disposition of property or series of related Dispositions of property that involves payment of aggregate Disposition Consideration to Parent and its Restricted Subsidiaries in excess of $50,000,000.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of Parent and its Restricted Subsidiaries in an aggregate principal amount exceeding $20,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Parent or any Restricted Subsidiary in respect of any Swap Agreement at any time shall be the termination value (giving effect to any netting agreements) that Parent or such Restricted Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Material Restricted Subsidiary" means each Restricted Subsidiary (i) which, as of the most recent fiscal quarter of Parent, for the period of four consecutive fiscal quarters then ended for which financial statements have been delivered pursuant to Section 6.01, contributed greater than 10% of Consolidated EBITDA for such period or (ii) which contributed greater than 10% of Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of Consolidated EBITDA or Consolidated Total Assets attributable to all Restricted Subsidiaries (other than Excluded Subsidiaries) that are not Material Restricted Subsidiaries exceeds 15%

of Consolidated EBITDA for any such period or 15% of Consolidated Total Assets as of the end of any such fiscal quarter, Parent (or, in the event Parent has failed to do so concurrently with the delivery of financial statements for such period or quarter required pursuant to Section 6.01(a) or (b), the Administrative Agent) shall designate sufficient Restricted Subsidiaries (other than Excluded Subsidiaries) as "Material Restricted Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Restricted Subsidiaries.

"Material Subsidiary" means, at any date of determination, each Subsidiary of the Parent that is not an Immaterial Subsidiary (but including, in any case, any Subsidiary that has been designated as a Material Subsidiary as provided in, or has been designated as an Immaterial Subsidiary in a manner that does not comply with, the definition of "Immaterial Subsidiary").

"Maturity Date" means (i) as to the Revolving Loans and Swing Line Loans, the Revolving Termination Date and (ii) as to Term Loans, the Term Loan Maturity Date.

"Maximum Rate" has the meaning specified in Section 10.09.

"Merger Agreement" has the meaning set forth in the Preliminary Statements hereto.

"Merger Documents" means the Merger Agreement, including the exhibits and schedules thereto, and all agreements, documents and instruments executed and delivered pursuant thereto or in connection therewith, including without limitation, any bill of sale or other transfer instruments executed in connection therewith, in each case as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of this Agreement (and for the avoidance of doubt shall not include any of the Loan Documents).

"Merger Sub" has the meaning set forth in the Preliminary Statements.

"Milestone Payments" means payments made under Contractual Obligations existing during the period of twelve months ending on the Closing Date or Contractual Obligations arising thereafter, in each case in connection with the Acquisition, any Permitted Acquisition or other acquisition (including any license or the acquisition of any license) of any rights in respect of any drug or other pharmaceutical product (and any related property or assets) to sellers (or licensors) of the assets or Equity Interests acquired (or licensed) therein based on the achievement of specified revenue, profit or other performance targets (financial or otherwise).

"Minimum Collateral Amount" means, at any time, (a) as to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Fronting Exposure of all L/C Issuers with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the L/C Issuers in their sole discretion.

"MNPI" has the meaning set forth in Section 2.19(a).

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the U.S. Borrower and the Administrative Agent may select.

"Mortgage" means each mortgage, deed of trust or other agreement that conveys or evidences a Lien in favor of the Collateral Agent, for the benefit of the Collateral Agent and the Finance Parties, on the Mortgaged Property in form and substance reasonably acceptable to the Collateral Agent, including any amendment, restatement, modification or supplement thereto.

"Mortgage Instruments" means such title reports, title insurance, "Life-of-Loan" flood certifications and flood insurance, opinions of counsel, surveys, appraisals, environmental reports, acknowledged borrower notices of flood insurance requirements and other similar information and related certifications as are customary for the jurisdiction of the applicable Mortgaged Property and in form and substance reasonably acceptable to the Administrative Agent; provided that in the case of real property located in the United States, Mortgage Instruments may include a "Life-of-Loan" Federal Emergency Standard Flood Hazard Determination (together with a notice about special flood hazard area status and flood disaster assistance duly executed by the U.S. Borrower and each Loan Party relating thereto), and if such Mortgaged Property is located in a special flood hazard area, evidence of flood insurance confirming that such insurance has been obtained to the extent required by this Agreement.

"Mortgaged Property" means each fee interest in any real property (other than Excluded Assets), if any, owned or acquired after the Closing Date by any Loan Party.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA.

"Net Cash Proceeds" means:

(i) with respect to any Asset Disposition (other than the issuance of Equity Interests), Casualty or Condemnation, (A) the gross amount of all cash proceeds (including cash Insurance Proceeds and cash Condemnation Awards) in the case of any Casualty or Condemnation actually paid to or actually received by Parent or any of its Restricted Subsidiaries in respect of such Asset Disposition, Casualty or Condemnation (including any cash proceeds received as income or other proceeds of any noncash proceeds of any Asset Disposition, Casualty or Condemnation as and when received), less (B) the sum of (1) the amount, if any, of all customary fees, legal fees, brokerage fees, commissions, costs and other expenses that are incurred in connection with such Asset Disposition, Casualty or Condemnation and are payable by Parent or any of its Restricted Subsidiaries, but only to the extent not already deducted in arriving at the amount referred to in clause (i)(A) above, (2) Taxes paid or reasonably estimated to be payable in connection therewith (including Taxes imposed on the distribution or repatriation of any such Net Cash Proceeds), (3) in the case of any Disposition by, or Condemnation or Casualty affecting, a non-Wholly Owned Restricted Subsidiary, the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (3)) attributable to minority interests and not available for distribution to or for the account of Parent or a Wholly Owned Restricted Subsidiary as a result thereof, (4) appropriate amounts that must be set aside as a reserve in accordance with GAAP against any indemnities, liabilities (contingent or otherwise) associated with such Asset Disposition, Casualty or Condemnation, (5) if applicable, the principal amount of any Indebtedness secured by a Permitted Lien that has been repaid or refinanced in accordance with its terms with the proceeds of such Asset Disposition, Casualty or Condemnation and (6) any payments to be made by Parent or any of its Restricted Subsidiaries as agreed between Parent or such Restricted Subsidiary and the purchaser of any assets subject to an Asset Disposition, Casualty or Condemnation in connection therewith; and

(ii) with respect to any Debt Issuance or issuance of Equity Interests, the gross amount of cash proceeds paid to or received by Parent or any of its Restricted Subsidiaries in respect of such Debt Issuance or issuance of Equity Interests (including cash proceeds subsequently as and when received at any time in respect of such Debt Issuance or issuance of Equity Interests from non-cash consideration initially received or otherwise), less the sum of underwriting discounts and commissions or placement fees, investment banking fees, legal fees, consulting fees, accounting fees and other customary fees and expenses incurred by Parent or any of its Restricted Subsidiaries in connection therewith.

"Nominal Shares" means (i) for any Foreign Subsidiary, nominal issuances of Equity Interests in an aggregate amount not to exceed 5.0% of the Equity Interests or Equity Equivalents of such Subsidiary on a fully-diluted basis and (ii) in any case, director's qualifying shares, in each case to the extent such issuances are required by applicable Laws.

"Non-Consenting Lender" means any Lender that does not approve any amendment, waiver or consent that (a) requires the approval of all affected Lenders, or all the Lenders with respect to a certain Class of Loans, in accordance with the terms of Section 10.01 and (b) has been approved by the Required Lenders.

"Non-Extension Notice Date" has the meaning specified in Section 2.05(c)(iii).

"Non-U.S. Lender" means any Lender Party that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"Note" means a Revolving Note, a Term Note or a Swing Line Note, and "Notes" means any combination of the foregoing.

"Notice of Borrowing" means a request by the applicable Borrower for a Borrowing, substantially in the form of Exhibit A-1 hereto.

"Notice of Extension/Conversion" has the meaning specified in Section 2.07(a).

"OFAC" means the U.S. Treasury Department Office of Foreign Assets Control.

"Offer of Specified Discount Prepayment" means the offer by Parent or any of its Subsidiaries to make a voluntary prepayment of Term Loans at a discount to par pursuant to Section 2.19(b).

"Offered Amount" has the meaning specified in Section 2.19(d)(i).

"Offered Discount" has the meaning specified in Section 2.19(d)(i).

"Officer's Certificate" means a certificate executed by the chief executive officer, the president, any vice president, secretary or one of the Financial Officers, each in his or her official (and not individual) capacity.

"OID" has the meaning specified in Section 2.15(c)(iii).

"OML" means Orphan Medical, LLC, a Delaware limited liability company.

"OML Settlement Agreements" means, collectively, the Civil Settlement Agreement among the United States of America, the U.S. Borrower and OML dated July 13, 2007, (ii) the Non-prosecution Agreement between the United States Attorney's Office for the Eastern District of New York and the U.S. Borrower dated July 13, 2007, (iii) the Plea Agreement between the United States Attorney's Office for the Eastern District of New York and OML dated July 13, 2007 and (iv) the Corporate Integrity Agreement between the Office of Inspector General of the Department of Health and Human Services and the U.S. Borrower dated July 13, 2007.

"Organization Documents" means (i) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-United States jurisdiction); (ii) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement (or equivalent or comparable constitutive documents with respect to any non-United States jurisdiction); and (iii) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization (or equivalent or comparable constitutive documents with respect to any non-United States jurisdiction) and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Original Revolving Commitments" means the "Revolving Commitments" in effect under this Agreement immediately prior to the Amendment No. ~~1~~2 Effective Date.

"Original Revolving Loans" means the "Revolving Loans" made pursuant to the Original Revolving Commitments.

"Original Swing Line Loans" means the "Swing Line Loans" made pursuant to this Agreement in effect immediately prior to the Amendment No. ~~1~~2 Effective Date.

"Original Term Loans" means the Term Loans made pursuant to Section 2.01(b)(i).

"Other Revolving Commitment Percentage" means, for each Lender, for each Class of Other Revolving Commitments, the percentage of the aggregate Other Revolving Commitments of such Class represented by such Lender's Other Revolving Commitment of such Class at such time and identified as its Other Revolving Commitment Percentage of such Class in the relevant Refinancing Amendment, as such percentage may be modified in connection with any Assignment and Assumption made in accordance with the provisions of Section 10.06(b).

"Other Revolving Commitments" means one or more Classes of revolving credit commitments hereunder that result from a Refinancing Amendment.

"Other Revolving Loans" means the Revolving Loans made pursuant to any Other Revolving Commitment.

"Other Taxes" means all present or future stamp, court, documentary, intangible, recording, or filing Taxes, or any other excise, property or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"Other Term Commitment Percentage" means, for each Lender, for each Class of Other Term Commitments, the percentage of the aggregate Other Term Commitments of such Class represented by such Lender's Other Term Commitment of such Class at such time and identified as its Other Term Commitment Percentage of such Class in the relevant Refinancing Amendment, as such percentage may be modified in connection with any Assignment and Assumption made in accordance with the provisions of Section 10.06(b).

"Other Term Commitments" means one or more Classes of term loan commitments hereunder that result from a Refinancing Amendment.

"Other Term Loans" means one or more Classes of Term Loans that result from a Refinancing Amendment.

"Outstanding Amount" means, with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date, including any L/C Borrowings outstanding on such date, but after giving effect to any reimbursements of outstanding unpaid drawings under any Letters of Credit (including any refinancing of outstanding unpaid drawings under Letters of Credit or L/C Borrowings as a Revolving Borrowing) or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on or before such date.

"Parent" has the meaning specified in the preamble.

"Participant" has the meaning specified in Section 10.06(d).

"Participant Register" has the meaning specified in Section 10.06(d).

"Participating Lender" has the meaning specified in Section 2.19(c)(ii).

"Participation Interest" means a Credit Extension by a Lender by way of a purchase of a participation interest in Letters of Credit or L/C Obligations as provided in Section 2.05(e), in Swing Line Loans as provided in Section 2.01(c)(vi) or in any Loans as provided in Section 2.13.

"Patriot Act" has the meaning set forth in Section 10.14.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any entity succeeding to any or all of its functions under ERISA.

"Perfection Certificate" means with respect to any Loan Party a certificate, substantially in the form of Exhibit J to this Agreement, completed and supplemented with the schedules and attachments contemplated thereby and duly executed on behalf of such Loan Party by a Responsible Officer of such Loan Party.

"Permitted Acquisition" means the purchase or other acquisition (including by merger or consolidation) by Parent or any Restricted Subsidiary of Equity Interests in, or all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line (including rights in respect of any drug or other pharmaceutical product) or line of business of) any Person, or any Exclusive License of rights to a drug or other product line, in a single transaction or a series of related transactions if: (a) (i) in the case of any purchase or other acquisition of Equity Interests in a Person, such Person (including each Subsidiary of such Person), upon the consummation of such purchase or acquisition, will be a Restricted Subsidiary (including as a result of a merger or consolidation between Parent or any Restricted Subsidiary and such Person, with, in the case of a merger or consolidation involving Parent, Parent being the surviving entity) or (ii) in the case of any purchase, license or other acquisition of other assets, such assets will be owned and/or licensed by Parent or a Wholly Owned Restricted Subsidiary; (b) the business of such Person, or the business conducted with such assets, as the case may be, constitutes a business permitted by Section 7.03(b); (c) at the time of and immediately after giving effect (including pro forma effect) to any such purchase, license or other acquisition, (i) no Default shall have occurred and be continuing and (ii) if the Acquisition Consideration with respect thereto exceeds $25,000,000, Parent shall have delivered to the Administrative Agent a certificate of a Financial Officer, in form and substance reasonably satisfactory to the Administrative Agent, certifying that all the requirements set forth in this definition have been satisfied with respect to such purchase or other acquisition, together with reasonably detailed calculations demonstrating satisfaction of the requirements set forth in clause ~~(c)(ii) above and~~

(d) below~~, as applicable~~; (d) after giving effect (on a pro forma basis in accordance with Section 1.03(c)) to any such purchase, license or other acquisition, the Secured Leverage Ratio shall not exceed the maximum permitted Secured Leverage Ratio set forth for the current period in Section 7.10 and (e) such purchase or acquisition was not consummated pursuant to a hostile tender offer.

"Permitted Encumbrances" means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 6.04 and Liens for unpaid utility charges;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by Law, arising in the ordinary course of business and securing obligations that are not overdue by more than sixty (60) days or are being contested in compliance with Section 6.04;

(c) pledges and deposits made (i) in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations or employment laws or to secure other public, statutory or regulatory obligations and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of Parent or any Subsidiary in the ordinary course of business supporting obligations of the type set forth in clause (c)(i) above;

(d) pledges and deposits (i) to secure the performance of bids, trade and commercial contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of Parent or any Subsidiary in the ordinary course of business supporting obligations of the type set forth in clause (d)(i) above;

(e) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VIII or securing appeal or surety bonds related to such judgments;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of Parent or any Restricted Subsidiary; and

(g) banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with depository institutions and payment processors; provided that such deposit accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness.

"Permitted Exchange" means an exchange of real property of Parent or any Restricted Subsidiary that qualifies as a like-kind exchange pursuant to and in compliance with Section 1031 of the Code.

"Permitted External Credit Agreement Refinancing Indebtedness" means Credit Agreement Refinancing Indebtedness incurred by the applicable Borrower in the form of one or more series of senior lien secured, junior lien secured or unsecured notes or loans (other than pursuant to a Refinancing Amendment); provided that (i) such Indebtedness is not secured by any property or assets of Parent, the applicable Borrower or any Subsidiary other than the Collateral and (ii) the security agreements, if any, relating to such Indebtedness are substantially the same as the Collateral Documents (as determined in good faith by the U.S. Borrower) (with such differences as are reasonably satisfactory to the Administrative Agent).

"Permitted Foreign Loan" means a loan made by any Loan Party to any Wholly Owned Restricted Subsidiary that is not a Loan Party after the date hereof that satisfies the following requirements: (a) the proceeds of such loan are used, directly or indirectly, to finance an acquisition or other Investment permitted under clause (b), (q), (u) or (w) of Section 7.04; (b) such loan is evidenced by a promissory note of such Foreign Subsidiary; and (c) such promissory note is delivered and pledged to the Administrative Agent pursuant to the applicable Collateral Documents.

"Permitted Indebtedness" means unsecured Indebtedness (including Subordinated Indebtedness) of any Loan Party and any Permitted Refinancing Indebtedness in respect of any such Indebtedness; provided that (i) both immediately prior to and after giving effect thereto, no Default or Event of Default shall exist or result therefrom, (ii) such Indebtedness matures on or after, and does not require any scheduled amortization or other scheduled payments of principal prior to, the date that is 91 days after the Latest Maturity Date (it being understood that any provision requiring an offer to purchase such Indebtedness as a result of a change of control or asset sale and any cash settled or net share settled conversion obligations shall not violate the foregoing restriction), (iii) such Indebtedness is not guaranteed by any Restricted Subsidiary of Parent other than the Subsidiary Guarantors (which guarantees, if such Indebtedness is subordinated, shall be expressly subordinated to the Finance Obligations on terms not less favorable to the Lenders than the subordination terms of such Subordinated Indebtedness) and (iv) both immediately prior to and after giving effect to the increase of such Indebtedness (on a pro forma basis in accordance with Section 1.03(c)), the Total Leverage Ratio as the end of the most recently completed Test Period shall not exceed 4.50 to 1.00.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, demand deposits, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any domestic or foreign commercial bank having capital and surplus of not less than $500,000,000 in the case of U.S. banks and $250,000,000 (or the Dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clauses (a) and (c) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) marketable short-term money market and similar liquid funds having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency);

(f) Investments with average maturities of 12 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P or Aaa3 (or the equivalent thereof) or better by Moody's (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency);

(g) investment funds investing substantially all of their assets in securities of the types described in clauses (a) through (f) above;

(h) in the case of any Parent or Foreign Subsidiary, other short-term investments that are analogous to the foregoing, are of comparable credit quality and are customarily used by companies in the jurisdiction of such Parent or Foreign Subsidiary for cash management purposes; and

(i) investments permitted pursuant to Parent's investment policy as approved by the Board of Directors (or committee thereof) of the Parent from time to time.

"Permitted Liens" has the meaning assigned to such term in Section 7.02.

"Permitted Refinancing Indebtedness" means any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance") other Indebtedness; provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so refinanced (plus unpaid accrued interest and premium (including tender premium) thereon, any committed or undrawn amounts and underwriting and original issue discounts, fees, commissions and expenses, associated with such Permitted Refinancing Indebtedness), (b) the final maturity date of such Permitted Refinancing Indebtedness is no earlier than the maturity date of the Indebtedness being Refinanced (it being understood that, in each case, any provision requiring an offer to purchase such Indebtedness as a result of a change of control or asset sale shall not violate the foregoing restriction), (c) if the Indebtedness (including any Guarantee thereof) being Refinanced is by its terms subordinated in right of payment to the Finance Obligations, such Permitted Refinancing Indebtedness (including any Guarantee thereof) shall be subordinated in right of payment to the Finance Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, taken as a whole (as determined in good faith by the Board of Directors of Parent), (d) no Permitted Refinancing Indebtedness shall have obligors or contingent obligors that were not obligors or contingent obligors (or that would not have been required to become obligors or contingent obligors) in respect of the Indebtedness being Refinanced and (e) if the Indebtedness being Refinanced is secured, such Permitted Refinancing Indebtedness may be secured on terms no less favorable, taken as a whole, to the Loan Parties than those contained in the documentation (including any intercreditor agreement) governing the Indebtedness being Refinanced (reasonably determined in good faith by the Board of Directors of Parent).

"Permitted Reorganization" means the consummation of one or more transactions undertaken in good faith for the purpose of improving the consolidated Tax efficiency of Parent and the Restricted Subsidiaries, pursuant to which (i) certain Foreign Subsidiaries of the U.S. Borrower shall become Subsidiaries of Parent and not the U.S. Borrower, (ii) intellectual property assets held by one or more Foreign Subsidiaries of Parent shall be Disposed to one or more other Subsidiaries of Parent; provided that with respect to clause (i), no Loan Party shall become an Excluded Subsidiary as a result of such transaction and, with respect to clause (ii), any such Subsidiary of Parent to which such intellectual property assets (in each case other than Excluded Assets) are Disposed, shall be a Guarantor or shall become a Guarantor within the time periods specified under Section 6.09.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code maintained by or contributed to by Parent or any of its Restricted Subsidiaries or any ERISA Affiliate, including a Multiemployer Plan.

"Pledged Collateral" means collectively the "Pledged Collateral" as defined in the U.S. Security Agreement and the Foreign Collateral Documents.

"Pre-Commitment Information" means, taken as an entirety, (i) information with respect to Parent and the Acquired Business contained in the Confidential Information Memorandum dated May 2012 and (ii) any other written information in respect of Parent and the Acquired Business provided to any Agent or Lender by or on behalf of the U.S. Borrower prior to the Closing Date.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Person acting as the Administrative Agent as its prime rate in effect at its principal office in New York City. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent or any Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"Principal Amortization Payment" means a scheduled principal payment on the Term Loans pursuant to Section 2.08(b) (including the remaining payment due on the Term Loan Maturity Date).

"Principal Amortization Payment Date" means (i) the last Business Day of each calendar quarter, commencing with September 30, 2013 and (ii) the Term Loan Maturity Date.

"Pro rata Share" has the meaning assigned to such term in Section 8.03(b).

"Process Agent" has the meaning set forth in Section 10.13(d).

"Qualified Capital Stock" means Equity Interests of Parent that do not include a cash dividend (other than dividends that are solely payable as and when declared by the Board of Directors of Parent) and are not mandatorily redeemable by Parent or any of its Restricted Subsidiaries or redeemable at the option of the holder of such Equity Interests, in each case prior to the 91st day following the Term Loan Maturity Date (other than redemptions solely for Qualified Capital Stock in such Person and cash in lieu of fractional shares of such Equity Interests and redemptions upon the occurrence of an "asset sale" or a "change in control" (or similar event, however denominated) so long as any such redemption requirement becomes operative only after repayment in full (or waiver thereof) of all the Senior Credit Obligations (other than contingent indemnification obligations); provided, however, that an Equity Interest in any Person that is issued to any employee or to any plan for the benefit of employees or by any such plan to such employees shall constitute Qualified Capital Stock notwithstanding any obligation of Parent or any Subsidiary to repurchase such Equity Interest in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability).

"Qualified ECP Loan Party" means, in respect of any CEA Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Guarantee or grant of the relevant

security interest becomes effective with respect to such CEA Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualifying Lender" has the meaning specified in Section 2.19(d)(iii).

"Refinance" has the meaning set forth in the definition of Permitted Refinancing Indebtedness. "Refinanced" and "Refinancing" shall have the corresponding meanings

"Refinanced Debt" has the meaning set forth in the definition of "Credit Agreement Refinancing Indebtedness."

"Refinancing Amendment" means an amendment to this Agreement in form and substance reasonably satisfactory to the Administrative Agent, the U.S. Borrower and Parent executed by each of (a) each applicable Borrower, (b) Parent, (c) the Administrative Agent and (d) each Eligible Assignee and Lender that agrees to provide any portion of the Credit Agreement Refinancing Indebtedness being incurred pursuant thereto, in accordance with Section 2.18.

"Refunded Swing Line Loans" has the meaning specified in Section 2.01(c)(iii).

"Register" has the meaning specified in Section 10.06(c).

"Regulation T, U or X" means Regulation T, U or X, respectively, of the Board of Governors of the Federal Reserve System as amended, or any successor regulation.

"Reimbursement Obligations" means each Borrower's obligation under Section 2.05(e) to reimburse L/C Disbursements.

"Reinvestment Funds" means, with respect to any Net Cash Proceeds of Insurance Proceeds, any Condemnation Award or any Asset Disposition in respect of the single event or series of related events giving rise thereto, that portion of such funds as, according to a certificate of a Responsible Officer of the U.S. Borrower delivered to the Administrative Agent within one Business Day after the occurrence of the Casualty, Condemnation or Asset Disposition giving rise thereto, are expected to be reinvested (or to which the Parent or any Restricted Subsidiary expects to enter into a binding commitment for any such reinvestment) within twelve months after the occurrence of the Casualty, Condemnation or Asset Disposition giving rise thereto (or if some or all of such Net Cash Proceeds are scheduled to be received at a later date than the date of such occurrence, within 12 months following the receipt of such Net Cash Proceeds) in long-term assets useful in the business of Parent and its Restricted Subsidiaries; provided that, if any such Net Cash Proceeds are not actually so reinvested within 18 months of such Casualty, Condemnation or Asset Disposition (or twelve months of such Casualty, Condemnation or Asset Disposition if not so committed on or prior to the last day of such twelve-month period), such unreinvested portion shall no longer constitute Reinvestment Funds and shall be applied on the last day of such period as a mandatory prepayment as provided in Section 2.09(c)(iii); provided, further, that such certificate may only be delivered (and any related Net Cash Proceeds may only be deemed Reinvestment Funds) if (x) no Event of Default shall have occurred and be continuing on the date of such certificate or (y) if Parent or one or more of its Restricted Subsidiaries shall have then entered into one or more continuing agreements with a Person not an Affiliate of any of them for the reinvestment in long-term assets useful in the business of Parent and its Restricted Subsidiaries, none of the Administrative Agent or the Collateral Agent shall have commenced any action or proceeding to exercise or seek to exercise any right or remedy with respect to any Collateral (including any action of foreclosure, enforcement, collection or execution or by and proceeding under any Insolvency or Liquidation Proceeding).

"Rejected Amount" has the meaning specified in Section 2.09(f).

"Rejection Deadline" has the meaning set forth in the Section 2.09(f).

"Rejection Notice" has the meaning specified in Section 2.09(f).

"Related Obligations" has the meaning specified in Section 9.12.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, trustees, directors, officers, employees and agents of such Person and of such Person's Affiliates.

"Release" means any spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the Environment or within, upon, or from or into any building, structure, facility or fixture.

"Representative" has the meaning specified in Section 10.07.

"Repricing Transaction" shall mean (i) any prepayment or repayment of Loans under the Term Facility (including by means of a Refinancing Amendment) with the proceeds of, or any conversion of Term Loans into, any new or replacement term loans bearing interest at an effective interest yield less than the effective interest yield applicable to the Term Facility (as such comparative yields are reasonably determined by the Administrative Agent) and (ii) any amendment to the Term Facility that reduces the effective interest yield applicable to the Loans thereunder (in each case, such effective interest yield shall take into account margins, the Adjusted LIBOR Floor or Base Rate Floor, original issue discount and upfront fees).

"Required Lenders" means, at any date of determination, Lenders whose aggregate Credit Exposure constitutes more than 50% of the Credit Exposure of all Lenders at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time then there shall be excluded from the determination of Required Lenders such Lender and its Credit Exposure at such time.

"Required Revolving Lenders" means Lenders whose aggregate Revolving Credit Exposure constitutes more than 50% of the Revolving Credit Exposure of all Lenders at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time then there shall be excluded from the determination of Required Revolving Lenders such Lender and the aggregate principal amount of Revolving Credit Exposure of such Lender at such time.

"Required Term Lenders" means, at any date of determination, Lenders whose aggregate Term Credit Exposure constitutes more than 50% of the Term Credit Exposure of all Lenders at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time then there shall be excluded from the determination of Required Term Lenders such Lender and its Term Credit Exposure at such time.

"Responsible Officer" means the chief executive officer, president, senior vice president, vice president, chief financial officer, treasurer or controller of a Loan Party or, in the case of a Foreign Guarantor, any duly appointed authorized signatory or any director or managing member of such Person that has been designated in writing by Parent as being so authorized. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Margin Stock" shall mean Margin Stock owned by the Parent or any Restricted Subsidiary of Parent the value of which (determined in accordance with clause (2)(i) of the definition of "indirectly secured" set forth in Regulation U) represents not more than 25% of the value of the assets of the Parent and its Restricted Subsidiaries (determined in accordance with clause (2)(i) of the definition of "indirectly secured" set forth in Regulation U).

"Restricted Payment" means (i) any dividend or other distribution (whether in cash, securities or other property), direct or indirect, on account of any class of Equity Interests or Equity Equivalents of Parent or any Restricted Subsidiary, now or hereafter outstanding, and (ii) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation, termination or similar payment, purchase or other acquisition for value, direct or indirect, of any class of Equity Interests or Equity Equivalents of Parent or any Restricted Subsidiary, now or hereafter outstanding **(other than purchases (i) by Parent of Equity Interests or Equity Equivalents of any Restricted Subsidiary from such Restricted Subsidiary or another Restricted Subsidiary, (ii) by any Restricted Subsidiary of Equity Interests or Equity Equivalents of any other Restricted Subsidiary from such Restricted Subsidiary, Parent or another Restricted Subsidiary, in each case to the extent such purchase constitutes an Investment permitted under Section 7.04 or (iii) by any Restricted Subsidiary of its Equity Interests or Equity Equivalents from Parent or other Restricted Subsidiary)**.

"Restricted Subsidiary" means any Subsidiary of Parent (including each Borrower) that is not an Unrestricted Subsidiary.

"Revolving Availability Period" means the period from and including the Closing Date to the earliest of (i) the Revolving Termination Date, (ii) the date of the termination of the Commitments pursuant to Section 2.10 and (iii) the date of termination of the commitment of each Lender to make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

"Revolving Borrowing" means a Borrowing comprised of Revolving Loans and identified as such in the Notice of Borrowing with respect thereto.

"Revolving Commitment" means, with respect to any Lender, the commitment of such Lender, in an aggregate principal amount at any time outstanding of up to such Lender's Revolving Commitment Percentage of the Revolving Committed Amount, (i) to make Revolving Loans in accordance with the provisions of Section 2.01(a), (ii) to purchase Participation Interests in Swing Line Loans in accordance with the provisions of Section 2.01(c)(iv) and (iii) to purchase Participation Interests in Letters of Credit in accordance with the provisions of Section 2.05(d).

"Revolving Commitment Percentage" means, for each Lender, the percentage of the aggregate Revolving Commitments represented by such Lender's Revolving Commitment at such time and identified as its Revolving Commitment Percentage on Schedule 2.01 hereto, as such percentage may be (i) increased pursuant to Section 2.15 or reduced pursuant to Section 2.10 and (ii) modified in connection with any assignment made in accordance with the provisions of Section 10.06(b).

"Revolving Committed Amount" means ~~$200,000,000~~**425,000,000** or such lesser amount to which the Revolving Committed Amount may be reduced pursuant to Section 2.10.

"Revolving Credit Exposure" means, as applied to each Lender and with respect to each Class of its Commitments and/or Loans:

(i) at any time prior to the termination of the Commitments of the Lenders in respect of such Class, the sum, as applicable, of (A) the Revolving Commitment Percentage of such Lender multiplied by the Revolving Committed Amount plus (B) the Incremental Revolving Commitment Percentage of the relevant Class of such Lender multiplied by the total Incremental Revolving Commitments of such Class plus (C) the Other Revolving Commitment Percentage of the relevant Class of such Lender multiplied by the total Other Revolving Commitments of such Class; and

(ii) at any time after the termination of the Commitments of the Lenders in respect of such Class, the sum, as applicable, of (A) the principal balance of the outstanding Loans of such Lender of such Class plus (B) in the case of the termination of the Revolving Commitments, any Class of Incremental Revolving Commitments or any Class of Other Revolving Commitments, in each case, such Lender's Participation Interests in all L/C Obligations and Swing Line Loans issued under the relevant terminated Class.

"Revolving Lender" means each Lender identified in Schedule 2.01 as having a Revolving Commitment and each Eligible Assignee which acquires a Revolving Commitment or Revolving Loan pursuant to Section 10.06(b) and their respective permitted successors.

"Revolving Loan" means the revolving loans made by the Revolving Lenders to any Borrower pursuant to Section 2.01(a).

"Revolving Note" means a promissory note, substantially in the form of Exhibit B-1 hereto, evidencing the obligations of the applicable Borrower to repay outstanding Revolving Loans, as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"Revolving Outstandings" means at any date the aggregate outstanding principal amount of all Revolving Loans and Swing Line Loans plus the aggregate Outstanding Amount of all L/C Obligations.

"Revolving Termination Date" means the date which is the fifth anniversary of the Closing Date (or, if such day is not a Business Day, the next preceding Business Day) or such earlier date upon which the Revolving Commitments shall have been terminated in their entirety in accordance with this Agreement.

"Sale/Leaseback Transaction" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to Parent or any of its Restricted Subsidiaries of any property, whether owned by Parent or any of its Restricted Subsidiaries as of the Closing Date or later acquired, which has been or is to be sold or transferred by Parent or any of its Restricted Subsidiaries to such Person or to any other Person from whom funds have been, or are to be, advanced by such Person on the security of such property.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., a New York corporation, and its successors or, absent any such successor, such nationally recognized statistical rating organization as the U.S. Borrower and the Administrative Agent may select.

"Sanctions" has the meaning assigned to such term in Section 5.21(b).

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Second Lien Intercreditor Agreement" means a Second Lien Intercreditor Agreement among the Administrative Agent, the Collateral Agent and one or more Senior Representatives for holders of Indebtedness secured by Liens on the Collateral that are junior to the Liens on the Collateral securing the Finance Obligations, in form and substance reasonably satisfactory to the Administrative Agent.

"Secured Cash Management Agreement" means any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank.

"Secured Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Secured Debt as of such date to (b) Consolidated EBITDA for the most recently ended Test Period.

"Senior Credit Obligations" means, with respect to each Loan Party, without duplication:

(i) in the case of each Borrower, all principal of and interest (including, without limitation, any interest which accrues after the commencement of any proceeding under any Insolvency or Liquidation Proceeding with respect to such Borrower, whether or not allowed or allowable as a claim in any such proceeding) on any Loan or L/C Obligation under, or any Note issued pursuant to, this Agreement or any other Loan Document;

(ii) all fees, expenses, indemnification obligations and other amounts of whatever nature now or hereafter payable by such Loan Party (including, without limitation, any amounts which accrue after the commencement of any proceeding under any Insolvency or Liquidation Proceeding with respect to such Loan Party, whether or not allowed or allowable as a claim in any such proceeding) pursuant to this Agreement or any other Loan Document;

(iii) all expenses of the Agents as to which one or more of the Agents have a right to reimbursement by such Loan Party under Section 10.04(a) of this Agreement or under any other similar provision of any other Loan Document, including, without limitation, any and all sums advanced by the Collateral Agent to preserve the Collateral or preserve its security interests in the Collateral to the extent permitted under any Loan Document or applicable Law;

(iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement by such Loan Party under Section 10.04(b) of this Agreement or under any other similar provision of any other Loan Document; and

(v) in the case of each Borrower and each Guarantor, all amounts now or hereafter payable by such Borrower or such Guarantor and all other obligations or liabilities now existing or hereafter arising or incurred (including, without limitation, any amounts which accrue after the commencement of any proceeding under any Insolvency or Liquidation Proceeding with respect to such Borrower or such Guarantor, whether or not allowed or allowable as a claim in any such proceeding) on the part of such Guarantor pursuant to this Agreement, the Guaranty Agreement or any other Loan Document;

together in each case with all renewals, modifications, consolidations or extensions thereof.

"Senior Credit Party" means each Lender, each L/C Issuer, the Administrative Agent, the Collateral Agent and each Indemnitee and their respective successors and assigns, and "Senior Credit Parties" means any two or more of them, collectively.

"Senior Representative" means, with respect to any series of Indebtedness, the trustee, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

"Solicitation of Discount Range Prepayment Offers" means the solicitation by Parent or any of its Subsidiaries of offers for, and the corresponding acceptance by a Term Lender of, a voluntary prepayment of Term Loans at a specified range at a discount to par pursuant to Section 2.19(c).

"Solicitation of Discounted Prepayment Offers" means the solicitation by Parent or any of its Subsidiaries of offers for, and the corresponding acceptance, if any, by a Term Lender of, a voluntary prepayment of Term Loans at a discount to par pursuant to Section 2.19(d).

"Solicited Discount Proration" has the meaning specified in Section 2.19(d)(iii).

"Solicited Discounted Prepayment Amount" has the meaning specified in Section 2.19(d)(i).

"Solicited Discounted Prepayment Notice" means an irrevocable written notice of a Solicitation of Discounted Prepayment Offers made pursuant to Section 2.19(d)(i) substantially in the form of Exhibit P hereto.

"Solicited Discounted Prepayment Offer" means an irrevocable written offer by each Term Lender, substantially in the form of Exhibit Q hereto, submitted following the Auction Agent's receipt of a Solicited Discounted Prepayment Notice.

"Solicited Discounted Prepayment Response Date" has the meaning specified in Section 2.19(d)(i).

"Solvent" means, with respect to Parent and its Subsidiaries (on a consolidated basis) as of a particular date, that on such date (i) the fair value of the assets of Parent and its Subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (ii) the present fair saleable value of the property of Parent and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Parent and its Subsidiaries, on a consolidated basis, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured; and (iv) Parent and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital.

"Specified Discount Prepayment Amount" has the meaning specified in Section 2.19(b)(i).

"Specified Discount Prepayment Notice" means an irrevocable written notice of Parent or any of its Subsidiaries of a Specified Discount Prepayment made pursuant to Section 2.19(b)(i) substantially in the form of Exhibit L hereto.

"Specified Discount Prepayment Response" means the irrevocable written response by each Term Lender, substantially in the form of Exhibit M hereto, to a Specified Discount Prepayment Notice.

"Specified Discount Prepayment Response Date" has the meaning specified in Section 2.19(b)(i).

"Specified Discount Proration" has the meaning specified in Section 2.19(b)(iii).

~~"Specified Person" has the meaning assigned to such term in Section 5.21(b).~~

"Specified Subordinated Indebtedness" means Subordinated Indebtedness (i) the principal of which by its terms is not required to be repaid, in whole or in part, before six months after the Term Loan Maturity Date and (ii) which is subordinated in right of payment to the Finance Obligations pursuant to payment and subordination provisions reasonably satisfactory in form and substance to the Administrative Agent.

"Submitted Amount" has the meaning specified in Section 2.19(c)(i).

"Submitted Discount" has the meaning specified in Section 2.19(c)(i).

"Subordinated Indebtedness" means Indebtedness of the Parent or any Restricted Subsidiary, the payment of which is contractually subordinated in right of payment to the Finance Obligations.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, more than 50% of the total voting power of stock entitled (other than stock or such other ownership interest having such power only by reason of the happening of a contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a partnership, limited liability company, association or business entity other than a corporation, more than 50% of the partnership or other similar ownership interests thereof (other than stock or such other ownership interest having such power only by reason of the happening of a contingency) is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Parent.

"Subsidiary Guarantor" means each Restricted Subsidiary that is party to the Guaranty Agreement (including (a) the U.S. Borrower with respect to Guaranteed Obligations of each Irish Borrower, (b) Jazz Financing I with respect to Guaranteed Obligations of the U.S. Borrower and Jazz Ireland and (c) Jazz Ireland with respect to Guaranteed Obligations of the U.S. Borrower and Jazz Financing I) or other guaranty agreement pursuant to which it Guarantees the Finance Obligations.

"Swap Agreement" means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement and

(ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Creditor" means any Agent, Lender or any Affiliate of any Lender or Agent from time to time party to one or more Swap Agreements (even if entered into prior to the Closing Date) with a Loan Party and any party to a Swap Agreement with a Loan Party that was an Agent, a Lender or an Affiliate of any Agent or Lender at the time it entered into such agreement (even if any such Lender for any reason ceases after the execution of such agreement to be a Lender hereunder), and its successors and assigns, and "Swap Creditors" means any two or more of them, collectively.

"Swap Obligations" of any Person means all obligations (including, without limitation, any amounts which accrue after the commencement of any bankruptcy or insolvency proceeding with respect to such Person, whether or not allowed or allowable as a claim under any proceeding under any Insolvency or Liquidation Proceeding) of such Person in respect of any Swap Agreement, excluding any amounts which such Person is entitled to set-off against its obligations under applicable Law; provided that "Swap Obligations" with respect to any Guarantor, at any time, shall exclude all Excluded Swap Obligations with respect to such Guarantor at such time).

"Swing Line Borrowing" means a Borrowing comprised of Swing Line Loans and identified as such in the Notice of Borrowing with respect thereto.

"Swing Line Commitment" means the agreement of the Swing Line Lender to make Loans pursuant to Section 2.01(c). The Swing Line Commitment is a part of, and not in addition to, the Revolving Committed Amount.

"Swing Line Committed Amount" means $10,000,000 as such Swing Line Committed Amount may be reduced pursuant to Section 2.10.

"Swing Line Lender" means Barclays Bank PLC, in its capacity as the Swing Line Lender under Section 2.01(c), and its permitted successor or successors in such capacity.

"Swing Line Loan" has the meaning specified in Section 2.01(c).

"Swing Line Loan Request" has the meaning specified in Section 2.02(b).

"Swing Line Note" means a promissory note, substantially in the form of Exhibit B-3, hereto, evidencing the obligation of the applicable Borrower to repay outstanding Swing Line Loans, as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"Swing Line Termination Date" means the earlier of (i) the fifth anniversary of the Closing Date (or, if such day is not a Business Day, the next preceding Business Day) or such earlier date upon which the Revolving Commitments shall have been terminated in their entirety in accordance with this Agreement and (ii) the date on which the Swing Line Commitment is terminated in its entirety in accordance with this Agreement.

"Synthetic Lease" means, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of real or personal property, or a combination thereof, (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee is deemed to own the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

"Synthetic Lease Obligations" means, as to any Person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease (determined, in the case of a Synthetic Lease providing for an option to purchase the leased property, as if such purchase were required at the end of the term thereof) that would appear on a balance sheet of such Person prepared in accordance with GAAP if such payment obligations were accounted for as Capital Lease Obligations. For purposes of Section 7.02, a Synthetic Lease Obligation shall be deemed to be secured by a Lien on the property being leased and such property shall be deemed to be owned by the lessee.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, and any and all liabilities (including any interest, fines, additions to tax or penalties) applicable thereto.

"Term Borrowing" means a Borrowing comprised of Term Loans and identified as such in the Notice of Borrowing with respect thereto.

"Term Commitment" means (i) with respect to any Lender, the commitment of such Lender to make a Term Loan on the Closing Date in a principal amount equal to such Lender's Term Commitment Percentage of the Term Committed Amount ~~and~~, (ii) with respect to the Additional Tranche 1 Lender, the Additional Tranche 1 **Term Commitment, (iii) with respect to the Amendment No. 2 Incremental Term Lender, the Amendment No. 2 Incremental Tranche 2 Term Loan Commitment and (iv) with respect to the Additional Tranche 2 Lender, the Additional Tranche 2** Term Commitment.

"Term Commitment Percentage" means, for each Lender, (i) with respect to Original Term Loans, the percentage of the aggregate Term Commitments represented by such Lender's Term Commitment at such time and identified as its Term Commitment Percentage on Schedule 2.01 ~~and~~**(as of the Closing Date),** (ii) with respect to the Committed Tranche 1 Term Loan of the Additional Tranche 1 Term Lender, 100%, **(iii) with respect to the Amendment No. 2 Incremental Tranche 2 Term Loan of the Amendment No. 2 Incremental Tranche 2 Term Lender, 100% and (iv) with respect to the Committed Tranche 2 Term Loan of the Additional Tranche 2 Term Lender, 100%** in the case of each of clauses (i) ~~and~~**,** (ii)**, (iii) and (iv)** as such percentage may be (a) increased pursuant to Section 2.15 or reduced pursuant to Section 2.10 and (b) modified in connection with any Assignment and Assumption made in accordance with the provisions of Section 10.06(b).

"Term Committed Amount" means (i) with respect to Original Term Loans, ~~$475,000,000 and~~**475,000,000,** (ii) with respect to the Committed Tranche 1 Term Loan, an amount equal to $557,187,500 minus the aggregate principal amount of Converted Term Loans of all Lenders**, (iii) with respect to the Amendment No. 2 Incremental Tranche 2 Term Loan, $350,000,000 and (iv) with respect to the Committed Tranche 2 Term Loan, an amount equal to $554,401,563 minus the aggregate principal amount of Amendment No. 2 Converted Term Loans of all Lenders**.

"Term Credit Exposure" means, as applied to each Lender and with respect to each Class of its Commitments and/or Loans:

(i) at any time prior to the termination of the Commitments of the Lenders in respect of such Class, the sum, as applicable, of (A) the Term Commitment Percentage of such Lender multiplied by the Term Committed Amount of such Class plus (B) the Other Term Commitment Percentage of the relevant Class of such Lender multiplied by the total Other Term Commitments of such Class plus (C) the Incremental Term Loan Commitment Percentage of the relevant Class of such Lender multiplied by the total Incremental Term Loan Commitments of such Class; and

(ii) at any time after the termination of the Commitments of the Lenders in respect of such Class, the sum, as applicable, of the principal balance of the outstanding Loans of such Lender of such Class.

"Term Lender" means each Lender that has a Term Commitment (including each Tranche 1 Term Loan Lender **and each Tranche 2 Term Loan Lender)** and each Eligible Assignee which acquires a Term Loan pursuant to Section 10.06(b) and their respective permitted successors.

"Term Loan Maturity Date" means the sixth anniversary of the Closing Date (or if such day is not a Business Day, the next preceding Business Day).

"Term Loans" means (i) the Original Term Loans ~~and~~**,** (ii) the Tranche 1 Term Loans **and (iii) the Tranche 2 Term Loans**.

"Term Note" means a promissory note, substantially in the form of Exhibit B-2 hereto, evidencing the obligation of the U.S. Borrower to repay outstanding Term Loans, as such note may be amended, modified or supplemented from time to time.

"Test Period" means, at any date of determination, the period of four consecutive fiscal quarters of Parent then last ended for which financial statements have been delivered or were required to have been delivered pursuant to Section 6.01(a) or 6.01(b) or, prior to the first such requirement, the four quarter period ended March 31, 2012.

"Total Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Total Indebtedness as of such date to (b) Consolidated EBITDA for the most recently ended Test Period.

"Tranche 1 Term ~~Loan~~**Loans**" has the meaning ~~set forth~~**specified** in Section 2.01(b)(ii).

"Tranche 1 Term Loan Lender" means each Lender with an Additional Tranche 1 Term Loan Commitment or an outstanding Tranche 1 Term Loan.

"Tranche 2 Term Loans" has the meaning set forth in Section 2.01(b)(iii).

"Tranche 2 Term Loan Lender" means each Lender with an Additional Tranche 2 Term Loan Commitment, an Amendment No. 2 Incremental Tranche 2 Term Loan Commitment or an outstanding Tranche 2 Term Loan.

"Transaction Documents" means the Merger Documents and the Loan Documents, collectively; "Transaction Document" means any one of them.

"Transactions" means the events contemplated by the Transaction Documents and the Closing Date Refinancing.

"Type" has the meaning specified in Section 1.07.

"UCC" means the Uniform Commercial Code of the State of New York or of any other state the Laws of which are required to be applied in connection with the perfection or priority of security interests in any collateral.

"UCP" has the meaning assigned to such term in Section 2.05(g).

"Unfunded Liabilities" means, except as otherwise provided in Section 5.11(a)(i)(B), (i) with respect to each Plan, the amount (if any) by which the present value of all nonforfeitable benefits under each Plan exceeds the current value of such Plan's assets allocable to such benefits, all determined in accordance with the respective most recent valuations for such Plan using applicable PBGC plan termination actuarial assumptions (the terms "present value" and "current value" shall have the same meanings specified in Section 3 of ERISA) and (ii) with respect to each Foreign Pension Plan, the amount (if any) by which the present value of all nonforfeitable benefits under each Foreign Pension Plan exceeds the current value of such Foreign Pension Plan's assets allocable to such benefits, all determined in accordance with the respective most recent valuations for such Plan using the most recent actuarial assumptions and methods being used by the Foreign Pension Plan's actuaries for financial reporting under applicable accounting and reporting standards.

"United States" means the United States of America, including each of the States and the District of Columbia, but excluding its territories and possessions.

"Unreimbursed Amount" has the meaning specified in Section 2.05(e)(iv).

"Unrestricted Cash" means cash or Permitted Investments of Parent or any of its Restricted Subsidiaries that would not appear as "restricted" on a consolidated balance sheet of Parent or any of its Restricted Subsidiaries.

"Unrestricted Margin Stock" shall mean any Gentium Stock for so long as it constitutes Margin Stock owned by Parent or any Restricted Subsidiary which is not Restricted Margin Stock.

"Unrestricted Subsidiary" means (i) OML and (ii) any Subsidiary designated by Parent as an Unrestricted Subsidiary pursuant to Section 6.10 subsequent to the Closing Date.

"Unused Revolving Committed Amount" means, for any period, the amount by which (i) the then applicable Revolving Committed Amount exceeds (ii) the daily average sum for such period of (A) the aggregate principal amount of all outstanding Revolving Loans plus (B) the aggregate amount of all outstanding L/C Obligations. For the avoidance of doubt, no deduction shall be made on account of outstanding Swing Line Loans in calculating the Unused Revolving ~~Commitment~~**Committed** Amount.

"Upfront Payments" means any upfront or similar payments made during the period of twelve months ending on the Closing Date or arising thereafter in connection with any drug or pharmaceutical product research and development or collaboration arrangements or the closing of any Drug Acquisition.

"USAO Settlement Obligations" means obligations of OML and the U.S. Borrower arising under the OML Settlement Agreements.

"U.S. Borrower" has the meaning specified in the preamble.

"U.S. Security Agreement" means the Security Agreement, substantially in the form of Exhibit G hereto, dated as of the Closing Date among the U.S. Borrower, the Domestic Guarantors, the Foreign Guarantors party thereto and the Collateral Agent, as the same may be amended, modified or supplemented from time to time.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Indebtedness.

"Welfare Plan" means a "welfare plan" as such term is defined in Section 3(1) of ERISA.

"Wholly Owned" means, with respect to any Subsidiary of any Person at any date, that all of the shares of capital stock or other ownership interests of such Subsidiary (except Nominal Shares) are at the time directly or indirectly owned by such Person.

"Women's Health Disposition" means the disposition of certain assets of Parent, Jazz Pharmaceuticals International Limited, a Bermuda limited liability company, Jazz Pharmaceuticals International Limited II, a Bermuda limited liability company ("JPILII"), and Jazz Pharmaceuticals Commercial Corp., a New York corporation, pursuant to that certain Asset Purchase Agreement dated October 15, 2012 by and among Parent, JPILII, Meda Pharma Sàrl, a Luxembourg limited liability company, and Meda Pharmaceuticals Inc., a Delaware corporation.

Section 1.02 Other Interpretative Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder" and words of similar import when used in any Loan Document shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including," the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

Section 1.03 Accounting Terms and Determinations.

(a) *Generally*. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein or as disclosed to the Administrative Agent.

(b) *Changes in GAAP*. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either (x) the U.S. Borrower or (y) within 30 days after delivery of any financial statements reflecting any change in GAAP (or after the Lenders have been informed of the change in GAAP affecting such financial statements, if later), the Administrative Agent or the Required Lenders shall so request, the Administrative Agent, the Lenders and the U.S. Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the U.S. Borrower shall provide to the Administrative Agent and the Lenders financial statements and any other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) All pro forma computations required to be made hereunder giving effect to any Material Acquisition, Material Disposition, Permitted Acquisition, designation of any Subsidiary as an Unrestricted Subsidiary, or issuance, incurrence or assumption of Indebtedness shall be calculated after giving effect to such acquisition, disposition, designation or issuance, incurrence or assumption of Indebtedness (and to any other such transaction consummated since the first day of the period for which such pro forma computation is being made and on or prior to the date of such computation) as if such transaction (and any other such transactions) had occurred on the first day of the applicable Test Period, and, to the extent applicable, the historical earnings and cash flows associated with the assets acquired or disposed of, any related incurrence or reduction of Indebtedness. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Swap Agreement applicable to such Indebtedness). Solely for the purpose of making any determination required hereunder regarding compliance with Section 7.10 on a pro forma basis for any Test Period ended before September 30, 2012, the maximum Secured Leverage Ratio requirement for such purpose shall be deemed to be 2.75:1.0.

Section 1.04 Rounding. Any financial ratios required to be maintained by Parent or any of its Restricted Subsidiaries pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.06 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any L/C Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

Section 1.07 Classes and Types of Borrowings. The term "Borrowing" denotes the aggregation of Loans of one or more Lenders made to any Borrower pursuant to Article II on the same date, all of which Loans are of the same Class and Type (subject to Article III) and, except in the case of Base Rate Loans, have the same initial Interest Period. Loans hereunder are distinguished by "Class" and "Type." The "Class" of a Loan (or of a Commitment to make such a Loan or of a Borrowing comprised of such Loans) refers to whether such Loan is a Revolving Loan, a Term Loan, an Incremental Revolving Loan, an Incremental Term Loan, an Original Term Loan, a Tranche 1 Term Loan, an Other Revolving Loan or an Other Term Loan. The "Type" of a Loan refers to whether such Loan is a Eurodollar Loan or a Base Rate Loan. Identification of a Loan (or a Borrowing) by both Class and Type (e.g., a "Term Eurodollar Loan") indicates that such Loan is a Loan of both such Class and such Type (e.g., both a Term Loan and a Eurodollar Loan) or that such Borrowing is comprised of such Loans. **For the avoidance of doubt, all Tranche 2 Term Loans (including the Amendment No. 2 Tranche Term Loans and the Amendment No. 2 Incremental Tranche 2 Term Loans) shall be considered a single Class.**

Section 1.08 Currency Translation. For purposes of any determination under Article VI, Article VII (other than Section 7.10) or Article VIII or any determination under any other provision of this Agreement expressly requiring the use of a current exchange rate, all amounts incurred, outstanding or proposed to be incurred or outstanding in currencies other than Dollars shall be translated into Dollars at currency exchange rates in effect on the date of such determination; provided, however, that for purposes of determining compliance with Article VII with respect to the amount of any Indebtedness, Asset Disposition, Investment or Restricted Payment in a currency other than Dollars, no Default or Event of Default shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Indebtedness is incurred or Asset Disposition, Investment or Restricted Payment is made; provided that, for the avoidance of doubt, the foregoing provisions of this Section 1.08 shall otherwise apply to such Sections, including with respect to determining whether any Indebtedness may be incurred or Asset Disposition, Investment or Restricted Payment made at any time under such Sections. For purposes of Section 7.10, amounts in currencies other than Dollars shall be translated into Dollars at the currency exchange rates used in preparing the most recently delivered financial statements pursuant to Section 6.01(a) or (b).

Section 1.09 Baskets. To the extent that the size of any basket or carve-out set forth in Article VII is determined by reference to a percentage of Consolidated EBITDA, no Default or Event of Default shall be deemed to occur with respect to any transaction consummated or incurred pursuant to such basket or carve-out as a result of any decrease in the amount of Consolidated EBITDA subsequent to such consummation or incurrence which results in such basket or carve-out no longer being sufficient to permit such transaction or incurrence.

ARTICLE II.

THE CREDIT FACILITIES

Section 2.01 Commitments To Lend.

(a) *Revolving Loans*. Subject to the terms and conditions set forth herein, each Revolving Lender severally agrees to make Revolving Loans to any Borrower in Dollars pursuant to this Section 2.01(a) from time to time during the Revolving Availability Period in amounts such that its Revolving Outstandings shall not exceed (after giving effect to all Revolving Loans repaid, all reimbursements of L/C Disbursements made, and all Refunded Swing Line Loans paid concurrently with the making of any Revolving Loans) its Revolving Commitment; provided that, immediately after giving effect to each such Revolving Loan, (i) the aggregate Revolving Outstandings shall not exceed the Revolving Committed Amount and (ii) with respect to each Revolving Lender individually, such Lender's outstanding Revolving Loans plus its (other than the Swing Line Lender's in its capacity as such) Participation Interests in outstanding Swing Line Loans plus its Participation Interests in outstanding L/C Obligations shall not exceed such Lender's Revolving Commitment Percentage of the Revolving Committed Amount; provided, further, that no more than the greater of (x) $10,000,000 and (y) an amount sufficient to fund original issue discount and/or upfront fees in connection with the Revolving Loans and the Term Loans may be drawn on the Closing Date. Each Revolving Borrowing comprised of Eurodollar Loans shall be in an aggregate principal amount of $5,000,000 or any larger multiple of $100,000, and each Revolving Borrowing comprised of Base Rate Loans shall be in an aggregate principal amount of $1,000,000 or any larger multiple of $100,000 (except (i) with respect to Revolving Loans, if any, borrowed on the Amendment No. 1 Effective Date and (ii) that any such Borrowing may be in the aggregate amount of the unused Revolving Commitments and any L/C Borrowing may be in the aggregate amount of any outstanding Unreimbursed Amounts owed to one or more L/C Issuers as provided in Section 2.05(e)(iv)) and shall be made from the several Revolving Lenders ratably in proportion to their respective Revolving Commitments. Within the foregoing limits, each Borrower may borrow under this Section 2.01(a), repay, or, to the extent permitted by Section 2.09, prepay, Revolving Loans and reborrow under this Section 2.01(a).

(b) *Term Loans*.

(i) Subject to the terms and conditions set forth herein, each Term Lender severally agrees to make a Term Loan to the U.S. Borrower in Dollars on the Closing Date in a principal amount not exceeding its Term Commitment. The Term Borrowing shall be made from the several Term Lenders ratably in proportion to their respective Term Commitments. The Term Commitments are not revolving in nature, and amounts repaid or prepaid prior to the Term Loan Maturity Date may not be reborrowed. Any Term Commitments not funded on the Closing Date will be terminated.

(ii) Subject to the terms and conditions set forth herein, (x) the Additional Tranche 1 Term Lender agrees to make a Term Loan to the U.S. Borrower in Dollars on the Amendment No. 1 Effective Date in a principal amount not exceeding its Additional Tranche 1 Term Commitment (the "Committed Tranche 1 Term Loan," and together with each Term Loan converted from a Converted Term Loan pursuant to clause (y) below, ~~a~~**the** "Tranche 1 Term ~~Loan~~**Loans**") and (y) each Converted Term Loan of each Amendment No. 1 Consenting Lender shall be converted into a Tranche 1 Term Loan of such Lender effective as of the Amendment No. 1 Effective Date in a principal amount equal to the principal amount of such Lender's Converted Term Loan immediately prior to such conversion. The Additional Tranche 1 Term Commitment is not revolving in nature, and amounts of the **Amendment No. 1** Tranche 1 Term Loans repaid or prepaid prior to the Term Loan Maturity Date may not be reborrowed. Any Additional Tranche 1 Term Commitment not funded on the Amendment No. 1 Effective Date will be terminated.

(iii) Subject to the terms and conditions set forth herein, the Amendment No. 2 Incremental Tranche 2 Term Lender agrees to make a Term Loan to the U.S. Borrower in Dollars on the Amendment No. 2 Effective Date in a principal amount not exceeding its Amendment No. 2 Incremental Tranche 2 Term Loan Commitment (the "Amendment No. 2 Incremental Tranche 2 Term Loan" and, together with the Amendment No. 2 Tranche 2 Term Loans, the "Tranche 2 Term Loans"). The Amendment No. 2 Incremental Tranche 2 Term Loan Commitment is not revolving in nature, and amounts of Amendment No. 2 Incremental Tranche 2 Term Loans repaid or prepaid prior to the Term Loan Maturity Date may not be reborrowed. Any Amendment No. 2 Incremental Tranche 2 Term Loan Commitment not funded on the Amendment No. 2 Effective Date will be terminated.

(iv) Subject to the terms and conditions set forth herein, (x) the Additional Tranche 2 Term Lender agrees to make a Term Loan to the U.S. Borrower in Dollars on the Amendment No. 2 Effective Date in a principal amount not exceeding its Additional Tranche 2 Term Commitment (the "Committed Tranche 2 Term Loan," and together with each Term Loan converted from an Amendment No. 2 Converted Term Loan pursuant to clause (y) below, each an "Amendment No. 2 Tranche 2 Term Loan") and (y) each Amendment No. 2 Converted Term Loan of each Amendment No. 2 Consenting Lender shall be converted into a Tranche 2 Term Loan of such Lender effective as of the Amendment No. 2 Effective Date in a principal amount equal to the principal amount of such Lender's Amendment No. 2 Converted Term Loan immediately prior to such conversion. The Additional Tranche 2 Term Commitment is not revolving in nature, and amounts of the Tranche 2 Term Loans repaid or prepaid prior to the Term Loan Maturity Date may not be reborrowed. Any Additional Tranche 2 Term Commitment not funded on the Amendment No. 2 Effective Date will be terminated.

(c) *Swing Line Loans*.

(i) Subject to the terms and conditions set forth herein, the Swing Line Lender agrees in its sole discretion, in reliance upon the agreements of the other Revolving Lenders set forth in this subsection (c), to make a portion of the Revolving Commitments available to any Borrower from time to time during the Revolving Availability Period by making Swing Line Loans to such Borrower in Dollars (each such loan, a "Swing Line Loan" and, collectively, the "Swing Line Loans"); provided that (A) the aggregate principal amount of the Swing Line Loans outstanding at any one time shall not exceed the Swing Line Committed Amount, (B) each Swing Line Borrowing shall be in an aggregate principal amount of $100,000 or any larger multiple of $100,000, (C) with regard to each Lender individually (other than the Swing Line Lender in its capacity as such), such Lender's outstanding Revolving Loans plus its Participation Interests in outstanding Swing Line Loans plus its Participation Interests in outstanding L/C Obligations shall not at any time exceed such Lender's Revolving Commitment Percentage of the Revolving Committed Amount, (D) with regard to the Revolving Lenders collectively, the sum of the aggregate principal amount of Swing Line Loans outstanding plus the aggregate amount of Revolving Loans outstanding plus the aggregate amount of L/C Obligations outstanding shall not exceed the Revolving Committed Amount, (E) the Swing Line Committed Amount shall not exceed the aggregate of the Revolving Commitments then in effect, (F) no Swing Line Loans may be drawn on the Closing Date and (G) the Swing Line Lender shall not be under any obligation to make any Swing Line Loans if any Revolving Lender is at such time a Defaulting Lender hereunder, unless the Swing Line Lender has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the Swing Line Lender (in its sole discretion) with the applicable Borrower or such Revolving Lender to eliminate the Swing Line

Lenders' actual or potential Fronting Exposure (after giving effect to Section 2.17(a)(iv)) with respect to the Defaulting Lender arising from either the Swing Line Loans then proposed to be made and all other Swing Line Loans as to which the Swing Line Lender has actual or potential Fronting Exposure, as it may elect in its sole discretion. Swing Line Loans shall be made and maintained as Base Rate Loans and may be repaid and reborrowed in accordance with the provisions hereof prior to the Swing Line Termination Date. Swing Line Loans may be made notwithstanding the fact that such Swing Line Loans, when aggregated with the Swing Line Lender's other Revolving Outstandings, exceed its Revolving Commitment. The proceeds of a Swing Line Borrowing may not be used, in whole or in part, to refund any prior Swing Line Borrowing.

(ii) The principal amount of all Swing Line Loans shall be due and payable on the earliest of (A) the fifth day after the incurrence of such Swing Line Loan, unless another maturity date shall be agreed to by the Swing Line Lender and the applicable Borrower with respect to such Swing Line Loan, (B) the Swing Line Termination Date, (C) the occurrence of any proceeding with respect to any Borrower under any Insolvency or Liquidation Proceeding or (D) the acceleration of any Loan or the termination of the Revolving Commitments pursuant to Section 8.02.

(iii) With respect to any Swing Line Loans that have not been voluntarily prepaid by a Borrower or paid by a Borrower when due under clause (ii) above, the Swing Line Lender (by request to the Administrative Agent) or the Administrative Agent at any time may, on one Business Day's notice, require each Revolving Lender, including the Swing Line Lender, and each such Lender hereby agrees, subject to the provisions of this Section 2.01(c), to make a Revolving Loan (which shall be initially funded as a Base Rate Loan) in an amount in Dollars equal to such Lender's Revolving Commitment Percentage of the amount of the Swing Line Loans (the "Refunded Swing Line Loans") outstanding on the date notice is given.

(iv) In the case of Revolving Loans made by Lenders other than the Swing Line Lender under clause (iii) above, each such Revolving Lender shall make the amount of its Revolving Loan available to the Administrative Agent, in same day funds, at the Administrative Agent's Office, not later than 1:00 P.M. on the Business Day next succeeding the date such notice is given. The proceeds of such Revolving Loans shall be immediately delivered to the Swing Line Lender (and not to any Borrower) and applied to repay the Refunded Swing Line Loans. On the day such Revolving Loans are made, the Swing Line Lender's Revolving Commitment Percentage of the Refunded Swing Line Loans shall be deemed to be paid with the proceeds of a Revolving Loan made by the Swing Line Lender and such portion of the Swing Line Loans deemed to be so paid shall no longer be outstanding as Swing Line Loans and shall instead be outstanding as Revolving Loans. The applicable Borrower authorizes the Administrative Agent and the Swing Line Lender to charge such Borrower's account with the Administrative Agent (up to the amount available in such account) in order to pay immediately to the Swing Line Lender the amount of such Refunded Swing Line Loans to the extent amounts received from the Revolving Lenders, including amounts deemed to be received from the Swing Line Lender, are not sufficient to repay in full such Refunded Swing Line Loans. If any portion of any such amount paid (or deemed to be paid) to the Swing Line Lender should be recovered by or on behalf of the applicable Borrower from the Swing Line Lender in bankruptcy, by assignment for the benefit of creditors or otherwise, the loss of the amount so recovered shall be ratably shared among all Revolving Lenders in the manner contemplated by Section 2.13.

(v) A copy of each notice given by the Swing Line Lender pursuant to this Section 2.01(c) shall be promptly delivered by the Swing Line Lender to the Administrative Agent and the applicable Borrower. Upon the making of a Revolving Loan by a Revolving Lender pursuant to this Section 2.01(c), the amount so funded shall no longer be owed in respect of its Participation Interest in the related Refunded Swing Line Loans.

(vi) If as a result of any proceeding under any Insolvency or Liquidation Proceeding, Revolving Loans are not made pursuant to this Section 2.01(c) sufficient to repay any amounts owed to the Swing Line Lender as a result of a nonpayment of outstanding Swing Line Loans, each Revolving Lender agrees to purchase, and shall be deemed to have purchased, a participation in such outstanding Swing Line Loans in an amount equal to its Revolving Commitment Percentage of the unpaid amount together with accrued interest thereon. Upon one Business Day's notice from the Swing Line Lender, each Revolving Lender shall deliver to the Swing Line Lender an amount equal to its respective Participation Interest in such Swing Line Loans in same day funds at the office of the Swing Line Lender specified or referred to in Section 10.02. In order to evidence such Participation Interest each Revolving Lender agrees to enter into a participation agreement at the request of the Swing Line Lender in form and substance reasonably satisfactory to all parties. In the event any Revolving Lender fails to make available to the Swing Line Lender the amount of such Revolving Lender's Participation Interest as provided in this Section 2.01(c)(vi), the Swing Line Lender shall be entitled to recover such amount on demand from such Revolving Lender together with interest at the customary rate set by the Swing Line Lender for correction of errors among banks in New York City for one Business Day and thereafter at the Base Rate plus the then Applicable Margin for Base Rate Loans.

(vii) Each Revolving Lender's obligation to make Revolving Loans pursuant to clause (iv) above and to purchase Participation Interests in outstanding Swing Line Loans pursuant to clause (vi) above shall be absolute and unconditional and shall not be affected by any circumstance, including (without limitation) (i) any set-off, counterclaim, recoupment, defense or other right which such Revolving Lender or any other Person may have against the Swing Line Lender, any Borrower or any other Loan Party, (ii) the occurrence or continuance of a Default or an Event of Default or the termination or reduction in the amount of the Revolving Commitments after any such Swing Line Loans were made, (iii) any adverse change in the condition (financial or otherwise) of any Borrower or any other Person, (iv) any breach of this Agreement or any other Finance Document by any Borrower or any other Lender, (v) whether any condition specified in Article IV is then satisfied or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the forgoing. If such Lender does not pay such amount forthwith upon the Swing Line Lender's demand therefor, and until such time as such Lender makes the required payment, the Swing Line Lender shall be deemed to continue to have outstanding Swing Line Loans in the amount of such unpaid Participation Interest for all purposes of the Finance Documents other than those provisions requiring the other Lenders to purchase a participation therein. Further, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans, and any other amounts due to it hereunder, to the Swing Line Lender to fund Swing Line Loans in the amount of the Participation Interest in Swing Line Loans that such Lender failed to purchase pursuant to this Section 2.01(c)(vii) until such amount has been purchased (as a result of such assignment or otherwise).

Section 2.02 Notice of Borrowings.

(a) *Borrowings Other Than Swing Line Loans and L/C Borrowings*. Except in the case of Swing Line Loans and L/C Borrowings, the applicable Borrower shall give the Administrative Agent an irrevocable Notice of Borrowing substantially in the form of Exhibit A-1 not later than 12:00 P.M. on (i) the first Business Day before the proposed Base Rate Borrowing and (ii) the third Business Day before each proposed Eurodollar Loan (except that the Notice of Borrowing with respect to **(1)** Revolving Loans and Tranche 1 Term Loans to be borrowed on the Amendment No. 1 Effective Date pursuant to the Additional Tranche 1 Term Commitment may be in such form and may be provided on such shorter notice as may be agreed by the Administrative Agent~~)~~ **and (2) Tranche 2 Term Loans to be borrowed on the Amendment No. 2 Effective Date pursuant to the Amendment No. 2 Incremental Tranche 2 Term Loan Commitment may be in such form (which form may be conditioned upon the effectiveness of Amendment No. 2; provided that to the extent the applicable Borrower does not borrow the**

Eurodollar Rate Loans set forth in any such conditional notice Lenders will have the right to be compensated under Section 3.05 for losses, costs or expenses related thereto) as may be agreed by the Administrative Agent and may be provided not later than 2:00 P.M. on the Business Day before the proposed borrowing), unless such Borrower wishes to request an Interest Period for such Borrowing other than one, two, three or six months in duration as provided in the definition of "Interest Period," in which case on the fourth Business Day before each such Eurodollar Loan~~)~~, specifying:

(i) the date of such Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Borrowing;

(iii) the Class and initial Type of the Loans comprising such Borrowing;

(iv) in the case of a Eurodollar Loan, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" and to Section 2.06(a); and

(v) the location (which must be in the United States or, in the case of an Irish Borrower, Ireland) and number of such Borrower's account, to which funds are to be disbursed, which shall comply with the requirements of Section 2.03.

If the duration of the initial Interest Period is not specified with respect to any requested Eurodollar Loan, then the applicable Borrower shall be deemed to have selected an initial Interest Period of one month, subject to the provisions of the definition of "Interest Period" and to Section 2.06(a).

(b) *Swing Line Borrowings*. The applicable Borrower shall request a Swing Line Loan by written notice substantially in the form of Exhibit A-4 hereto (a "Swing Line Loan Request") to the Swing Line Lender and the Administrative Agent not later than 12:00 P.M. on the Business Day of the requested Swing Line Loan. Each such notice shall be irrevocable and shall specify (i) that a Swing Line Loan is requested, (ii) the date of the requested Swing Line Loan (which shall be a Business Day) and (iii) the principal amount of the Swing Line Loan requested. Each Swing Line Loan shall be made as a Base Rate Loan and, subject to Section 2.01(c)(ii), shall have such maturity date as agreed to by the Swing Line Lender and the applicable Borrower upon receipt by the Swing Line Lender of the Swing Line Loan Request from such Borrower.

(c) *L/C Borrowings*. Each L/C Borrowing shall be made as specified in Section 2.05(e)(iv) without the necessity of a Notice of Borrowing.

(d) *Foreign Borrowings*. Each Lender may, at its option, make any Loan available to any Borrower that is a Foreign Subsidiary of Parent by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of such Borrower to repay such Loan in accordance with the terms of this Agreement.

Section 2.03 Notice to Lenders; Funding of Loans.

(a) *Notice to Lenders*. If a Borrower has requested an Interest Period of other than one, two, three or six months in duration, the Administrative Agent shall give prompt notice of such request to the applicable Lenders and determine whether the requested Interest Period is acceptable to all of them. Not later than 11:00 A.M. on the third Business Day before the requested date of such a Eurodollar Loan, the Administrative Agent shall notify such Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Upon receipt of a Notice of Borrowing,

the Administrative Agent shall promptly notify each Lender of such Lender's ratable share (if any) of the Borrowing referred to therein, and such Notice of Borrowing shall not thereafter be revocable by the applicable Borrower.

(b) *Funding of Loans*.

(i) (x) Not later than 1:00 P.M. on the date of each Borrowing (other than a Base Rate Borrowing, a Swing Line Borrowing and an L/C Borrowing) or (y) not later than 1:00 P.M. on the date of each Base Rate Borrowing, each Lender participating therein shall make available its share of such Borrowing, in Federal or other immediately available funds, to the Administrative Agent at the Administrative Agent's Office. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied, the Administrative Agent shall make the funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by (A) crediting the account of such Borrower on the books of the Administrative Agent with the amount of such funds or (B) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Borrower in the applicable Notice of Borrowing, or, if a Borrowing shall not occur on such date because any condition precedent herein shall not have been met, promptly return the amounts received from the Lenders in like funds, without interest.

(ii) Not later than 3:00 P.M. on the date of each Swing Line Borrowing, the Swing Line Lender shall, unless the Administrative Agent shall have notified the Swing Line Lender that any applicable condition specified in Article IV has not been satisfied, make available the amount of such Swing Line Borrowing, in Federal or other immediately available funds, to the applicable Borrower at the Swing Line Lender's address referred to in Section 10.02.

(iii) Not later than 1:00 P.M. on the date of each L/C Borrowing, each Revolving Lender shall make available its share of such Borrowing, in Federal or other immediately available funds, to the Administrative Agent at the Administrative Agent's Office. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied (other than the delivery of a Notice of Borrowing), the Administrative Agent shall remit the funds so received to the L/C Issuer which has issued Letters of Credit having outstanding Unreimbursed Amounts as contemplated by Section 2.05(e)(v).

(c) *Funding by the Administrative Agent in Anticipation of Amounts Due from the Lenders*. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section 2.03, and the Administrative Agent may, in reliance upon such assumption, but is not required to, make available to applicable Borrower on such date a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent then the applicable Lender and applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to such Borrower but excluding the date of payment to the Administrative Agent at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by a Borrower, the interest rate applicable thereto pursuant to Section 2.06. If a Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays

its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent. A notice of the Administrative Agent to a Lender, a Borrower with respect to any amount owing under this subsection (c) shall be conclusive, absent manifest error.

(d) *Failed Loans*. If any Lender shall fail to make any Loan (a "Failed Loan") which such Lender is otherwise obligated hereunder to make to a Borrower on the date of Borrowing thereof, and the Administrative Agent shall not have received notice from such Borrower or such Lender that any condition precedent to the making of the Failed Loan has not been satisfied, then, until such Lender shall have made or be deemed to have made (pursuant to the last sentence of this subsection (d)), the Failed Loan in full or the Administrative Agent shall have received notice from such Borrower or such Lender that any condition precedent to the making of the Failed Loan was not satisfied at the time the Failed Loan was to have been made, whenever the Administrative Agent shall receive any amount from such Borrower for the account of such Lender, (i) the amount so received (up to the amount of such Failed Loan) will, upon receipt by the Administrative Agent, be deemed to have been paid to the Lender in satisfaction of the obligation for which paid, without actual disbursement of such amount to the Lender, (ii) the Lender will be deemed to have made the same amount available to the Administrative Agent for disbursement as a Loan to the such Borrower (up to the amount of such Failed Loan) and (iii) the Administrative Agent will disburse such amount (up to the amount of the Failed Loan) to such Borrower or, if the Administrative Agent has previously made such amount available to such Borrower on behalf of such Lender pursuant to the provisions hereof, reimburse itself (up to the amount of the amount made available to such Borrower); provided, however, that the Administrative Agent shall have no obligation to disburse any such amount to such Borrower, or otherwise apply it or deem it applied as provided herein unless the Administrative Agent shall have determined in its sole discretion that to so disburse such amount will not violate any Law, rule, regulation or requirement applicable to the Administrative Agent. Upon any such disbursement by the Administrative Agent, such Lender shall be deemed to have made a Base Rate Loan of the same Class as the Failed Loan to the applicable Borrower in satisfaction, as applicable, to the extent thereof, of such Lender's obligation to make the Failed Loan.

Section 2.04 Evidence of Loans.

(a) *Lender and Administrative Agent Accounts; Notes*. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to a Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the applicable Borrower hereunder to pay any amount owing with respect to the Senior Credit Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the applicable Borrower shall execute and deliver to such Lender (through the Administrative Agent) a single Revolving Note or Term Note, as applicable, in each case, substantially in the form of Exhibit B-1 or B-2, as applicable, payable to the order of such Lender for the account of its Lending Office in an amount equal to the aggregate unpaid principal amount of such Lender's Revolving or Term Loans, as applicable, which shall evidence such Lender's Loans in addition to such accounts or records. If requested by the Swing Line Lender, the Swing Line Loans shall be evidenced by a single Swing Line Note, substantially in the form of Exhibit B-3, payable to the order of the Swing Line Lender in an amount equal to the aggregate unpaid principal amount of the Swing Line Loans. Each Lender having one

or more Notes shall record the date, amount, Class and Type of each Loan made by it and the date and amount of each payment of principal made by the applicable Borrower with respect thereto, and may, if such Lender so elects in connection with any transfer or enforcement of any Note, endorse on the reverse side or on the schedule, if any, forming a part thereof appropriate notations to evidence the foregoing information with respect to each outstanding Loan evidenced thereby; provided that the failure of any Lender to make any such recordation or endorsement or any error in any such recordation or endorsement shall not affect the obligations of such Borrower hereunder or under any such Note. Each Lender is hereby irrevocably authorized by the applicable Borrower so to endorse each of its Notes and to attach to and make a part of each of its Notes a continuation of any such schedule as and when required.

(b) *Certain Participation Interests*. In addition to the accounts and records referred to in subsection (a) above, each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing purchases and sales by such Lender of Participation Interests in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

Section 2.05 Letters of Credit.

(a) *Letters of Credit*. Subject to the terms and conditions set forth herein, (i) each L/C Issuer agrees, in reliance upon the agreements of the other Revolving Lenders set forth in this Section 2.05, (A) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue standby or, subject to the limitations set forth in the definition of "L/C Issuer," commercial Letters of Credit for the account, and upon the request, of a Borrower (or jointly for the account of any Borrower, Parent or any Subsidiary) and in support of obligations of any Borrower, Parent or one or more Subsidiaries (including (x) obligations in respect of and in lieu of deposits or security guarantees in the ordinary course of business, (y) to provide support for performance, payment or appeal bonds, indemnity obligations or other surety, including, without limitation, workers compensation insurance and (z) for such other general corporate purposes as the L/C Issuer may agree in its reasonable discretion), and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (c) below, and (B) to honor drawings under its Letters of Credit, and (ii) each Revolving Lender severally agrees to participate in Letters of Credit issued for the account of any Borrower, Parent or any Subsidiary of Parent and any drawing thereunder in accordance with the provisions of subsection (e) below; provided that, immediately after each Letter of Credit is issued, (i) the aggregate amount of the L/C Obligations shall not exceed the L/C Sublimit, (ii) the Revolving Outstandings shall not exceed the Revolving Committed Amount and (iii) with respect to each individual Revolving Lender, the aggregate outstanding principal amount of such Revolving Lender's Revolving Loans plus its Participation Interests in outstanding L/C Obligations plus its (other than the Swing Line Lender's) Participation Interests in outstanding Swing Line Loans shall not exceed such Revolving Lender's Revolving Commitment Percentage of the Revolving Committed Amount. Each request by a Borrower, Parent or a Subsidiary for the issuance or increase in the stated amount of a Letter of Credit shall be deemed to be a representation such Borrower, Parent or such Subsidiary that the issuance or increase in the stated amount of such Letter of Credit complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, a Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly a Borrower may, during the period specified in clause (i)(A) above, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(b) *Certain Limitations on Issuances of Letters of Credit*.

(i) No L/C Issuer shall issue any Letter of Credit, if (A) subject to subsection (c) below with respect to Auto-Extension Letters of Credit, the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Administrative Agent and the applicable L/C Issuer have approved such expiry date, or (B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date.

(ii) No L/C Issuer shall be under any obligation to issue any Letter of Credit if: (A) any order, judgment or decree of any Governmental Authority shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having a force of Law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it; (B) the issuance of such Letter of Credit shall violate any Laws or one or more policies of such L/C Issuer; (C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, such Letter of Credit is in an initial stated amount less than $100,000, in the case of a commercial Letter of Credit, or $250,000, in the case of a standby Letter of Credit; (D) such Letter of Credit is to be denominated in a currency other than Dollars, except as otherwise agreed by the Administrative Agent and such L/C Issuer; or (E) a default of any Revolving Lender's obligations to fund under subsection (e)(iv) or (vi) below exists or any Revolving Lender is at such time a Defaulting Lender hereunder, unless the L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the L/C Issuer (in its sole discretion) with any Borrower or such Revolving Lender to eliminate the L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.17(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which the L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion.

(iii) No L/C Issuer shall amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(iv) No L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(v) Each L/C Issuer shall act on behalf of the Revolving Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the L/C Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included such L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to such L/C Issuer.

(c) *Procedures for Issuance and Increases in the Amounts of Letters of Credit*.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the applicable Borrower delivered to the applicable L/C Issuer (with a copy to the Administrative

Agent) substantially in the form of Exhibit A-3 hereto (a "Letter of Credit Request"), appropriately completed and signed by a Responsible Officer of such Borrower. Such Letter of Credit Request must be received by the L/C Issuer and the Administrative Agent not later than 2:00 P.M. at least four Business Days (or such later date and time as the L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of increase, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Request shall specify in form and detail reasonably satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof, (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the L/C Issuer may require. In the case of a request for an increase in the stated amount of any outstanding Letter of Credit, such Letter of Credit Request shall specify in form and detail satisfactory to the L/C Issuer: (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the amount of the proposed increase; and (D) such other matters as the L/C Issuer may require. If requested by the applicable L/C Issuer, the applicable Borrower shall also submit a Letter of Credit Application on such L/C Issuer's standard form in connection with any request for the issuance or increase in the stated amount of a Letter of Credit. Additionally, the applicable Borrower shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any L/C Documents, as the L/C Issuer or the Administrative Agent may require.

(ii) Promptly after receipt of any Letter of Credit Request, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Request from the applicable Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Revolving Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions thereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of such Borrower (or jointly for the account of any Borrower and Parent or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices.

(iii) If a Borrower so requests in any applicable Letter of Credit Request, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the applicable Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Revolving Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to a date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of subsection (c)(i) or (ii) above or otherwise) or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Extension Notice Date (x) from the Administrative Agent that the Required Revolving Lenders have elected not to permit such extension or (y) from the Administrative Agent or any

Loan Party that one or more of the applicable conditions specified in Section 4.02 are not then satisfied (for the avoidance of doubt, the provision of any such notice to the L/C Issuer pursuant to this clause (y) shall not relieve any Revolving Lender of its obligation to fund its share of any such Letter of Credit that is not extended, to the extent such Letter of Credit is drawn under the terms of this Agreement), and in each such case directing the L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the applicable Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(d) *Purchase and Sale of Letter of Credit Participation*. Immediately upon the issuance by an L/C Issuer of a Letter of Credit, such L/C Issuer shall be deemed, without further action by any party hereto, to have sold to each Revolving Lender, and each Revolving Lender shall be deemed, without further action by any party hereto, to have purchased from such L/C Issuer, without recourse or warranty, an undivided Participation Interest in such Letter of Credit and the related L/C Obligations in the proportion its Revolving Commitment Percentage bears to the Revolving Committed Amount (although any fronting fee payable under Section 2.11 shall be payable directly to the Administrative Agent for the account of the applicable L/C Issuer, and the Lenders (other than such L/C Issuer) shall have no right to receive any portion of any such fronting fee) and any security therefor or guaranty pertaining thereto. Upon any change in the Revolving Commitments pursuant to Section 10.06, there shall be an automatic adjustment to the Participation Interests in all outstanding Letters of Credit and all L/C Obligations to reflect the adjusted Revolving Commitments of the assigning and assignee Lenders or of all Lenders having Revolving Commitments, as the case may be.

(e) *Drawings and Reimbursements; Funding of Participations*.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable L/C Issuer shall promptly notify the applicable Borrower and the Administrative Agent thereof and shall determine in accordance with the terms of such Letter of Credit whether such drawing should be honored. If the L/C Issuer determines that any such drawing shall be honored, such L/C Issuer shall make available to such beneficiary in accordance with the terms of such Letter of Credit the amount of the drawing and shall notify the applicable Borrower and the Administrative Agent as to the amount to be paid as a result of such drawing and the payment date (which date shall be one Business Day after the date of the drawing) (each such date, an "Honor Date").

(ii) The applicable Borrower shall be irrevocably and unconditionally obligated forthwith to reimburse each L/C Issuer or each L/C Issuer through the Administrative Agent for any amounts paid by such L/C Issuer upon any drawing under any Letter of Credit, together with any and all reasonable charges and expenses which the L/C Issuer may pay or incur relative to such drawing. Such reimbursement payment shall be due and payable on the same day as the Honor Date if notice is received prior to 11:00 A.M., or the next Business Day after the Honor Date otherwise. In addition, such Borrower agrees to pay to the L/C Issuer interest, payable on demand, on any and all amounts not paid by such Borrower to the L/C Issuer when due under this subsection (e)(ii), for each day from and including the date when such amount becomes due to but excluding the date such amount is paid in full, whether before or after judgment, at a rate per annum equal to the Default Rate. Each reimbursement and other payment to be made by such Borrower pursuant to this clause (ii) shall be made to the L/C Issuer in Federal or other funds immediately available to it at its address referred to in Section 10.02.

(iii) Subject to the satisfaction of all applicable conditions set forth in Article IV, a Borrower may, at its option, utilize the Swing Line Commitment or the Revolving Commitments, or make other arrangements for payment satisfactory to the L/C Issuer, for the reimbursement of all L/C Disbursements as required by clause (ii) above.

(iv) With respect to any L/C Disbursements that have not been reimbursed by the applicable Borrower when due under clauses (ii) and (iii) above (an "Unreimbursed Amount"), the Administrative Agent shall promptly notify each Revolving Lender of the Honor Date, the amount of the Unreimbursed Amount and the amount of such Revolving Lender's pro rata share thereof and such Revolving Lender's pro rata share of such unreimbursed L/C Disbursement (determined by the proportion its Revolving Commitment Percentage bears to the aggregate Revolving Committed Amount). In such event, such Borrower shall be deemed to have requested an "L/C Borrowing" of Revolving Loans that are Base Rate Loans to be disbursed on the next Business Day following the Honor Date in an aggregate amount in Dollars equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.01(a), but subject to the amount of the unutilized portion of the Revolving Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Notice of Borrowing), and each such Revolving Lender hereby agrees to make a Revolving Loan (which shall be initially funded as a Base Rate Loan) in an amount equal to such Lender's Revolving Commitment Percentage of the Unreimbursed Amount outstanding on the date notice is given. Any such notice given by the Administrative Agent given pursuant to this clause (iv) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(v) Each Revolving Lender (including any Revolving Lender acting as L/C Issuer in respect of any Unreimbursed Amount) shall, upon any notice from the Administrative Agent pursuant to clause (iv) above, make the amount of its Revolving Loan available to the Administrative Agent in Dollars in Federal or other immediately available funds, at the Administrative Agent's Office, not later than 1:00 P.M. on the Business Day specified in such notice, whereupon, subject to clause (vi) below, each Revolving Lender that so makes funds available shall be deemed to have made a Revolving Base Rate Loan to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received (and the Administrative Agent may apply Cash Collateral provided for this purpose) to the applicable L/C Issuer.

(vi) With respect to any Unreimbursed Amount that is not fully refinanced by an L/C Borrowing pursuant to clauses (iv) and (v) above because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the Administrative Agent shall promptly notify each Revolving Lender (other than the relevant L/C Issuer), and each such Revolving Lender shall promptly and unconditionally pay to the Administrative Agent, for the account of such L/C Issuer, such Revolving Lender's pro rata share of such Unreimbursed Amount (determined by the proportion its Revolving Commitment Percentage bears to the aggregate Revolving Committed Amount) in Dollars in Federal or other immediately available funds. Such payment from the Revolving Lenders shall be due (i) at or before 1:00 P.M. on the date the Administrative Agent so notifies a Revolving Lender, if such notice is given at or before 10:00 A.M. on such date or (ii) at or before 10:00 A.M. on the next succeeding Business Day, together with interest on such amount for each day from and including the date of such drawing to but excluding the day such payment is due from such Revolving Lender at the Federal Funds Rate for such day (which funds the Administrative Agent shall promptly remit to the applicable L/C Issuer). Each payment by a Revolving Lender to the Administrative Agent for the account of an L/C Issuer in respect of an Unreimbursed Amount shall constitute a payment in respect of its Participation Interest in the related Letter of Credit purchased pursuant to subsection (d) above. The failure of any Revolving Lender to make available to the Administrative

Agent for the account of an L/C Issuer its pro rata share of any Unreimbursed Amount shall not relieve any other Revolving Lender of its obligation hereunder to make available to the Administrative Agent for the account of such L/C Issuer its pro rata share of any payment made under any Letter of Credit on the date required, as specified above, but no such Lender shall be responsible for the failure of any other Lender to make available to the Administrative Agent for the account of the L/C Issuer such other Lender's pro rata share of any such payment. Upon payment in full of all amounts payable by a Lender under this clause (vi), such Lender shall be subrogated to the rights of the L/C Issuer against the applicable Borrower to the extent of such Lender's pro rata share of the related L/C Obligation so paid (including interest accrued thereon).

(vii) Each Revolving Lender's obligation to make Revolving Loans pursuant to clause (iv) above and to make payments in respect of its Participation Interests in Unreimbursed Amounts pursuant to clause (vi) above shall be absolute and unconditional and shall not be affected by any circumstance, including: (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the applicable Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default; or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Lender's obligation to make Revolving Loans as a part of an L/C Borrowing pursuant to clause (iv) above is subject to the conditions set forth in Section 4.02 (other than delivery by the applicable Borrower of a Notice of Borrowing). No such making by a Revolving Lender of a Revolving Loan or a payment by a Revolving Lender of an amount in respect of its Participation Interest in Unreimbursed Amounts shall relieve or otherwise impair the obligation of such Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(viii) If any Revolving Lender fails to make available to the Administrative Agent for the account of an L/C Issuer any amount required to be paid by such Revolving Lender pursuant to the foregoing provisions of this subsection (e) by the time specified therefor, then, without limiting the other provisions of this Agreement, the applicable L/C Issuer shall be entitled to recover from such Revolving Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the applicable L/C Issuer at a rate per annum equal to the Federal Funds Rate for such day. Any payment made by any Lender after 3:00 P.M. on any Business Day shall be deemed for purposes of the preceding sentence to have been made on the next succeeding Business Day. A certificate of the applicable L/C Issuer submitted to any Revolving Lender (through the Administrative Agent) with respect to any amounts owing under this clause (viii) shall be conclusive absent manifest error.

(f) *Repayment of Funded Participations in Respect of Drawn Letters of Credit*.

(i) Whenever the Administrative Agent receives a payment of an L/C Obligation as to which the Administrative Agent has received for the account of an L/C Issuer any payments from the Revolving Lenders pursuant to subsection (e) above (whether directly from the applicable Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent shall promptly pay to each Revolving Lender which has paid its pro rata share thereof an amount equal to such Lender's pro rata share of the amount thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which the payments from the Revolving Lenders were received) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of an L/C Issuer pursuant to clause (i) above is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by such L/C Issuer in its discretion), each Revolving Lender shall pay to the Administrative Agent for the account of such L/C Issuer its pro rata share thereof (determined by the proportion its Revolving Commitment Percentage bears to the aggregate

Revolving Committed Amount) on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Revolving Lender, at a rate per annum equal to the Federal Funds Rate for such day.

(g) *Obligations Absolute*. The obligations of each Borrower under Sections 2.05(e)(i) and 2.05(e)(ii) above shall be absolute (subject to the right to bring subsequent claims subject to the limitations set forth in Section 2.05(l)(v)) and unconditional and shall be performed strictly in accordance with the terms of this Agreement, ISP and Uniform Customs and Practice for Documentary Credits (the "UCP"), as applicable, under all circumstances whatsoever, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement or any other Loan Document;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of this Agreement, any Letter of Credit or any other Loan Document;

(iii) the use which may be made of the Letter of Credit by, or any acts or omission of, a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting);

(iv) the existence of any claim, counterclaim, setoff, defense or other rights that Parent or any Subsidiary may have at any time against a beneficiary or any transferee of a Letter of Credit (or any Person for whom the beneficiary or transferee may be acting), any L/C Issuer or any other Person, whether in connection with this Agreement or any Letter of Credit or any document related hereto or thereto or any unrelated transaction;

(v) any draft, demand, certificate, statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever, or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(vi) any payment by the L/C Issuer under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vii) any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, examiner, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Insolvency or Liquidation Proceeding; or

(viii) any other act or omission to act or delay of any kind by any L/C Issuer or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this clause (viii), constitute a legal or equitable discharge of each Borrower's obligations hereunder;

provided that the foregoing shall not excuse any L/C Issuer from liability to the applicable Borrower to the extent of any direct damages (as opposed to punitive or consequential damages or lost profits, claims in respect of which are waived by such Borrower to the extent permitted by applicable Law) suffered by such Borrower that are caused by acts or omissions by such L/C Issuer constituting gross negligence or willful misconduct on the part of such L/C Issuer (as determined by a court of competent jurisdiction in a final non-appealable judgment).

Each Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with such Borrower's instructions or other irregularity, such Borrower will promptly notify the L/C Issuer. Each Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(h) *Role of L/C Issuers; Reliance*. Each Revolving Lender and each Borrower agree that the relevant L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Agents or their Related Parties or any of the respective correspondents, participants or assignees of the L/C Issuer shall be liable to any Lender for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and nonappealable judgment; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Request. Each Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude each Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Agents or any of their Related Parties, or any of the respective correspondents, participants or assignees of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (viii) of subsection (g) of this Section 2.05; provided, however, that anything in such clauses to the contrary notwithstanding, a Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to such Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which are determined by a court of competent jurisdiction in a final and nonappealable judgment to have been caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful or grossly negligent failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(i) *Applicability of ISP and UCP*. Unless otherwise expressly agreed by the L/C Issuer and the applicable Borrower when a Letter of Credit is issued (i) the rules of the ISP shall apply to each standby Letter of Credit and (ii) the rules of the UCP, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

(j) *Conflict with L/C Documents*. In the event of any conflict between this Agreement and any L/C Document, this Agreement shall govern.

(k) *Letters of Credit Issued for Parent or Subsidiaries*. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, Parent or a Subsidiary of Parent (other than the applicable Borrower), the applicable Borrower shall be obligated to reimburse the applicable L/C Issuer hereunder for any and all drawings under such Letter of Credit. Each Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Parent or Subsidiaries inures to the benefit of such Borrower, and that such Borrower's business derives benefits from the businesses of Parent or such Subsidiaries.

(l) *Indemnification of L/C Issuer*.

(i) In addition to its other obligations under this Agreement, each Borrower hereby agrees to protect, indemnify, pay and save each L/C Issuer harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable out-of-pocket fees, charges and disbursements of counsel) that such L/C Issuer may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Letter of Credit or (B) the failure of such L/C Issuer to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority (all such acts or omissions herein called "Government Acts").

(ii) As between the applicable Borrower and each L/C Issuer, such Borrower shall assume all risks of the acts or omissions of or the misuse of any Letter of Credit by the beneficiary thereof. The L/C Issuer shall not be responsible for: (A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (C) failure of the beneficiary of a Letter of Credit to comply fully with conditions required in order to draw upon a Letter of Credit; (D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (E) errors in interpretation of technical terms; (F) any loss or delay in the transmission or otherwise of any documents required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (G) any consequences arising from causes beyond the control of the L/C Issuer, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the L/C Issuer's rights or powers hereunder.

(iii) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by an L/C Issuer, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in good faith, shall not put the L/C Issuer under any resulting liability to any Borrower or any other Loan Party. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify the L/C Issuer against any and all risks involved in the issuance of any Letter of Credit, all of which risks are hereby assumed by the Loan Parties, including, without limitation, any and all risks, whether rightful or wrongful, of any present or future Government Acts. The L/C Issuer shall not, in any way, be liable for any failure by the L/C Issuer or anyone else to pay any drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the L/C Issuer.

(iv) Nothing in this subsection (l) is intended to limit the Reimbursement Obligation of any Borrower contained in this Section 2.05. The obligations of any Borrower under this subsection (l) shall survive the termination of this Agreement. No act or omission of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of any L/C Issuer to enforce any right, power or benefit under this Agreement.

(v) Notwithstanding anything to the contrary contained in this subsection (l), no Borrower shall have obligation to indemnify any L/C Issuer in respect of any liability incurred by such L/C Issuer arising solely out of the gross negligence or willful misconduct of such L/C Issuer, as determined by

a court of competent jurisdiction in a final and nonappealable judgment. Nothing in this Agreement shall relieve any L/C Issuer of any liability to a Borrower in respect of any action taken by such L/C Issuer which action constitutes gross negligence or willful misconduct of such L/C Issuer, as determined by a court of competent jurisdiction in a final and nonappealable judgment.

(m) *Resignation of an L/C Issuer*. An L/C Issuer may resign at any time by giving 30 days' notice to the Administrative Agent, the Revolving Lenders and the U.S. Borrower; provided, however, that any such resignation shall not affect the rights or obligations of the L/C Issuer with respect to Letters of Credit issued by it prior to such resignation. Upon any such resignation, the U.S. Borrower shall (within 60 days after such notice of resignation) either appoint a successor or terminate the unutilized L/C Commitment of such L/C Issuer; provided, however, that, if the U.S. Borrower elects to terminate such unutilized L/C Commitment, the U.S. Borrower may at any time thereafter that the Revolving Commitments are in effect reinstate such L/C Commitment in connection with the appointment of another L/C Issuer. Upon the acceptance of any appointment as an L/C Issuer hereunder by a successor L/C Issuer, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring L/C Issuer and the retiring L/C Issuer shall be discharged from its obligations to issue Letters of Credit hereunder. The acceptance of any appointment as L/C Issuer hereunder by a successor L/C Issuer shall be evidenced by an agreement entered into by such successor, in a form reasonably satisfactory to the U.S. Borrower and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor shall be a party hereto and have all the rights and obligations of an L/C Issuer under this Agreement and the other Loan Documents and (ii) references herein and in the other Loan Documents to the "L/C Issuer" shall be deemed to refer to such successor or to any previous L/C Issuer, or to such successor and all previous L/C Issuers, as the context shall require. After the resignation of an L/C Issuer hereunder, the retiring L/C Issuer shall remain a party hereto and shall continue to have all the rights and obligations of an L/C Issuer under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but shall not be required to issue additional Letters of Credit.

(n) *Reporting*. Each L/C Issuer (other than the Administrative Agent) will report in writing to the Administrative Agent (i) on the first Business Day of each month, the aggregate face amount of Letters of Credit issued by it and outstanding as of the last Business Day of the preceding month, (ii) on or prior to each Business Day on which such L/C Issuer expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance or amendment, and the aggregate face amount of Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and such L/C Issuer shall advise the Administrative Agent on such Business Day whether such issuance, amendment, renewal or extension occurred and whether the amount thereof changed), (iii) on each Business Day on which such L/C Issuer makes any L/C Disbursement, the date and amount of such L/C Disbursement and (iv) on any Business Day on which a Borrower, as applicable, fails to reimburse an L/C Disbursement required to be reimbursed to such L/C Issuer on such day, the date and amount of such failure.

Section 2.06 Interest.

(a) *Rate Options Applicable to Loans*. Each Borrowing (other than a Swing Line Borrowing, which shall be made and maintained as Base Rate Loans) shall be comprised of Base Rate Loans or Eurodollar Loans, as the applicable Borrower may request pursuant to Section 2.02. Borrowings of more than one Type may be outstanding at the same time; provided, however, that such Borrower may not request any Borrowing that, if made, would result in an aggregate of more than ten separate Groups of Eurodollar Loans being outstanding hereunder at any one time. For this purpose, Loans having different Interest Periods, regardless of whether commencing on the same date, shall be considered separate Groups. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment and before and after the commencement of any proceeding under any Insolvency or Liquidation Proceeding.

(b) *Rates Applicable to Loans*. Subject to the provisions of subsection (c) below, (i) each Eurodollar Loan shall bear interest on the outstanding principal amount thereof for each Interest Period applicable thereto at a rate per annum equal to the sum of the Adjusted Eurodollar Rate for such Interest Period plus the then Applicable Margin for Eurodollar Loans, (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof for each day from the date such Loan is made as, or converted into, a Base Rate Loan until it becomes due or is converted into a Loan of any other Type, at a rate per annum equal to the Base Rate for such day plus the then Applicable Margin for Base Rate Loans, and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the then Applicable Margin for Swing Line Loans.

(c) *Additional Interest*. If any Loan or interest thereon or any fee described in Section 2.11 due and owing is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such overdue amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(d) *Interest Payments*. Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Insolvency or Liquidation Proceeding. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(e) *Determination and Notice of Interest Rates*. The Administrative Agent shall promptly notify the applicable Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Loans upon determination of such interest rate. At any time when Base Rate Loans are outstanding, the Administrative Agent shall notify the applicable Borrower and the Lenders of any change in the Prime Rate used in determining the Base Rate promptly following the public announcement of such change. Any notice with respect to Eurodollar Loans shall, without the necessity of the Administrative Agent so stating in such notice, be subject to the provisions of the definition of "Applicable Margin" providing for adjustments in the Applicable Margin applicable to such Loans after the beginning of the Interest Period applicable thereto.

Section 2.07 Extension and Conversion.

(a) *Continuation and Conversion Options*. The Loans included in each Borrowing shall bear interest initially at the type of rate allowed by Section 2.06 and as specified by the applicable Borrower in the applicable Notice of Borrowing. Thereafter, such Borrower shall have the option, on any Business Day, to elect to change or continue the type of interest rate borne by each Group of Loans (subject in each case to the provisions of Article III and Section 2.07(d)), as follows:

(i) if such Loans are Base Rate Loans, such Borrower may elect to convert such Loans to Eurodollar Loans as of any Business Day; and

(ii) if such Loans are Eurodollar Loans, such Borrower may elect to convert such Loans to Base Rate Loans or elect to continue such Loans as Eurodollar Loans for an additional Interest Period, subject to Section 3.05 in the case of any such conversion or continuation effective on any day other than the last day of the then current Interest Period applicable to such Loans.

Each such election shall be made by delivering a notice, substantially in the form of Exhibit A-2 hereto (a "Notice of Extension/Conversion") (which may be by telephone if promptly confirmed in writing), which notice shall not thereafter be revocable by the applicable Borrower, to the Administrative Agent not later than 12:00 Noon on the third Business Day before the conversion or continuation selected in such notice is to be effective. A Notice of Extension/Conversion may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant Group of Loans; provided that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such Notice of Borrowing applies, and the remaining portion to which it does not apply, are each $5,000,000 or any larger multiple of $1,000,000.

(b) *Contents of Notice of Extension/Conversion*. Each Notice of Extension/ Conversion shall specify:

(i) the Group of Loans (or portion thereof) to which such notice applies;

(ii) the date on which the conversion or continuation selected in such notice is to be effective, which shall comply with the applicable clause of Section 2.07(a) above;

(iii) if the Loans comprising such Group are to be converted, the new Type of Loans and, if the Loans being converted are to be Eurodollar Loans, the duration of the next succeeding Interest Period applicable thereto; and

(iv) if such Loans are to be continued as Eurodollar Loans for an additional Interest Period, the duration of such additional Interest Period.

Each Interest Period specified in a Notice of Extension/Conversion shall comply with the provisions of the definition of the term "Interest Period." If no Notice of Extension/Conversion is timely received prior to the end of an Interest Period for any Group of Eurodollar Loans, the applicable Borrower shall be deemed to have elected that such Group be converted to Base Rate Loans as of the last day of such Interest Period.

(c) *Notification to Lenders*. Upon receipt of a Notice of Extension/Conversion from the applicable Borrower pursuant to Section 2.07(a), the Administrative Agent shall promptly notify each Lender of the contents thereof.

(d) *Limitation on Conversion/Continuation Options*. No Borrower shall be entitled to elect to convert any Loans to, or continue any Loans for an additional Interest Period as, Eurodollar Loans if the aggregate principal amount of any Group of Eurodollar Loans created or continued as a result of such election would be less than $5,000,000. If an Event of Default shall have occurred and be continuing when any Borrower delivers notice of such election to the Administrative Agent, such Borrower shall not be entitled to elect to convert any Eurodollar Loans to, or continue any Eurodollar Loans for an Interest Period as, Eurodollar Loans having an Interest Period in excess of one month.

Section 2.08 Maturity of Loans.

(a) *Maturity of Revolving Loans*. The Revolving Loans shall mature on the Revolving Termination Date, and any Revolving Loans, Swing Line Loans and L/C Obligations then outstanding (together with accrued interest thereon and fees in respect thereof) shall be due and payable on such date.

(b) *Scheduled Amortization of Term Loans*. Subject to adjustment as a result of prior payments in accordance with the terms of this Agreement, the U.S. Borrower shall repay, and there shall become due and payable (together with accrued interest thereon), on each Principal Amortization Payment Date falling in each month listed below the aggregate principal amount of the Tranche ~~1~~**2** Term Loans indicated opposite such month:

Principal Amortization Payment Date	Amortized Payment of Tranche ~~1~~**2** Term Loans
~~September 2013~~	~~$ 1,392,968.75~~
~~December 2013~~	~~$ 1,392,968.75~~
March 2014	$~~1,392,968.75~~**2,261,003.91**
June 2014	$~~1,392,968.75~~**2,261,003.91**
September 2014	$~~1,392,968.75~~**2,261,003.91**
December 2014	$~~1,392,968.75~~**2,261,003.91**
March 2015	$~~1,392,968.75~~**2,261,003.91**
June 2015	$~~1,392,968.75~~**2,261,003.91**
September 2015	$~~1,392,968.75~~**2,261,003.91**
December 2015	$~~1,392,968.75~~**2,261,003.91**
March 2016	$~~1,392,968.75~~**2,261,003.91**
June 2016	$~~1,392,968.75~~**2,261,003.91**
September 2016	$~~1,392,968.75~~**2,261,003.91**
December 2016	$~~1,392,968.75~~**2,261,003.91**
March 2017	$~~1,392,968.75~~**2,261,003.91**
June 2017	$~~1,392,968.75~~**2,261,003.91**
September 2017	$~~1,392,968.75~~**2,261,003.91**
December 2017	$~~1,392,968.75~~**2,261,003.91**
March 2018	$~~1,392,968.75~~**2,261,003.91**

Any remaining unpaid principal amount of Tranche ~~1~~**2** Term Loans shall be due and payable on the Term Loan Maturity Date. The U.S. Borrower shall use the proceeds of the Tranche ~~1~~**2** Term Loans funded with respect to the Additional Tranche ~~1~~**2** Term Commitment to repay to the Administrative Agent for the ratable account of the Lenders with ~~Original~~**Tranche 1** Term Loans that are not **Amendment No. 2** Converted Term Loans, all Original Term Loans that are not Converted Term Loans on the Amendment No. ~~1~~**2** Effective Date.

Section 2.09 Prepayments.

(a) *Voluntary Prepayment of Revolving Loans and Term Loans*. Each Borrower shall have the right voluntarily to prepay Revolving Loans and Term Loans, as applicable, in whole or in part from time to time, subject to Section 3.05 and Section 2.09(g) but otherwise without premium or penalty; provided, however, that each partial prepayment of Revolving Loans and Term Loans shall be in a minimum principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof. Each payment pursuant to this Section shall be applied as set forth in Section 2.09(e). ~~For the avoidance of doubt, all Original Revolving Commitments shall terminate on the Amendment No. 1 Effective Date and~~ Borrower shall repay on the Amendment No. ~~1~~**2** Effective Date all outstanding Original Revolving Loans and Original Swing Line Loans.

(b) *Swing Line Loans*. Each Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 P.M. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of $100,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by any Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(c) *Mandatory Prepayments*.

(i) *Revolving Committed Amount*. If on any date the aggregate Revolving Outstandings exceed the Revolving Committed Amount, the applicable Borrower shall repay, and there shall become due and payable (together with accrued interest thereon), on such date an aggregate principal amount of Swing Line Loans equal to such excess. If the outstanding Swing Line Loans have been repaid in full, the applicable Borrower shall prepay, and there shall become due and payable (together with accrued interest thereon), Revolving Loans in such amounts as are necessary so that, after giving effect to the repayment of the Swing Line Loans and the repayment of Revolving Loans, the aggregate Revolving Outstandings do not exceed the Revolving Committed Amount. If the outstanding Revolving Loans and Swing Line Loans have been repaid in full, the applicable Borrower shall Cash Collateralize L/C Obligations so that, after giving effect to the repayment of Swing Line Loans and Revolving Loans and the Cash Collateralization of L/C Obligations pursuant to this subsection (i), the aggregate Revolving Outstandings do not exceed the Revolving Committed Amount. In determining the aggregate Revolving Outstandings for purposes of this Agreement, L/C Obligations shall be reduced to the extent that they are Cash Collateralized as contemplated by this subsection (i). Each prepayment of Revolving Loans required pursuant to this subsection (i) shall be applied ratably among outstanding Revolving Loans based on the respective amounts of principal then outstanding. Each Cash Collateralization of L/C Obligations required by this subsection (i) shall be applied ratably among L/C Obligations based on the respective amounts thereof then outstanding.

(ii) *Excess Cash Flow*. Within 90 days after the end of each Excess Cash Flow Period, the U.S. Borrower shall prepay the Loans in an amount equal to (A) the Applicable ECF Percentage of Excess Cash Flow for such Excess Cash Flow Period minus (B) the aggregate amount of all voluntary prepayments during such Excess Cash Flow Period of principal of the Term Loans, the Incremental Term Loans, the Other Term Loans, the Revolving Loans, the Incremental Revolving Loans, the Other Revolving Loans and Swing Line Loans in each case that are not funded with the proceeds of Credit Agreement Refinancing Indebtedness (but in the case of voluntary prepayments of Revolving Loans, Other Revolving Loans or Swing Line Loans, only to the extent the Revolving Commitments, Other Revolving Commitments, the Incremental Revolving Loans, as applicable, are permanently reduced). As used in this Section 2.09(c)(ii), the term "Applicable ECF Percentage" for any Excess Cash Flow Period means 50%; provided that the Applicable ECF Percentage shall be (i) reduced to 25% if the Total Leverage Ratio at the end of such Excess Cash Flow Period is equal to or less than 2.25 to 1.00 and greater than 1.25 to 1.00 and (iii) reduced to 0% if the Total Leverage Ratio at the end of such Excess Cash Flow Period is equal to or less than 1.25 to 1.00, in each case at the end of such Excess Cash Flow Period.

(iii) *Asset Dispositions, Casualties and Condemnations, etc*. Within one Business Day after receipt by Parent or any of its Restricted Subsidiaries of Net Cash Proceeds from any Asset Disposition (other than any Asset Disposition permitted under Section 7.03 (other than clause (a)(xiii), (xiv), (xv), (xvi), (xvii) or (xxi))), Casualty or Condemnation (excluding Net Cash Proceeds to the extent and so long as they (i) were received with respect to the Women's Health Disposition or (ii) constitute

Reinvestment Funds), the U.S. Borrower shall prepay (or cause to be prepaid) the Loans in an aggregate amount equal to 100% of the Net Cash Proceeds of such Asset Disposition, Casualty or Condemnation; provided that no such prepayment caused by the receipt of Net Cash Proceeds from any Asset Disposition shall be required to the extent that the sum of such Net Cash Proceeds and all other Net Cash Proceeds from Asset Dispositions (other than any Asset Disposition permitted under Section 7.03 (other than clause (a)(xiii), (xiv), (xv), (xvi), (xvii) or (xxi))) occurring after the Closing Date and during the same fiscal year does not exceed $20,000,000 (it being understood that a prepayment shall only be required of such excess).

(iv) *Debt Issuances*. Within one Business Day after receipt by Parent or any of its Restricted Subsidiaries of Net Cash Proceeds from any Debt Issuance (other than any Debt Issuance permitted pursuant to Section 7.01 of this Agreement), the U.S. Borrower shall prepay (or cause to be prepaid) the Term Loans in an aggregate amount equal to 100% of the Net Cash Proceeds of such Debt Issuance.

(v) *Application of Mandatory Prepayments*. All amounts required to be paid pursuant to this Section 2.09(c) shall be applied as follows:

(A) with respect to all amounts paid pursuant to Section 2.09(c)(i) or in respect of an Other Revolving Loan pursuant to an analogous provision in any Refinancing Amendment, first to Swing Line Loans, second to Revolving Loans and any Other Revolving Loans, as applicable, and third to Cash Collateralize L/C Obligations; and

(B) with respect to all amounts paid by the U.S. Borrower pursuant to Section 2.09(c)(ii), (iii) or (iv), except as may be otherwise specified in any Refinancing Amendment or Increase Joinder, as applicable (with respect to any Other Term Loans or Incremental Term Loans, as applicable, subject to such Refinancing Amendment or Increase Joinder, as applicable; provided that such Refinancing Amendment or Increase Joinder, as applicable, shall not provide for better than pro rata treatment for such Other Term Loans or Incremental Term Loans, as applicable, with respect of each other Class of Term Loans, Incremental Term Loans and Other Term Loans), ratably to the remaining Principal Amortization Payments; provided that, in the case of Section 2.09(c)(iii), at the U.S. Borrower's option, the U.S. Borrower may apply a portion of such amounts to prepay outstanding Indebtedness incurred pursuant to Section 7.01(s) to the extent (x) such Indebtedness is secured by the Collateral on a *pari passu* basis with the Liens securing the Loans and (y) a mandatory prepayment in respect of such Asset Disposition, Casualty or Condemnation is required under the terms of such other Indebtedness, in which case, the amount of prepayment required to be made with respect to such Net Cash Proceeds pursuant to Section 2.09(c)(iii) shall be deemed to be the amount equal to the product of (x) the amount of such Net Cash Proceeds multiplied by (y) a fraction, the numerator of which is the outstanding principal amount of Term Loans required to be prepaid pursuant to Section 2.09(c)(iii) and the denominator of which is the sum of the outstanding principal amount of such outstanding Indebtedness incurred pursuant to Section 7.01(s) and the outstanding principal amount of Term Loans required to be prepaid pursuant to Section 2.09(c)(iii).

(vi) *Payments Cumulative*. Except as otherwise expressly provided in this Section 2.09, payments required under any subsection or clause of this Section 2.09 are in addition to payments made or required under any other subsection or clause of this Section 2.09.

(d) *Notice of Mandatory Prepayment Events*. The U.S. Borrower shall use commercially reasonable efforts to give to the Administrative Agent, and the Lenders, at least one Business Day's prior written or telecopy notice of each and every prepayment required under Section 2.09(c)(ii) through (iv), including the amount of Net Cash Proceeds expected to be received therefrom and the expected schedule for receiving such proceeds.

(e) *Notices of Prepayments*. Other than as specified in subsection (d) above, the applicable Borrower shall notify the Administrative Agent, in the case of any Revolving Loan which is a Base Rate Loan, by 11:00 A.M. on the date of any voluntary prepayment hereunder and, in the case of any other Loan, by 11:00 A.M., at least three Business Days prior to the date of voluntary prepayment in the case of Eurodollar Loans and at least one Business Day prior to the date of voluntary prepayment in the case of Base Rate Loans (except that with respect to Term Loans to be prepaid on the Amendment No. ~~1~~**2** Effective Date, no such notice shall be required). Each notice of prepayment shall be substantially in the form of Exhibit S and shall specify the prepayment date, the principal amount to be prepaid, whether the Loan to be prepaid is a Revolving Loan or a Term Loan, whether the Loan to be prepaid is a Eurodollar Loan or a Base Rate Loan and, in the case of a Eurodollar Loan, the Interest Period of such Loan. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's pro rata share, if any, thereof. Once such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable as specified therein. Subject to the foregoing, amounts prepaid under Section 2.09(a) shall be applied as the applicable Borrower may elect; provided that if such Borrower fails to specify the application of a voluntary prepayment of Term Loans, then, except as may be otherwise specified in any Refinancing Amendment, such prepayments shall be applied ratably to the remaining Principal Amortization Payments. Amounts prepaid under Section 2.09(c) shall be applied as set forth therein. All prepayments of Eurodollar Loans under this Section 2.09 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment, together with any additional amounts required pursuant to Section 3.05.

(f) *Rejected Payments.* In the event of any prepayment of any Term Loans of any Term Lender pursuant to Section 2.09(c)(ii), (c)(iii) or (c)(iv) (an "Applicable Prepayment"), such Lender may reject all, but not less than all, of its share of such Applicable Prepayment by written notice (each, a "Rejection Notice") to the Administrative Agent no later than 5:00 P.M. (New York time) one Business Day after the date of such Term Lender's receipt of notice of such Applicable Prepayment as otherwise provided herein (the "Rejection Deadline"). If a Term Lender fails to deliver a Rejection Notice to the Administrative Agent at or prior to the Rejection Deadline, such Term Lender will be deemed to have accepted its share of the Applicable Prepayment. The aggregate portion of such Applicable Prepayment that is rejected by Term Lenders pursuant to Rejection Notices shall be referred to as the "Rejected Amount." The Rejected Amount may be used by the U.S. Borrower in any manner not prohibited by the Loan Documents.

(g) *Prepayment Premium*. In the event that, on or prior to the date that is six months following the Amendment No. ~~1~~**2** Effective Date, the U.S. Borrower (x) makes any prepayment of Term Loans in connection with any Repricing Transaction, or (y) effects any amendment of this Agreement resulting in a Repricing Transaction, the U.S. Borrower shall pay to the Administrative Agent, for the ratable account of each applicable Term Lender, (I) in the case of clause (x), a prepayment premium of 1% of the amount of the Term Loans being prepaid and (II) in the case of clause (y), a payment equal to 1% of the aggregate amount of the applicable Term Loans outstanding immediately prior to such amendment.

Section 2.10 Adjustment of Commitments.

(a) *Optional Termination or Reduction of Commitments (Pro rata).* Each Borrower may from time to time permanently reduce or terminate the Revolving Committed Amount, as applicable, in whole or in part (in minimum aggregate amounts of $1,000,000 or any whole multiple of $500,000 in excess thereof (or, if less, the full remaining amount of the then applicable Revolving Committed Amount))

upon five Business Days' prior written or telecopy notice to the Administrative Agent (which notice may be conditional on the receipt of other financing to the extent specified in such notice); provided, however, that no such termination or reduction shall be made which would cause the Revolving Outstandings to exceed the Revolving Committed Amount as so reduced, unless, concurrently with such termination or reduction, the Revolving Loans are repaid (and, after the Revolving Loans have been paid in full, the Swing Line Loans are repaid and, after the Swing Line Loans have been paid in full, the L/C Obligations are Cash Collateralized) to the extent necessary to eliminate such excess. The Administrative Agent shall promptly notify each affected Lender of the receipt by the Administrative Agent of any notice from a Borrower pursuant to this Section 2.10(a). Any partial reduction of the Revolving Committed Amount pursuant to this Section 2.10(a) shall be applied to the Revolving Commitments of the Lenders pro rata based upon their respective Revolving Commitment Percentages. The applicable Borrower shall pay to the Administrative Agent for the account of the Lenders in accordance with the terms of Section 2.11, on the date of each termination or reduction of the Revolving Committed Amount, any fees accrued through the date of such termination or reduction on the amount of the Revolving Committed Amount so terminated or reduced.

(b) *Termination*. The Revolving Commitments and the related L/C Commitments of the relevant L/C Issuers shall terminate automatically on the Revolving Termination Date. The Swing Line Commitment of the Swing Line Lender shall terminate automatically on the Swing Line Termination Date. The Term Commitments shall terminate automatically immediately after the making of the Term Loans on the Closing Date.

(c) *General*. The applicable Borrower shall pay to the Administrative Agent for the account of the Lenders in accordance with the terms of this Section 2.10, on the date of each termination or reduction of the Revolving Committed Amount, the Commitment Fee accrued through the date of such termination or reduction on the amount of the Revolving Committed Amount so terminated or reduced.

Section 2.11 Fees.

(a) *Commitment Fee*. The Borrower shall pay to the Administrative Agent for the account of each Revolving Lender (other than a Defaulting Lender) a fee (the "Commitment Fee") on such Lender's Revolving Commitment Percentage of the daily Unused Revolving Committed Amount, computed at a per annum rate equal to the Applicable Commitment Fee Percentage. The Commitment Fee shall commence to accrue on the Closing Date and shall be due and payable in arrears on the last Business Day of each March, June, September and December (and on any date that the Revolving Committed Amount is reduced as provided in Section 2.10(a) and on the Revolving Termination Date) for the period ending on each such date; provided that the first such payment shall be due on September 30, 2012. The U.S. Borrower shall pay all accrued and unpaid Commitment Fees **and Letter of Credit Fees (as defined below)** with respect to the Original Revolving Commitments through the Amendment No. ~~1~~**2** Effective Date on the Amendment No. ~~1~~**2** Effective Date.

(b) *Letter of Credit Fees*.

(i) *Letter of Credit Fee*. The Borrower shall pay to the Administrative Agent for the account of each Revolving Lender that is not a Defaulting Lender a fee (the "Letter of Credit Fee") on such Lender's Revolving Commitment Percentage of the average daily maximum amount available to be drawn under each Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit) computed at a per annum rate for each day from the date of issuance to the date of expiration equal to the Applicable Margin for Letter of Credit Fees in effect from time to time; provided, however, that any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit as to which such Defaulting Lender has not provided Cash Collateral satisfactory to the L/C Issuer

pursuant to Section 2.05 shall instead be payable, to the maximum extent permitted by applicable Law, to the other Lenders in accordance with the upward adjustments in their respective Applicable Percentages allocable to such Letter of Credit pursuant to Section 2.17(a)(iv), with the balance of such fee, if any, payable to the L/C Issuer for its own account. The Letter of Credit Fee will be computed on a quarterly basis in arrears and shall be due and payable on the last Business Day of each March, June, September and December, commencing with the first of such dates to occur after the date of issuance of such Letter of Credit, and on the Letter of Credit Expiration Date and thereafter on demand. **The U.S. Borrower shall pay all accrued and unpaid fees pursuant to this clause 2.11(b)(i) with respect to the Original Revolving Commitments through the Amendment No. 2 Effective Date on the Amendment No. 2 Effective Date.**

(ii) *Fronting Fee and Documentary and Processing Charges Payable to the L/C Issuer*. The applicable Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit, at a rate that has been separately agreed to between such Borrower and such L/C Issuer, computed on the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. Such fronting fee shall be due and payable on last Business Day after the end of each March, June, September and December, commencing with the first such date after the issuance of such Letter of Credit, and on the Letter of Credit Expiration Date and thereafter on demand.

(iii) *L/C Issuer Fees*. In addition to the Letter of Credit Fee payable pursuant to clause (i) above and any fronting fees payable pursuant to clause (ii) above, the applicable Borrower promises to pay to the L/C Issuer for its own account without sharing by the other Lenders the letter of credit fronting and negotiation fees agreed to by such Borrower and the L/C Issuer from time to time and the customary charges from time to time of the L/C Issuer with respect to the issuance, amendment, transfer, administration, cancellation and conversion of, and drawings under, such Letters of Credit (collectively, the "L/C Issuer Fees"). L/C Issuer Fees are due when earned and payable on demand and are nonrefundable. ~~The U.S. Borrower shall pay all accrued and unpaid fees pursuant to clauses 2.11(b)(i)-(iii) with respect to the Original Revolving Commitments through the Amendment No. 1 Effective Date on the Amendment No. 1 Effective Date.~~

(c) *Other Fees*. The Borrower shall pay to the Lead Arranger and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever. The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever except as otherwise agreed.

Section 2.12 Pro rata Treatment. Except to the extent otherwise provided herein:

(a) *Loans*. Each Borrowing, each payment or prepayment of principal of or interest on any Loan, each payment of fees (other than the L/C Issuer Fees retained by an L/C Issuer for its own account, and the administrative fees retained by the Agents for their own account), each reduction of the Revolving Committed Amount and each conversion or continuation of any Loan, shall be allocated pro rata among the relevant Lenders in accordance with the respective Revolving Commitment Percentages, Term Commitment Percentages, Other Revolving Commitment Percentage, Other Term Commitment Percentage, Incremental Revolving Commitment Percentage and Incremental Term Loan Commitment Percentage, as applicable, of such Lenders (or, if the Commitments of such Lenders have expired or been terminated, in accordance with the respective principal amounts of the outstanding Loans of the applicable Class and Participation Interests of such Lenders); provided that, in the event any amount paid to any Lender pursuant to this

subsection (a) is rescinded or must otherwise be returned by the Administrative Agent, each Lender shall, upon the request of the Administrative Agent, repay to the Administrative Agent the amount so paid to such Lender, with interest for the period commencing on the date such payment is returned by the Administrative Agent until the date the Administrative Agent receives such repayment at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(b) *Letters of Credit*. Each payment of L/C Obligations shall be allocated to each Revolving Lender pro rata in accordance with its Revolving Commitment Percentage; provided that, if any Revolving Lender shall have failed to pay its applicable pro rata share of any L/C Disbursement as required under Section 2.05(e)(iv) or (vi), then any amount to which such Revolving Lender would otherwise be entitled pursuant to this subsection (b) shall instead be payable to the L/C Issuer.

Section 2.13 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it or of its Participation Interests in L/C Obligations or Swing Line Loans held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or such Participation Interests and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify the Administrative Agent of such fact, and (ii) purchase (for cash at face value) participation in the Loans and subparticipations in the Participation Interests in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing thereon; provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the applicable Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender and including payments made pursuant to Section 2.18 or 2.19), (y) the application of Cash Collateral provided for in Section 2.05 or 2.16, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in Participation Interests in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to Parent or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

Section 2.14 Payments Generally; Administrative Agent's Clawback.

(a) *Payments by the Applicable Borrower*. All payments to be made by any Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Each payment of principal of and interest on Loans, L/C Obligations and fees hereunder (other than fees payable directly to the L/C Issuer) shall be paid not later than 3:00 P.M. on the date when due, in Dollars and in

Federal or other funds immediately available to the Administrative Agent at the account designated by it by notice to the applicable Borrower. Payments received after 3:00 P.M. shall be deemed to have been received on the next Business Day, and any applicable interest or fee shall continue to accrue. The Administrative Agent may, in its sole discretion, distribute such payments to the applicable Lending Offices of the applicable Lenders on the date of receipt thereof, if such payment is received prior to 3:00 P.M.; otherwise the Administrative Agent may, in its sole discretion, distribute such payment to the applicable Lending Offices of the applicable Lenders on the date of receipt thereof or on the immediately succeeding Business Day. Whenever any payment hereunder shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day (and such extension of time shall be reflected in computing interest or fees, as the case may be), unless (in the case of Eurodollar Loans) such Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Business Day. If the date for any payment of principal is extended by operation of Law or otherwise, interest thereon shall be payable for such extended time.

(b) *Presumption by the Administrative Agent*. Unless the Administrative Agent shall have received notice (which may be by telephone if promptly confirmed in writing) from the applicable Borrower prior to the date on which any payment is due to the applicable Lenders or any L/C Issuer hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith, and may, in reliance upon such assumption, distribute to the applicable Lenders or the L/C Issuer, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the applicable Lenders or the L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to but excluding the date of payment to the Administrative Agent at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. A notice of the Administrative Agent to any Lender with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) *Failure to Satisfy Conditions Precedent*. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds promptly (in like funds as received from such Lender) to such Lender without interest.

(d) *Obligations of Lenders Several*. The obligations of the Lenders hereunder to make Loans and to purchase Participation Interests in the Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make a Loan required to be made by it as part of any Borrowing hereunder or to fund a Participation Interest shall not relieve any other Lender of its obligation, if any, hereunder to make any Loan on the date of such Borrowing or fund any such Participation Interest, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on such date of Borrowing or fund its Participation Interest.

(e) *Funding Source*. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) *Computations*. All computations of interest for Base Rate Loans when the Base Rate is determined by the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case

may be, and actual days elapsed. All computations of Commitment Fees and other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which Loan is made (or converted or continued), and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made (or continued or converted) shall, subject to subsection (a) above, bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 2.15 Increase in Commitments.

(a) *Increase in Commitments*. A Borrower may by written notice to the Administrative Agent elect to add one or more incremental term loan facilities hereunder (each, an "Incremental Term Facility"; the commitments thereunder are referred to as "Incremental Term Loan Commitments" and loans pursuant thereto "Incremental Term Loans") and/or increase commitments under the Revolving Facility (any such increase, an "Incremental Revolving Increase"; the commitments thereunder are referred to as "Incremental Revolving Commitments" and loans pursuant thereto "Incremental Revolving Loans"); the Incremental Term Facilities and the Incremental Revolving Increases are collectively referred to as "Incremental Facilities"); provided that the (1) total aggregate amount for all such Incremental Facilities (assuming, for the purposes of determining each of clauses (A) and (B), in the case of any Incremental Revolving Increase, the full amount thereof is drawn) shall not (as of any date of incurrence thereof) exceed the sum of (A) $200,000,000 and (B) an amount such that at the time of such incurrence and after giving effect thereto on a pro forma basis the ~~Senior~~ Secured Leverage Ratio is less than or equal to 2.75 to 1.00 and (2) the total aggregate amount for each Incremental Facility shall not be less than a minimum principal amount of $25,000,000 or, if less, the remaining amount permitted pursuant to the foregoing clause (1). Each such notice shall specify (x) the date (each, an "Increase Effective Date") on which such Borrower proposes that the Incremental Facility shall be effective, which shall be a date not less than five Business Days after the date on which such notice is delivered to the Administrative Agent and (y) the identity of each Eligible Assignee to whom such Borrower proposes any portion of such Incremental Facility be allocated and the amounts of such allocations; provided that any existing Lender approached to provide all or a portion of the Incremental Facility may elect or decline, in its sole discretion, to provide such portion of the Incremental Facility. **Notwithstanding the foregoing, no such notice shall be required in connection with the Incremental Facilities provided pursuant to Amendment No. 2.**

(b) *Conditions*. The Incremental Facilities shall become effective, as of such Increase Effective Date; provided that:

(i) each of the conditions set forth in Section 4.02(a) shall be satisfied;

(ii) no Default or Event of Default shall have occurred and be continuing or would result from the Borrowings to be made on the Increase Effective Date;

(iii) after giving effect to the making of any Loans pursuant to any Incremental Facilities, Parent shall be in compliance with the covenant set forth in Section 7.10 on a pro forma basis in accordance with Section 1.03(c); and

(iv) Parent shall deliver or cause to be delivered a certificate of a Responsible Officer demonstrating compliance with the foregoing conditions and in connection with any such transaction.

(c) *Terms of Incremental Facilities*. The terms and provisions of the Incremental Facilities shall be as follows:

(i) the Weighted Average Life to Maturity of any Incremental Term Loans shall be no shorter than the Weighted Average Life to Maturity of the existing Term Loans and the maturity date of Incremental Term Loans shall not be earlier than the Term Loan Maturity Date;

(ii) in the case of an Incremental Revolving Increase, the maturity date of such Incremental Revolving Increase shall be the Revolving Maturity Date, such Incremental Revolving Increase shall require no scheduled amortization or mandatory commitment reduction (except as provided herein for all Revolving Commitments) and the Incremental Revolving Increase shall be on the exact same terms (other than pricing, as set forth in the Increase Joinder) and pursuant to the exact same documentation applicable to the existing Revolving Commitments (and Revolving Loans);

(iii) the Applicable Margins for the Incremental Loans shall be determined by the applicable Borrower and the Lenders of the Incremental Loans; provided that in the event that the Applicable Margins (or similar measure of interest margin) for any Incremental Loans are more than 0.50% per annum greater than the Applicable Margins for the Term Loans or Revolving Loans, as applicable, then the Applicable Margins for the Term Loans or Revolving Loans, as applicable, shall be increased to the extent necessary so that the Applicable Margins (or similar measure of interest margin) for the Incremental Loans are equal to the Applicable Margins for the Term Loans or Revolving Loans, as applicable, plus 0.50% per annum; provided, further, that in determining the Applicable Margins applicable to the Term Loans or Revolving Loans, as applicable, and the Incremental Loans, (x) original issue discount ("OID") or upfront fees (which shall be deemed to constitute like amounts of OID) payable by such Borrower to the Lenders of the Term Loans or Revolving Loans, as applicable, or the Incremental Loans at the closing thereof or in the primary syndication thereof shall be included (with OID being equated to interest based on an assumed four-year life to maturity), (y) if the Incremental Loans include an interest rate floor greater than the applicable interest rate floor under the Term Loans or Revolving Loans, as applicable, such differential between interest rate floors shall be equated to the Applicable Margin for purposes of determining whether an increase to the Applicable Margin under the Term Loans or Revolving Loans, as applicable, shall be required and (z) customary arrangement, commitment or underwriting fees payable to the arranger (or its Affiliates) in such capacity in connection with the Term Loans or Revolving Loans, as applicable, or to one or more arrangers (or their Affiliates) in such capacity of the Incremental Loans shall be excluded; and

(iv) any Incremental Term Loans, for purposes of prepayments, shall be treated substantially the same as (and in any event no more favorably than) the Term Loans and shall otherwise be on terms and pursuant to documentation as set forth in the Increase Joinder; provided that, to the extent such terms and documentation are not consistent with the existing Term Loans (except to the extent permitted by clause (i) or (ii) above), they shall be reasonably satisfactory to the Administrative Agent. No Incremental Revolving Loan shall mature prior to the Revolving Termination Date.

The Incremental Term Loan Commitments and the Incremental Revolving Commitments shall be effected by a joinder agreement (the "Increase Joinder") executed by the applicable Borrower, the Administrative Agent and each Lender making such Incremental Term Loan Commitment or Incremental Revolving Commitment, as applicable, in form attached hereto or otherwise in form and substance satisfactory to each of them. The Increase Joinder may, without the consent of any other Lenders, effect such amendments to

this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.15. In addition, unless otherwise specifically provided herein or in the Increase Joinder, all references in Loan Documents to Term Loans shall be deemed, unless the context otherwise requires, to include references to Incremental Term Loans and unless otherwise specifically provided herein, all references in Loan Documents to Revolving Loans shall be deemed, unless the context otherwise requires, to include references to Incremental Revolving Loans and Incremental Revolving Commitments, respectively.

(d) *Incremental Revolving Increases*. On any Increase Effective Date on which an Incremental Revolving Increase is effective, the participations held by the Revolving Lenders in the L/C Obligations and Swing Line Loans immediately prior to such increase will be reallocated so as to be held by the Revolving Lenders ratably in accordance with their respective Applicable Percentages after giving effect to such Incremental Revolving Increase. If, on the date of an Incremental Revolving Increase, there are any Revolving Loans outstanding, the applicable Borrower shall prepay such Revolving Loans in accordance with this Agreement on the date of effectiveness of such Incremental Revolving Increase (but such Borrower may finance such prepayment with a concurrent borrowing of Revolving Loans from the Revolving Lenders in accordance with their Applicable Percentages after giving effect to such Incremental Revolving Increase).

(e) *Making of New Term Loans*. On any Increase Effective Date on which an Incremental Term Facility is effective, subject to the satisfaction of the foregoing terms and conditions, each Lender holding Incremental Term Commitments shall make an Incremental Term Loan to the applicable Borrower in an amount equal to its Incremental Term Commitment.

(f) *Equal and Ratable Benefit*. The Loans and Commitments established pursuant to this paragraph shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guaranty Agreement and security interests created by the Collateral Documents. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Lien and security interests granted by the Collateral Documents continue to be perfected under the UCC or otherwise after giving effect to the establishment of any such Class of Loans or any such new Commitments.

Section 2.16 Cash Collateral.

(a) *Obligation to Cash Collateralize*. Upon the request of the Administrative Agent or the applicable L/C Issuer (i) if the applicable L/C Issuer has honored any full or partial drawing under any Letter of Credit and such drawing has resulted in an L/C Disbursement or (ii) if, as of the date that is ten (10) Business Days prior to the Revolver Termination Date, any L/C Obligation for any reason remains outstanding or there are any L/C Borrowings outstanding or there are any outstanding Letters of Credit, or as otherwise required pursuant to Section 2.05, Section 2.09(c), Section 2.17 or Section 8.02, the applicable Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations in an amount not less than the Minimum Collateral Amount. At any time that there shall exist a Defaulting Lender, immediately upon the written request of the Administrative Agent or any applicable L/C Issuer or Swing Line Bank (in each case, with a copy to the Administrative Agent), the applicable Borrower shall Cash Collateralize all Fronting Exposure of such L/C Issuer or Swing Line Bank, as applicable, with respect to such Defaulting Lender (determined after giving effect to Section 2.17(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount with respect thereto.

(b) *Grant of Security Interest*. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at the Collateral Agent. Each Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Collateral Agent, for the benefit of the Collateral Agent, the applicable L/C Issuers and the applicable Lenders (including the applicable Swing Line Lenders), and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.16(c). If at any time the Collateral Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Collateral Agent as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, or, if applicable, the applicable Fronting Exposure and other obligations secured thereby, the applicable Borrower or the relevant Defaulting Lender will, promptly upon demand by the Collateral Agent, pay or provide to the Collateral Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) *Application*. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.16 or Sections 2.05, 2.09(c), 2.17, 8.02 or otherwise in respect of Letters of Credit or Swing Line Loans shall be held and applied to the satisfaction of the specific L/C Obligations, Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) *Release*. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 10.06(b)) or (ii) the determination by the Collateral Agent that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.16 may be otherwise applied in accordance with Section 8.03), and (y) the Person providing Cash Collateral and the applicable L/C Issuer or Swing Line Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

Section 2.17 Defaulting Lenders.

(a) *Adjustments*. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) *Waivers and Amendments*. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(ii) *Reallocation of Payments*. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise or received by the Administrative Agent from such Defaulting Lender pursuant to Section 10.08) shall be applied at such time or times as may be determined by the Administrative Agent as follows:

FIRST, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder;

SECOND, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the applicable L/C Issuer or Swing Line Lender hereunder;

THIRD, to Cash Collateralize the L/C Issuers' Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.16;

FOURTH, as the applicable Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent;

FIFTH, if so determined by the Administrative Agent and the applicable Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the L/C Issuers' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.16;

SIXTH, to the payment of any amounts owing to the Lenders, the applicable L/C Issuer or applicable Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the applicable L/C Issuer or applicable Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement;

SEVENTH, so long as no Default or Event of Default exists, to the payment of any amounts owing to the applicable Borrower as a result of any judgment of a court of competent jurisdiction obtained by the such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and

EIGHTH, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction;

provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share and (y) such Loans or L/C Borrowings were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.17(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees*. (x) No Defaulting Lender shall be entitled to receive any Commitment Fee payable pursuant to Section 2.11(a) for any period during which such Lender is a Defaulting Lender (and no Borrower shall be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender) and (y) each Defaulting Lender shall be limited in its right to receive Letter of Credit Fees as provided in Section 2.11(b).

(iv) *Reallocation of Participations to Reduce Fronting Exposure*. All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the non-Defaulting Lenders in accordance with their respective Revolving Commitment Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the applicable Borrower shall have otherwise notified the Administrative Agent at such time, such Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the sum of, without duplication, the aggregate Outstanding Amount of the Revolving Loans of any non-Defaulting Lender, plus such Lender's Revolving Commitment Percentage of the Outstanding Amount of all L/C Obligations at such time, plus such Lender's Revolving Commitment Percentage of the Outstanding Amount of all Swing Line Loans at such time to exceed such Lender's Revolving Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from such Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

(b) *Defaulting Lender Cure*. If the Borrower, the Administrative Agent, each Swing Line Lender and each L/C Issuer agree in writing that a Defaulting Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), such Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.17), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the applicable Borrower while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(c) *New Swing Line Loans and Letters of Credit*. So long as any Revolving Lender is a Defaulting Lender, (i) no Swing Line Lender shall be required to fund any Swing Line Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Line Loan and (ii) no L/C Issuer shall be required to issue, extend or amend any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

Section 2.18 Refinancing Amendments.

(a) At any time after the Closing Date, a Borrower may obtain, from any Lender or any Eligible Assignee, Credit Agreement Refinancing Indebtedness in respect of (a) all or any portion of the Term Loans and Incremental Term Loans then outstanding under this Agreement (which for purposes of this clause (a) will be deemed to include any then outstanding Other Term Loans) or (b) all or any portion of the Revolving Loans (or unused Revolving Commitments) and Incremental Revolving Loans (or unused Incremental Revolving Commitments) under this Agreement (which for purposes of this clause (b) will be deemed to include any then outstanding Other Revolving Loans and Other Revolving Commitments), in the form of (x) Other Term Loans or Other Term Commitments or (y) Other Revolving Loans or Other Revolving Commitments, as the case may be, in each case pursuant to a Refinancing Amendment; provided that such Credit Agreement Refinancing Indebtedness will rank pari passu in right of payment and of

security with the other Loans and Commitments hereunder. The effectiveness of any Refinancing Amendment shall be subject to the satisfaction on the date thereof of each of the conditions set forth in Section 4.02 and, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of legal opinions, board resolutions, officers' certificates and/or reaffirmation agreements consistent with those delivered on the Closing Date under Section 4.01 (other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion and such other changes as are reasonably satisfactory to the Administrative Agent). Each Class of Credit Agreement Refinancing Indebtedness incurred under this Section 2.18 shall be in an aggregate principal amount that is (x) (A) not less than $25,000,000 in the case of Other Term Loans or $10,000,000 in the case of Other Revolving Loans and (B) an integral multiple of $1,000,000 in excess thereof or (y) such other amount as shall represent a refinancing of a Class of Loans in its entirety. Any Refinancing Amendment may, with the consent of the applicable L/C Issuers and Swing Line Lender, provide for the issuance of Letters of Credit for the account of the applicable Borrower, or the provision to such Borrower of Swing Line Loans, pursuant to any Other Revolving Commitments established thereby, in each case on terms substantially equivalent to the terms applicable to Letters of Credit and Swing Line Loans under the Revolving Commitments. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Refinancing Amendment. Each of the parties hereto hereby agrees that, upon the effectiveness of any Refinancing Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Credit Agreement Refinancing Indebtedness incurred pursuant thereto (including any amendments necessary to treat the Loans and Commitments subject thereto as Other Term Loans, Other Revolving Loans, Other Revolving Commitments and/or Other Term Commitments). Any Refinancing Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and each applicable Borrower, to effect the provisions of this Section. In addition, if so provided in the relevant Refinancing Amendment and with the consent of each L/C Issuer, participations in Letters of Credit expiring on or after the Revolving Termination Date shall be reallocated from Lenders holding Revolving Commitments to Lenders holding extended revolving commitments in accordance with the terms of such Refinancing Amendment; provided, however, that such Participation Interests shall, upon receipt thereof by the relevant Lenders holding Other Revolving Commitments, be deemed to be Participation Interests in respect of such Other Revolving Commitments and the terms of such Participation Interests (including, without limitation, the commission applicable thereto) shall be adjusted accordingly.

(b) This Section 2.18 shall supersede any provisions in Section 2.12 or Section 10.01 to the contrary.

Section 2.19 Discounted Prepayments. Notwithstanding anything in any Loan Document to the contrary, Parent or any of its Subsidiaries may prepay the outstanding Term Loans on the following basis:

(a) Parent or any of its Subsidiaries shall have the right to make a voluntary prepayment of any Term Loans at a discount to par (such prepayment, a "Discounted Term Loan Prepayment") pursuant to an Offer of Specified Discount Prepayment, Solicitation of Discount Range Prepayment Offers or Solicitation of Discounted Prepayment Offers, in each case made in accordance with this Section 2.19; provided that (i) Parent shall not make any Borrowing of Revolving Loans to fund any Discounted Term Loan Prepayment, (ii) any Term Loans purchased are immediately cancelled, (iii) Parent or any Subsidiary, as applicable, does not have any material non-public information ("MNPI") with respect to Parent or any of its Subsidiaries that (a) has not been disclosed to the Lenders (other than Lenders that do not wish to receive MNPI with respect to Parent or any of its Subsidiaries) prior to such time and (b) could reasonably be expected to have a

material effect upon, or otherwise be material to a Lender's decision to participate in any Discounted Term Loan Prepayment, and (iv) as of the date Parent or its Subsidiary provides a Specified Discount Prepayment Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice, no Default or Event of Default shall have occurred and be continuing.

(b) (i) Subject to the proviso to subsection (a) above, Parent or any of its Subsidiaries may from time to time offer to make an Offer of Specified Discount Prepayment by providing the Auction Agent with three (3) Business Days' notice in the form of a Specified Discount Prepayment Notice; provided that (w) any such offer shall be made available, at the sole discretion of Parent or its Subsidiary, to each Term Lender with respect to any Class of Term Loans on an individual Class basis, (x) any such offer shall specify the aggregate principal amount offered to be prepaid (the "Specified Discount Prepayment Amount") with respect to each applicable Class, the Class or Classes of Term Loans subject to such offer and the specific percentage discount to par (the "Specified Discount") of such Term Loans to be prepaid (it being understood that different Specified Discounts and/or Specified Discount Prepayment Amounts may be offered with respect to different Classes of Term Loans and, in such an event, each such offer will be treated as a separate offer pursuant to the terms of this Section), (y) the Specified Discount Prepayment Amount shall be in an aggregate amount not less than $1,000,000 and whole increments of $100,000 in excess thereof and (z) each such offer shall remain outstanding through the Specified Discount Prepayment Response Date. The Auction Agent will promptly provide each relevant Term Lender with a copy of such Specified Discount Prepayment Notice and a form of the Specified Discount Prepayment Response to be completed and returned by each such Lender to the Auction Agent (or its delegate) by no later than 5:00 P.M., New York time, on the third Business Day after the date of delivery of such notice to the relevant Term Lenders (the "Specified Discount Prepayment Response Date").

(ii) Each relevant Term Lender receiving such offer shall notify the Auction Agent (or its delegate) by the Specified Discount Prepayment Response Date whether or not it agrees to accept a prepayment of any of its relevant then outstanding Term Loans at the Specified Discount and, if so (such accepting Term Lender, a "Discount Prepayment Accepting Lender"), the amount and the Class or Classes of such Lender's Term Loans to be prepaid at such offered discount. Each acceptance of a Discounted Term Loan Prepayment by a Discount Prepayment Accepting Lender shall be irrevocable. Any Term Lender whose Specified Discount Prepayment Response is not received by the Auction Agent by the Specified Discount Prepayment Response Date shall be deemed to have declined to accept the applicable Offer of Specified Discount Prepayment.

(iii) If there is at least one Discount Prepayment Accepting Lender, Parent or its Subsidiary, as applicable, will make prepayment of outstanding Term Loans pursuant to this paragraph (b) to each Discount Prepayment Accepting Lender in accordance with the respective outstanding amount and Class of Term Loans specified in such Lender's Specified Discount Prepayment Response given pursuant to subsection (ii); provided that, if the aggregate principal amount of Term Loans accepted for prepayment by all Discount Prepayment Accepting Lenders exceeds the Specified Discount Prepayment Amount, such prepayment shall be made pro rata among the Discount Prepayment Accepting Lenders in accordance with the respective principal amounts accepted to be prepaid by each such Discount Prepayment Accepting Lender and the Auction Agent (in consultation with Parent or its Subsidiary, as applicable, and subject to rounding requirements of the Auction Agent made in its reasonable discretion) will calculate such proration (the "Specified Discount Proration"). The Auction Agent shall promptly, and in any case within three (3) Business Days following the Specified Discount Prepayment Response Date, notify (x)

the applicable Borrower or its Subsidiary, as applicable, of the respective Term Lenders' responses to such offer, the Discounted Prepayment Effective Date and the aggregate principal amount of the Discounted Term Loan Prepayment and the Classes to be prepaid, (y) each Term Lender of the Discounted Prepayment Effective Date, and the aggregate principal amount and the Classes of Term Loans to be prepaid at the Specified Discount on such date and (z) each Discount Prepayment Accepting Lender of the Specified Discount Proration, if any, and confirmation of the principal amount and Class of Term Loans of such Lender to be prepaid at the Specified Discount on such date. Each determination by the Auction Agent of the amounts stated in the foregoing notices to Parent or its Subsidiary, as applicable, and Term Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to Parent or its Subsidiary shall be due and payable by Parent or its Subsidiary, as applicable, on the Discounted Prepayment Effective Date in accordance with subsection (f) below (subject to subsection (j) below).

(c) (i) Subject to the proviso to subsection (a) above, Parent or any of its Subsidiaries may from time to time solicit Discount Range Prepayment Offers by providing the Auction Agent with three (3) Business Days' notice in the form of a Discount Range Prepayment Notice; provided that (w) any such solicitation shall be extended, at the sole discretion of Parent or its Subsidiary, as applicable, to each Term Lender with respect to any Class of Term Loans on an individual Class basis, (x) any such notice shall specify the maximum aggregate principal amount of the relevant Term Loans (the "Discount Range Prepayment Amount"), the Class or Classes of Term Loans subject to such offer and the maximum and minimum percentage discounts to par (the "Discount Range") of the principal amount of such Term Loans with respect to each relevant Class of Term Loans willing to be prepaid by Parent or its Subsidiary (it being understood that different Discount Ranges and/or Discount Range Prepayment Amounts may be offered with respect to different Classes of Term Loans and, in such an event, each such offer will be treated as a separate offer pursuant to the terms of this Section), (y) the Discount Range Prepayment Amount shall be in an aggregate amount not less than $1,000,000 and whole increments of $100,000 in excess thereof and (z) each such solicitation by Parent or its Subsidiaries shall remain outstanding through the Discount Range Prepayment Response Date. The Auction Agent will promptly provide each relevant Term Lender with a copy of such Discount Range Prepayment Notice and a form of the Discount Range Prepayment Offer to be submitted by a responding relevant Term Lender to the Auction Agent (or its delegate) by no later than 5:00 P.M., New York time, on the third Business Day after the date of delivery of such notice to the relevant Term Lenders (the "Discount Range Prepayment Response Date"). Each relevant Term Lender's Discount Range Prepayment Offer shall be irrevocable and shall specify a discount to par within the Discount Range (the "Submitted Discount") at which such Term Lender is willing to allow prepayment of any or all of its then outstanding Term Loans of the applicable Class or Classes and the maximum aggregate principal amount and Classes of such Lender's Term Loans (the "Submitted Amount") such Lender is willing to have prepaid at the Submitted Discount. Any Term Lender whose Discount Range Prepayment Offer is not received by the Auction Agent by the Discount Range Prepayment Response Date shall be deemed to have declined to accept a Discounted Term Loan Prepayment of any of its Term Loans at any discount to their par value within the Discount Range.

(ii) Auction Agent shall review all Discount Range Prepayment Offers received on or before the applicable Discount Range Prepayment Response Date and shall determine (in consultation with Parent or its Subsidiary, as applicable, and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the Applicable Discount and Term Loans to be prepaid at such Applicable Discount in accordance with this subsection (c). Parent or its Subsidiary, as applicable, agrees to accept on the Discount Range Prepayment Response Date all

Discount Range Prepayment Offers received by Auction Agent by the Discount Range Prepayment Response Date, in the order from the Submitted Discount that is the largest discount to par to the Submitted Discount that is the smallest discount to par, up to and including the Submitted Discount that is the smallest discount to par within the Discount Range (such Submitted Discount that is the smallest discount to par within the Discount Range being referred to as the "Applicable Discount") which yields a Discounted Term Loan Prepayment in an aggregate principal amount equal to the lower of (x) the Discount Range Prepayment Amount and (y) the sum of all Submitted Amounts. Each Term Lender that has submitted a Discount Range Prepayment Offer to accept prepayment at a discount to par that is larger than or equal to the Applicable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Submitted Amount (subject to any required proration pursuant to the following subsection (iii)) at the Applicable Discount (each such Lender, a "Participating Lender").

(iii) If there is at least one Participating Lender, Parent or its Subsidiary, as applicable, will prepay the respective outstanding Term Loans of each Participating Lender in the aggregate principal amount and of the Classes specified in such Lender's Discount Range Prepayment Offer at the Applicable Discount; provided that if the Submitted Amount by all Participating Lenders offered at a discount to par greater than the Applicable Discount exceeds the Discounted Range Prepayment Amount, prepayment of the principal amount of the relevant Term Loans for those Participating Lenders whose Submitted Discount is a discount to par greater than or equal to the Applicable Discount (the "Identified Participating Lenders") shall be made pro rata among the Identified Participating Lenders in accordance with the Submitted Amount of each such Identified Participating Lender and the Auction Agent (in consultation with the applicable Borrower or its Subsidiary, as applicable, and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the "Discount Range Proration"). The Auction Agent shall promptly, and in any case within five (5) Business Days following the Discounted Range Prepayment Response Date, notify (w) Parent or its Subsidiary, as applicable, of the respective Term Lenders' responses to such solicitation, the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate principal amount of the Discount Term Loan Prepayment and the Classes to be prepaid, (x) each Term Lender of the Discounted Prepayment Effective Date, the Applicable Discount, and the aggregate principal amount and Classes of Term Loans to be prepaid at the Applicable Discount on such date, (y) each Participating Lender of the aggregate principal amount and Classes of such Lender to be prepaid at the Applicable Discount on such date, and (z) if applicable, each Identified Participating Lender of the Discount Range Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to Parent or its Subsidiary, as applicable, and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to Parent or its Subsidiary, as applicable, shall be due and payable by Parent or its Subsidiary, as applicable, on the Discounted Prepayment Effective Date in accordance with subsection (f) below (subject to subsection (j) below).

(d) (i) Subject to the proviso to subsection (a) above, Parent or any of its Subsidiaries may from time to time solicit Solicited Discounted Prepayment Offers by providing the Auction Agent with three (3) Business Days' notice in the form of a Solicited Discounted Prepayment Notice; provided that (w) any such solicitation shall be extended, at the sole discretion of Parent or its Subsidiary, as applicable, to each Term Lender with respect to any Class of Term Loans on an individual Class basis, (x) any such notice shall specify the maximum aggregate principal amount of the Term Loans (the "Solicited Discounted Prepayment Amount") and the Class or Classes of Term Loans Parent or its Subsidiary, as applicable, is willing to prepay at a discount (it being understood that different Solicited Discounted Prepayment Amounts may be offered with respect

to different Classes of Term Loans and, in such an event, each such offer will be treated as a separate offer pursuant to the terms of this Section), (y) the Solicited Discounted Prepayment Amount shall be in an aggregate amount not less than $1,000,000 and whole increments of $500,000 in excess thereof and (z) each such solicitation by Parent or its Subsidiary, as applicable, shall remain outstanding through the Solicited Discounted Prepayment Response Date. The Auction Agent will promptly provide each relevant Term Lender with a copy of such Solicited Discounted Prepayment Notice and a form of the Solicited Discounted Prepayment Offer to be submitted by a responding Term Lender to the Auction Agent (or its delegate) by no later than 5:00 P.M., New York time on the third Business Day after the date of delivery of such notice to the relevant Term Lenders (the "Solicited Discounted Prepayment Response Date"). Each Term Lender's Solicited Discounted Prepayment Offer shall (x) be irrevocable, (y) remain outstanding until the Acceptance Date, and (z) specify both a discount to par (the "Offered Discount") at which such Term Lender is willing to allow prepayment of its then outstanding Term Loan and the maximum aggregate principal amount and Classes of such Term Loans (the "Offered Amount") such Lender is willing to have prepaid at the Offered Discount. Any Term Lender whose Solicited Discounted Prepayment Offer is not received by the Auction Agent by the Solicited Discounted Prepayment Response Date shall be deemed to have declined prepayment of any of its Term Loans at any discount.

(ii) The Auction Agent shall promptly provide Parent or its Subsidiary, as applicable, with a copy of all Solicited Discounted Prepayment Offers received on or before the Solicited Discounted Prepayment Response Date. Parent or its Subsidiary, as applicable, shall review all such Solicited Discounted Prepayment Offers and select the largest of the Offered Discounts specified by the relevant responding Term Lenders in the Solicited Discounted Prepayment Offers that is acceptable to Parent or its Subsidiary, as applicable, (the "Acceptable Discount"), if any. If Parent or its Subsidiary, as applicable elects to accept any Offered Discount as the Acceptable Discount, then as soon as practicable after the determination of the Acceptable Discount, but in no event later than by the third Business Day after the date of receipt by Parent or its Subsidiary, as applicable, from the Auction Agent of a copy of all Solicited Discounted Prepayment Offers pursuant to the first sentence of this subsection (ii) (the "Acceptance Date"), Parent or its Subsidiary, as applicable, shall submit an Acceptance and Prepayment Notice to the Auction Agent setting forth the Acceptable Discount. If the Auction Agent shall fail to receive an Acceptance and Prepayment Notice from Parent or its Subsidiary, as applicable, by the Acceptance Date, Parent or its Subsidiary, as applicable, shall be deemed to have rejected all Solicited Discounted Prepayment Offers.

(iii) Based upon the Acceptable Discount and the Solicited Discounted Prepayment Offers received by Auction Agent by the Solicited Discounted Prepayment Response Date, within three (3) Business Days after receipt of an Acceptance and Prepayment Notice (the "Discounted Prepayment Determination Date"), the Auction Agent will determine (in consultation with Parent or its Subsidiary, as applicable, and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the aggregate principal amount and the Classes of Term Loans (the "Acceptable Prepayment Amount") to be prepaid by Parent or its Subsidiary, as applicable, at the Acceptable Discount in accordance with this Section 2.19(d). If Parent or its Subsidiary, as applicable, elects to accept any Acceptable Discount, then Parent or its Subsidiary, as applicable, agrees to accept all Solicited Discounted Prepayment Offers received by Auction Agent by the Solicited Discounted Prepayment Response Date, in the order from largest Offered Discount to smallest Offered Discount, up to and including the Acceptable Discount. Each Term Lender that has submitted a Solicited Discounted Prepayment Offer with an Offered Discount that is greater than or equal to the Acceptable Discount shall be deemed to have irrevocably consented to

prepayment of Term Loans equal to its Offered Amount (subject to any required pro rata reduction pursuant to the following sentence) at the Acceptable Discount (each such Lender, a "Qualifying Lender"). Parent or its Subsidiary, as applicable, will prepay outstanding Term Loans pursuant to this subsection (d) to each Qualifying Lender in the aggregate principal amount and of the Classes specified in such Lender's Solicited Discounted Prepayment Offer at the Acceptable Discount; provided that if the aggregate Offered Amount by all Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount exceeds the Solicited Discounted Prepayment Amount, prepayment of the principal amount of the Term Loans for those Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount (the "Identified Qualifying Lenders") shall be made pro rata among the Identified Qualifying Lenders in accordance with the Offered Amount of each such Identified Qualifying Lender and the Auction Agent (in consultation with Parent or its Subsidiary, as applicable, and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the "Solicited Discount Proration"). On or prior to the Discounted Prepayment Determination Date, the Auction Agent shall promptly notify (w) Parent or its Subsidiary, as applicable, of the Discounted Prepayment Effective Date and Acceptable Prepayment Amount comprising the Discounted Term Loan Prepayment and the Classes to be prepaid, (x) each Term Lender of the Discounted Prepayment Effective Date, the Acceptable Discount, and the Acceptable Prepayment Amount of all Term Loans and the Classes to be prepaid to be prepaid at the Applicable Discount on such date, (y) each Qualifying Lender of the aggregate principal amount and the Classes of such Lender to be prepaid at the Acceptable Discount on such date, and (z) if applicable, each Identified Qualifying Lender of the Solicited Discount Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to Parent or its Subsidiary, as applicable, and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to Parent or its Subsidiary, as applicable, shall be due and payable by Parent or its Subsidiary, as applicable, on the Discounted Prepayment Effective Date in accordance with subsection (f) below (subject to subsection (j) below).

(e) In connection with any Discounted Term Loan Prepayment, Parent and the Lenders acknowledge and agree that the Auction Agent may require as a condition to any Discounted Term Loan Prepayment, the payment of customary fees and expenses by the U.S. Borrower in connection therewith.

(f) If any Term Loan is prepaid in accordance with paragraphs (b) through (d) above, Parent or its Subsidiary, as applicable, shall prepay such Term Loans on the Discounted Prepayment Effective Date. Parent or its Subsidiary, as applicable shall make such prepayment to the Administrative Agent, for the account of the Discount Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, at the Administrative Agent's Office in the applicable currency and in immediately available funds not later than 11:00 A.M. (New York time) on the Discounted Prepayment Effective Date. The Term Loans so prepaid shall be accompanied by all accrued and unpaid interest on the par principal amount so prepaid up to, but not including, the Discounted Prepayment Effective Date. Each prepayment of the outstanding Term Loans pursuant to this Section 2.19 shall be paid to the Discount Prepayment Accepting Lenders, Participating Lenders, Identified Participating Lenders, Qualifying Lenders or Identified Qualifying Lenders, as applicable. The aggregate principal amount of the Classes and installments of the relevant Term Loans outstanding shall be deemed reduced by the full par value of the aggregate principal amount of the Classes of Term Loans prepaid on the Discounted Prepayment Effective Date in any Discounted Term Loan Prepayment.

(g) To the extent not expressly provided for herein, each Discounted Term Loan Prepayment shall be consummated pursuant to procedures consistent, with the provisions in this Section 2.19, established by the Auction Agent acting in its reasonable discretion and as reasonably agreed by Parent or its Subsidiary, as applicable.

(h) Notwithstanding anything in any Loan Document to the contrary, for purposes of this Section 2.19, each notice or other communication required to be delivered or otherwise provided to the Auction Agent (or its delegate) shall be deemed to have been given upon Auction Agent's (or its delegate's) actual receipt during normal business hours of such notice or communication; provided that any notice or communication actually received outside of normal business hours shall be deemed to have been given as of the opening of business on the next Business Day.

(i) Each of the Borrower and the Term Lenders acknowledges and agrees that the Auction Agent may perform any and all of its duties under this Section 2.19 by itself or through any Affiliate of the Auction Agent and expressly consents to any such delegation of duties by the Auction Agent to such Affiliate and the performance of such delegated duties by such Affiliate. The exculpatory provisions pursuant to this Agreement shall apply to each Affiliate of the Auction Agent and its respective activities in connection with any Discounted Term Loan Prepayment provided for in this Section 2.19 as well as activities of the Auction Agent.

(j) Parent or its Subsidiary, as applicable, shall have the right, by written notice to the Auction Agent, to revoke in full (but not in part) its offer to make a Discounted Term Loan Prepayment and rescind the applicable Specified Discount Prepayment Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice therefor (A) at its discretion at any time on or prior to the applicable Specified Discount Prepayment Response Date, Discount Range Prepayment Response Date or Solicited Discount Prepayment Response Date, as applicable or (B) if, as of such time, any condition set forth in Section 2.19(a) ceases to be met prior to the making of such Discounted Term Loan Prepayment and, in each case, such offer is revoked pursuant to the preceding clauses (A) or (B), any failure by Parent or its Subsidiary, as applicable, to make any prepayment to a Term Lender, as applicable, pursuant to this Section 2.19 shall not constitute a Default or Event of Default under Section 8.01 or otherwise.

ARTICLE III.

TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.01 Taxes.

(a) *Payments Free of Taxes*. Any and all payments by or on account of any Loan Party under any Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes, unless otherwise required by law. If any applicable withholding agent shall be required by law to withhold any Taxes from or in respect of any sum payable under any Loan Document to any Lender Party or any Agent, (i) the applicable withholding agent shall make all such deductions, (ii) the applicable withholding agent shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law, and (iii) to the extent the deduction is on account of Indemnified Taxes or Other Taxes, the amounts so payable by the applicable Loan Party to the Agent of Lender Party shall be increased as may be necessary so that, after such withholding agent has made all required deductions of Indemnified Taxes and Other Taxes (including deductions applicable to additional sums payable under this Section 3.01), such Lender Party or such Agent, as the case may be, shall have received an amount equal to the sum it would have received had no such deductions been made.

(b) *Payment of Other Taxes by each Borrower*. Without limiting the provisions of paragraph (a) above, each Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) *Evidence of Payments*. Within 30 days after the date of any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment.

(d) *Indemnification by each Borrower*. Each Borrower shall indemnify each Agent and each Lender Party for and hold them harmless against the full amount of Indemnified Taxes payable in connection with any payments made by or on account of any Loan Party under any Loan Document and Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. This indemnification shall be made within 10 days after written demand therefor. A certificate as to the amount of such payment or liability delivered to the applicable Borrower by a Lender Party (with a copy to the Administrative Agent), or by an Agent on its own behalf, shall be conclusive absent manifest error.

(e) *Treatment of Refunds*. If the Administrative Agent or any Lender Party determines, in its reasonable discretion, that it has received a refund (in cash or as an offset against other Taxes otherwise due and payable) of any Indemnified Taxes or Other Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the applicable Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amount paid, by the Loan Party under this Section 3.01 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses (including Taxes) of the Administrative Agent or such Lender Party, attributable to such refund and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Party, upon the request of the Administrative Agent or such Lender Party, agrees to repay the amount paid over to the applicable Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender Party in the event the Administrative Agent or such Lender Party is required to repay such amount to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender Party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(f) *Status of Lenders*.

(i) Each Lender Party that is entitled to an exemption from or reduction of any applicable withholding Tax with respect to payments made under any Loan Document shall deliver to the applicable Borrower and the Administrative Agent, at the time or times prescribed by law or reasonably requested by the applicable Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the applicable Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. Each Lender Party shall, whenever a lapse in time or change in circumstances renders such documentation (including any specific documents required below in this Section 3.01(f)) obsolete, expired or inaccurate in any material

respect, deliver promptly to the applicable Borrower and the Administrative Agent updated or other appropriate documentation (including any new documentation reasonably requested by the applicable Borrower or the Administrative Agent) or promptly notify the applicable Borrower and the Administrative Agent in writing of its inability to do so.

(ii) Without limiting the generality of the foregoing any Lender Party shall, if it is legally eligible to do so, deliver to the U.S. Borrower and the Administrative Agent on or prior to the date on which such Lender Party becomes a party hereto, two duly completed and executed copies of whichever of the following is applicable:

(A) in the case of a Lender Party that is a United States person (as such term is defined in Section 7701(a)(30) of the Code), IRS Form W-9 certifying that such Lender Party is exempt from U.S. federal backup withholding; and

(B) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to such tax treaty;

(C) in the case of a Non-U.S. Lender claiming an exemption from U.S. federal income Taxes for income that is effectively connected with a U.S. trade or business, executed originals of IRS Form W-8ECI;

(D) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F (any such certificate, a "U.S. Tax Compliance Certificate") and (y) IRS Form W-8BEN;

(E) to the extent that a Non-U.S. Lender is not the beneficial owner (for example, where the Non-U.S. Lender is a partnership or participating Lender), IRS Form W-8IMY of the Non-U.S. Lender, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner that would be required under this Section 3.01(f) if such beneficial owner were a Lender, as applicable; provided that if the Non-U.S. Lender is a partnership (and not a participant Lender) and one or more beneficial owners are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate on behalf of such beneficial owners; or

(F) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Taxes, together with such supplementary documentation as may be prescribed by applicable law to permit the U.S. Borrower or the Administrative Agent to reasonably determine the withholding or deduction required to be made.

(iii) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed under FATCA if the Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Administrative Agent and the U.S. Borrower at the time or times prescribed by law, and at such other time or times reasonably requested by the Administrative Agent or the U.S. Borrower, the documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Administrative Agent or the U.S. Borrower as may be necessary for the Administrative Agent or the U.S. Borrower to comply with its obligations under FATCA and to determine whether the Lender has complied with the Lender obligations under FATCA, or to determine the amount to deduct and withhold from the payment. Solely for purposes of this clause (iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iv) Notwithstanding any other provision of this Section 3.01(f), a Lender Party shall not be required to deliver any form or other documentation that such Lender Party is not legally eligible to deliver.

Section 3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Adjusted Eurodollar Rate, or to determine or charge interest rates based upon the Adjusted Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, upon notice thereof by such Lender to the applicable Borrower (through the Administrative Agent), (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Adjusted Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Adjusted Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the applicable Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the applicable Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Adjusted Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Adjusted Eurodollar Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Adjusted Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Adjusted Eurodollar Rate. Upon any such prepayment or conversion, the applicable Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.05.

Section 3.03 Inability To Determine Rates. If on or prior to the first day of any Interest Period for any Eurodollar Loan:

(i) the Administrative Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the applicable Eurodollar Rate for such Interest Period; or

(ii) Lenders having 50% or more of the aggregate amount of the Commitments advise the Administrative Agent that the Eurodollar Rate as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of funding their Eurodollar Loans for such Interest Period;

the Administrative Agent shall forthwith give notice thereof to the applicable Borrower and the Lenders, whereupon, until the Administrative Agent notifies such Borrower that the circumstances giving rise to

such suspension no longer exist, (i) the obligations of the Lenders to make Eurodollar Loans, or to continue or convert outstanding Loans as or into Eurodollar Loans, shall be suspended and (ii) each outstanding Eurodollar Loan shall be converted into a Base Rate Loan on the last day of the then current Interest Period applicable thereto. Unless such Borrower notifies the Administrative Agent prior to 12:00 P.M. on the Business Day of the date of any Eurodollar Loan for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such Borrowing shall instead be made as a Base Rate Borrowing in the same aggregate amount as the requested Borrowing and shall bear interest for each day from and including the first day to but excluding the last day of the Interest Period applicable thereto at the rate applicable to Revolving Base Rate Loans for such day.

Section 3.04 Increased Costs and Reduced Return; Capital Adequacy.

(a) *Increased Costs Generally*. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets held by, deposits with or for the account of, or credit extended or participated in by, any Lender (or its Lending Office) (except any reserve requirement which is reflected in the determination of the Adjusted Eurodollar Rate hereunder) or any L/C Issuer;

(ii) subject any Lender Party to any Taxes with respect to any Loan Document or any Loan made pursuant to this Agreement (other than Indemnified Taxes and Other Taxes indemnified under Section 3.01, and Excluded Taxes); or

(iii) impose on any Lender (or its Lending Office) or L/C Issuer or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Loans made by such Lender or Participation Interest therein or any Letter of Credit or Participation Interest therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Eurodollar Rate Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such L/C Issuer, as the case may be, hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or such L/C Issuer, the applicable Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements*. If any Lender or L/C Issuer determines that any Change in Law affecting such Lender, any of its applicable Lending Offices or its holding company or such L/C Issuer or its holding company, as the case may be, regarding capital and liquidity requirements has or would have the effect of reducing the rate of return on capital for such Lender or its holding company or such L/C Issuer or its holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by any L/C Issuer, to a level below that which such Lender or its holding company or such L/C Issuer or its holding company, as the case may be, could have achieved but for such Change in Law (taking into consideration such Lender's or its holding company's policies or such L/C Issuer's or its holding company's policies, as applicable, with respect to capital and liquidity adequacy), then from time to time the applicable Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or its holding company or such L/C Issuer or its holding company for any such reduction suffered.

(c) *Certificates for Reimbursement*. A certificate of a Lender or an L/C Issuer setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or such L/C Issuer or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the applicable Borrower, shall be conclusive absent manifest error. Such Borrower shall pay such Lender or such L/C Issuer, as the case may be, the amount shown as due on any such certificate promptly (but in any event within ten days) after receipt thereof.

(d) *Delay in Requests*. Failure or delay on the part of any Lender or any L/C Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such L/C Issuer's right to demand such compensation; provided that the applicable Borrower shall not be required to compensate a Lender or L/C Issuer pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or such L/C Issuer, as the case may be, notifies such Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or such L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.05 *Compensation for Losses*. Upon written demand of any Lender (with a copy to the Administrative Agent) from time to time, setting forth in reasonable detail the basis for calculating such compensation, the applicable Borrower shall promptly (but in any event within ten days) after such demand compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of (a) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); (b) any failure by the applicable Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurodollar Rate Loan on the date or in the amount notified by such Borrower; or (c) any assignment of such Lender's Eurodollar Rate Loans pursuant to Section 3.07(b) on a day other than the last day of the Interest Period therefor, including, in each case, any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained; provided that, for the avoidance of doubt, such Borrower shall not be obligated to compensate any Lender under this Section for any loss of anticipated profits in respect of any of the foregoing. For purposes of calculating amounts payable by any Borrower to the Lenders under this Section, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Adjusted Eurodollar Rate (excluding the impact of the proviso set forth in the "Adjusted Eurodollar Rate" definition) for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded. Without limiting the foregoing, in connection with each request for compensation by any Lender the applicable Borrower shall also pay such Lender with respect to each affected Eurodollar Rate Loan customary administrative fees requested by such Lender in an amount not to exceed $250 per such Eurodollar Rate Loan. For the avoidance of doubt, notwithstanding the foregoing, no Lender shall demand, and such Borrower shall not be obliged to make, any funding loss payments pursuant to this Section 3.05 with respect to the payment of accrued interest **(i)** on the Amendment No. 1 Effective Date with respect to the **Converted Term Loans and (ii) on the Amendment No. 2 Effective Date with respect to the Amendment No. 2** Converted Term Loans.

Section 3.06 Base Rate Loans Substituted for Affected Eurodollar Loans. If (i) the obligation of any Lender to make, or to continue or convert outstanding Loans as or to, Eurodollar Loans

has been suspended pursuant to Section 3.02 or (ii) any Lender has demanded compensation under Section 3.04 with respect to its Eurodollar Loans, and in any such case the applicable Borrower shall, by at least five Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section 3.06 shall apply to such Lender, then, unless and until such Lender notifies such Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist, all Loans which would otherwise be made by such Lender as (or continued as or converted to) Eurodollar Loans shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Eurodollar Loans of the other Lenders). If such Lender notifies such Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist, the principal amount of each such Base Rate Loan shall be converted into a Eurodollar Loan on the first day of the next succeeding Interest Period applicable to the related Eurodollar Loans of the other Lenders.

Section 3.07 Mitigation Obligations; Replacement of Lenders.

(a) *Designation of a Different Lending Office*. If at any time (i) any Lender requires a Borrower to pay additional amounts to any Lender or any Governmental Authority for the account of any Lender or any L/C Issuer pursuant to Section 3.01, (ii) any Lender requests compensation under Section 3.04 or (iii) any Lender gives a notice pursuant to Section 3.02, then such Lender or L/C Issuer shall, as applicable, at the request of such Borrower, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or L/C Issuer, such designation or assignment (A) would eliminate or reduce amounts payable pursuant to Section 3.01 or Section 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, and (B) in each case, would not subject such Lender or L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or L/C Issuer, as the case may be. Each Borrower, as applicable, hereby agrees to pay all reasonable costs and expenses incurred by any Lender or L/C Issuer in connection with any such designation or assignment.

(b) *Replacement of Lenders*. If at any time (i) a Borrower is required to pay additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, (ii) any Lender requests compensation under Section 3.04, (iii) any Lender gives a notice pursuant to Section 3.02, (iv) any Lender is a Defaulting Lender or (v) any Lender is a Non-Consenting Lender, then such Borrower may, at its sole expense and effort, upon notice to the Administrative Agent and such Lender, replace such Lender by causing such Lender (and such Lender shall be obligated) to assign pursuant to Section 10.06(b) (with the processing and recording fee under Section 10.06(b)(iii) to be paid by such Borrower in such instance) all of its rights and obligations under this Agreement and the other Loan Documents to one or more Eligible Assignees; provided that:

(A) (i) neither the Administrative Agent nor any Lender shall have any obligation to find a replacement assignee and (ii) such Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b);

(B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in outstanding L/C Borrowings and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05 and Section 2.09(g)) from the applicable assignee (to the extent of such outstanding principal, funded participations and accrued interest and fees) or such Borrower (in the case of all other amounts);

(C) in the case of any such assignment resulting from payments required to be made pursuant to Section 3.01 or a claim for compensation under Section 3.02 or Section 3.04, such assignment will result in a reduction in such payments or compensation thereafter or, in the case of any such assignment resulting from a notice pursuant to Section 3.02, such assignment will eliminate the need for such notice;

(D) such assignment does not conflict with applicable Law;

(E) if such Borrower elects to exercise such right with respect to any Lender pursuant to clause (i), (ii) or (iii) above, it shall be obligated to remove or replace, as the case may be, all Lenders that have similar requests then outstanding for compensation pursuant to Section 3.04 or 3.01, who have given notice pursuant to Section 3.02 or whose obligation to make Eurodollar Loans has been similarly suspended; and

(F) in the case of any such assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall be deemed to have consented to the applicable amendment, waiver or consent.

In connection with any such assignment resulting from a Lender becoming a Defaulting Lender or a Non-Consenting Lender, if any such Defaulting Lender or Non-Consenting Lender does not execute and deliver to the Administrative Agent a duly executed Assignment and Assumption pursuant to Section 10.06(b) reflecting such assignment within five Business Days of the date on which the applicable assignee executes and delivers such Assignment and Assumption to such Defaulting Lender or non-Consenting Lender, then such Defaulting Lender or Non-Consenting Lender shall be deemed to have executed and delivered such Assignment and Assumption without any action on the part of such Defaulting Lender or Non-Consenting Lender, whereupon such assignment shall become effective upon payment to such Lender of all amounts owing to such Lender under clause (B) above (which amounts shall be calculated by the Administrative Agent and shall be conclusive absent manifest error) and compliance with the other applicable requirements pursuant to Section 10.06(b).

Notwithstanding anything in this Section to the contrary, (i) any Revolving Lender that acts as an L/C Issuer may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a back-up standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such L/C Issuer or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to such L/C Issuer) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.07.

A Lender shall not be required to make any such assignment if, prior thereto, as a result of a waiver by such Lender or otherwise (including any action taken by such Lender pursuant to paragraph (a) of this Section), the circumstances entitling the applicable Borrower to replace such Lender cease to apply.

Section 3.08 Survival. All of each Borrower's obligations under this Article III shall survive termination of the Commitments and repayment of all other Senior Credit Obligations hereunder.

ARTICLE IV.

CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

Section 4.01 Conditions to Initial Credit Extension. The obligation of each L/C Issuer and each Lender to make its initial Credit Extension hereunder on the Closing Date was subject to the satisfaction or waiver of the following conditions precedent:

(a) *Executed Loan Documents*. Receipt by the Administrative Agent (or its counsel) of duly executed counterparts from each party thereto of: (i) this Agreement, (ii) the Notes (to the extent requested), (iii) the Guaranty Agreement and (iv) the U.S. Security Agreement and (v) the Foreign Collateral Documents.

(b) *Organization Documents*. After giving effect to the transactions contemplated hereby, the Administrative Agent shall have received: (i) a copy of the Organization Documents, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State or other applicable Governmental Authority of its respective jurisdiction of organization to the extent applicable; (ii) a certificate as to the good standing (or comparable status) of each Loan Party from such Secretary of State or other applicable Governmental Authority of its respective jurisdiction of organization, as of a recent date; provided that to the extent a certificate of good standing (or comparable status) is not applicable in the jurisdiction of any Loan Party that is a Foreign Subsidiary, such Loan Party shall provide an Officer's Certificate in form and substance reasonably satisfactory to the Administrative Agent; (iii) a certificate of the Secretary or Assistant Secretary or other applicable Responsible Officer of each Loan Party dated the Closing Date and certifying (A) that, in the case of the U.S. Borrower and any Domestic Guarantor, the Organization Documents of such Loan Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing or comparable status from its jurisdiction of organization furnished pursuant to clause (ii) above and remains in full force and effect; (B) that attached thereto is a true and complete copy of the Organization Documents as in effect on the Closing Date and at all times since the date of the resolutions described in clause (C) below or certifying that such Organization Documents have not been amended since such date, (C) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which it is to be a party and, in the case of the U.S. Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect and are the only resolutions authorizing the execution, delivery and performance of the Loan Documents; and (D) as to the incumbency and specimen signature of each Responsible Officer executing any Loan Document; and (iv) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or other applicable Responsible Officer executing the certificate pursuant to clause (iii) above.

(c) *Officer's Certificate*. The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Responsible Officer of Parent on behalf of each Loan Party, confirming compliance with the conditions precedent set forth in Sections 4.01(f)(i), (g) and (m).

(d) *Opinion of Counsel*. On the Closing Date, the Administrative Agent shall have received a favorable written opinion of (i) Cooley LLP, counsel to the Loan Parties, (ii) A&L Goodbody, Irish counsel to the Loan Parties, (iii) Arthur Cox, Irish counsel to the Administrative Agent and (iv) Conyers, Dill & Pearman Limited, Bermuda counsel to the Loan Parties, in each case addressed to the Administrative Agent, Collateral Agent and each Lender, dated the Closing Date, in the form reasonably satisfactory to the Administrative Agent.

(e) *Indebtedness*. After giving effect to the Transactions and the other transactions contemplated hereby, none of Parent or any of its Restricted Subsidiaries shall have outstanding any Indebtedness other than (i) the Loans and Credit Extensions hereunder, (ii) the Indebtedness listed on Schedule 7.01 and (iii) Indebtedness owed to the U.S. Borrower or any Guarantor.

(f) *Consummation of the Transactions*.

(i) The Acquisition shall have been consummated or shall be consummated substantially simultaneously with the initial funding of the Loans hereunder, in accordance with the terms of the Merger Agreement, without giving effect to any modifications, amendments, consents or waivers thereto that are material and adverse to the Lenders (it being understood that any decrease in the amount of the consideration to be paid pursuant to the Merger Agreement that is less than or equal to 10% of the total consideration set forth in the Merger Agreement as of the date of the Merger Agreement shall not be deemed material and adverse to the interest of the Lenders).

(ii) The Closing Date shall have occurred on or prior to October 15, 2012.

(iii) Contemporaneously with the initial funding of the Loans hereunder, the Closing Date Refinancing shall have been consummated.

(g) *Company Material Adverse Change*. Since December 31, 2011, there shall not have occurred any Company Material Adverse Effect. For the purposes of this clause (g), "Company Material Adverse Effect" means any change, event, circumstance or occurrence ("Effect") that (considered with all other Effects) has or would reasonably be expected to have a material adverse effect on the business, results of operations or financial condition of the Acquired Business and its Subsidiaries, taken as a whole, except for any Effect resulting from (a) changes in general economic, weather, regulatory or political conditions or changes that affect generally companies in the same or similar industries as the Acquired Business and its Subsidiaries, (b) entry into the Merger Agreement or the announcement or consummation of the transactions contemplated thereby (including effects on the workforce or general labor relations), (c) the outbreak or escalation of hostilities, the declaration of any national emergency or war or the occurrence of any other similar calamity or crisis, including acts of terrorism, (d) any change in applicable Law (as defined in the Merger Agreement) or GAAP (as defined in the Merger Agreement), (e) changes in debt or equity markets or (f) actions expressly required to be taken or omitted to be taken pursuant to the express terms of the Merger Agreement, or permitted to be taken pursuant to Section 5.3 therein, except in the case of each of the foregoing clauses (a), (c), (d) and (e) to the extent that the same has had or would reasonably be expected to have a disproportionate effect on the Acquired Business and its subsidiaries, taken as a whole, as compared to other companies in the Acquired Business's and its Subsidiaries' industry.

(h) *Perfection of Personal Property Security Interests and Pledges; Search Reports*. On or prior to the Closing Date, the Collateral Agent shall have received:

(i) a Perfection Certificate executed by each Loan Party;

(ii) appropriate financing statements (Form UCC-1 or such other financing statements or similar notices as shall be required by local Law) authenticated and authorized for filing under the UCC or other applicable local law of each jurisdiction in

which the filing of a financing statement or giving of notice may be required, or reasonably requested by the Collateral Agent, to perfect the security interests intended to be created by the Collateral Documents;

(iii) certified copies of UCC, United States Patent and Trademark Office and United States Copyright Office, Tax and judgment lien searches or equivalent reports or searches within the United States, each of a recent date listing all effective financing statements, lien notices or comparable documents that name any Loan Party as debtor and that are filed in those state and county jurisdictions in which the U.S. Borrower or any Domestic Guarantor is organized or maintains its principal place of business and such other searches within the United States that are required by the Perfection Certificate or that the Collateral Agent deems necessary or appropriate, none of which encumber the Collateral covered or intended to be covered by the Collateral Documents (other than Permitted Liens);

(iv) all of the Pledged Collateral, which Pledged Collateral shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, with signatures appropriately guaranteed, accompanied in each case by any required transfer tax stamps, all in form and substance reasonably satisfactory to the Collateral Agent; and

(v) all other filings and recordings of or with respect to the Collateral Documents and of all other actions in each case to the extent required by such Collateral Documents.

(i) *Solvency Certificate*. On or prior to the Closing Date, Parent shall have delivered or caused to be delivered to the Administrative Agent a solvency certificate from a Responsible Officer or chief accounting officer of Parent, substantially in the form of Exhibit K hereto, setting forth the conclusions that, after giving effect to the Transactions and the consummation of all financings contemplated herein, Parent and its Subsidiaries (on a consolidated basis) are Solvent.

(j) *Insurance Certificates*. The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 6.05 and the applicable provisions of the Loan Documents, each of which shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement and shall name the Collateral Agent, on behalf of the Finance Parties, as additional insured, in form and substance satisfactory to the Administrative Agent.

(k) *Financial Statements*. The Lead Arranger shall have received the financial statements described in Section 5.05(a).

(l) *Payment of Fees*. All costs, fees and expenses due and payable to the Administrative Agent, the Collateral Agent and the Lenders on or before the Closing Date shall have been paid or, contemporaneously with the funding of the Term Loans, will be paid, to the extent invoiced in reasonable detail at least three Business Days prior to the Closing Date (which amounts may be offset against the proceeds of the Term Loans or, to the extent permitted hereunder, using the proceeds of Revolving Loans).

(m) *Representations and Warranties*. On the Closing Date, the representations and warranties made by Parent and the U.S. Borrower in Section 5.01 (other than subclause (A) to clause (ii) and other than clause (iii)), Section 5.02 (other than subclause (y)(ii)), 5.04, 5.13, 5.18,

5.19, 5.20 and 5.21 as they relate to Parent and its Restricted Subsidiaries at such time and the representations made by the Acquired Business with respect to the Acquired Business and its Subsidiaries in the Merger Agreement as are material to the interests of the Lenders (but only to the extent that the U.S. Borrower has the right to terminate its obligations under the Merger Agreement as a result of such representations in such Merger Agreement not being true and correct in all material respects), shall be true and correct in all material respects.

(n) *Patriot Act*. At least five days prior to the Closing Date, each Loan Party shall have provided the documentation and other information concerning such Loan Party to the Administrative Agent and the Lead Arranger as has been reasonably requested in writing at least 10 days prior to the Closing Date by the Administrative Agent (as requested by any Lender to the Administrative Agent) that the Lenders reasonably determine is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the Patriot Act.

(o) *No Default*. No Default or Event of Default (other than any Default or Event of Default that would result from the breach of any representations or warranties set forth herein other than those set forth in clause (m) above) shall exist or would result from the proposed Credit Extensions on the Closing Date or from the application of the proceeds thereof.

(p) *Notice of Borrowing*. The U.S. Borrower shall have delivered to the Administrative Agent, an appropriate Notice of Borrowing, duly executed and completed, by the time specified in, and otherwise as permitted by Section 2.02.

The documents referred to in this Section 4.01 shall be delivered to the Administrative Agent no later than the Closing Date. The certificates and opinions referred to in this Section 4.01 shall be dated the Closing Date.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, or waived each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Promptly after the Closing Date occurs, the Administrative Agent shall notify the U.S. Borrower and the Lenders of the Closing Date, and such notice shall be conclusive and binding on all parties hereto.

Notwithstanding anything in this Agreement to the contrary it is understood that, to the extent any security interest in the Collateral (other than (1) any Collateral the security interest in which may be perfected by the filing of a UCC financing statement, (2) with respect to the U.S. Borrower and the Domestic Guarantors by intellectual property filings with the United States Patent and Trademark Office or the United States Copyright Office or (3) by the delivery of certificates representing the Equity Interests of the U.S. Borrower, the Acquired Business and their respective Domestic Subsidiaries) is not perfected or, with respect to (a) any Mortgages, (b) any Collateral, the pledge of which requires a filing in any foreign jurisdiction, and (c) any Foreign Collateral Documents, are not provided on the Closing Date after the U.S. Borrower's and Parent's use of commercially reasonable efforts to do so, the perfection or provision of such security interest will not constitute a condition precedent to the availability of the initial Loans and other Credit Extensions on the Closing Date, but the U.S. Borrower and Parent agree to perfect such security interest no later than 90 days after the Closing Date (subject to extension by the Administrative Agent in its reasonable discretion).

Section 4.02 Conditions to All Credit Extensions. The obligation of any Lender to make a Loan on the occasion of any Borrowing (other than the initial Credit Extensions on the Closing Date), and the obligation of any L/C Issuer to issue (or renew or extend the term of) any Letter of Credit, is subject to the satisfaction or waiver of the following conditions:

(a) *Notice*. The applicable Borrower shall have delivered (i) in the case of any Revolving Loan, to the Administrative Agent, an appropriate Notice of Borrowing, duly executed and completed, by the time specified in, and otherwise as permitted by, Section 2.02, (ii) in the case of any Letter of Credit, to the L/C Issuer, an appropriate Letter of Credit Request duly executed and completed in accordance with the provisions of Section 2.05 and (iii) in the case of any Swing Line Loan, to the Swing Line Lender, a Swing Line Loan Request, duly executed and completed, by the time specified in Section 2.02(b).

(b) *Representations and Warranties*. The representations and warranties of each Borrower and the other Loan Parties contained in Article V of this Agreement and in any other Loan Document, or which are contained in any Compliance Certificate furnished at any time under or in connection herewith, shall be (i) in the case of representations and warranties qualified by "materiality," "Material Adverse Effect" or similar language, true and correct in all respects and (ii) in the case of all other representations and warranties, true and correct in all material respects, in each case on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct on the basis set forth above as of such earlier date. The representations and warranties contained in subsection (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished after the Closing Date pursuant to subsections (a) and (b), respectively, of Section 6.01.

(c) *No Default*. No Default or Event of Default shall exist or would result from such proposed Credit Extension or from the application of the proceeds thereof.

The delivery of each Notice of Borrowing, Swing Line Loan Request and each request for a Letter of Credit shall constitute a representation and warranty by the Loan Parties of the correctness of the matters specified in subsections (b) and (c) above.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Parent and each Borrower represent and warrant to the Administrative Agent and the Lenders that on and as of the Closing Date and after giving effect to the Transactions and the making of the Loans and the other financial accommodations on the Closing Date and on and as of each date as required by Section 4.01 or 4.02:

Section 5.01 Existence, Qualification and Power. Each of Parent and each of its Restricted Subsidiaries (i) is duly organized or formed, validly existing and in good standing (to the extent such concept exists in the relevant jurisdiction) under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite corporate or other organizational power and authority and all requisite governmental licenses, authorizations, consents and approvals to (A) own its assets and carry on its business as presently conducted except to the extent that failure to possess such governmental licenses, authorizations, consents and approvals would not reasonably be expected to have a Material Adverse Effect

and (B) execute, deliver and perform its obligations under the Loan Documents to which it is a party and (iii) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party (x) have been duly authorized by all necessary corporate, partnership, limited liability company or other organizational action, and (y) do not and will not (i) contravene the terms of any of such Person's Organization Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien (other than Permitted Liens) under, any Contractual Obligation to which such Person is a party or any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject except in the case of this clause (ii) any such conflict, breach or contravention that would not reasonably be expected individually or in the aggregate to have a Material Adverse Effect or (iii) violate any Law, except in any case for such violations that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 5.03 Governmental Authorization; Other Consents. Except for filings necessary to perfect the Liens in favor of the Collateral Agent in the Collateral, consents, authorizations, notices, approvals and exemptions that have been obtained prior to or as of the Closing Date or as are scheduled on Schedule 5.03 and consents, authorizations, notices, approvals and exemptions, the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect, no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document to which it is a party.

Section 5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, examinership, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and (ii) that rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability (regardless of whether enforcement is sought by proceedings in equity or at law) (clauses (i) and (ii) being the "Enforceability Limitations").

Section 5.05 Financial Condition; No Material Adverse Effect.

(a) *Historical Financial Statements*. Each of the Jazz Financial Statements, the Azur Financial Statements and the EUSA Financial Statements (x) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (y) fairly present in all material respects the financial condition of the U.S. Borrower, Azur Pharma or the Acquired Business, as applicable, as of the date thereof and its results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein. The unaudited consolidated financial statements of Parent and the Acquired Business for the quarter ended March 31, 2012, (x) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (y) fairly present in all material respects the financial condition of Parent or the Acquired Business, as applicable, as of the respective dates thereof and their respective results of operations for the respective

periods covered thereby in accordance with GAAP consistently applied throughout the respective periods covered thereby, except as otherwise expressly noted therein (or, in the case of such financial statements for the Acquired Business, the deviations from GAAP specified on Schedule 5.05(a)).

(b) *Post-Closing Financial Statements*. After the Closing Date, the financial statements of Parent and its Subsidiaries delivered pursuant to Section 6.01(a) have been prepared in accordance with GAAP (except as noted therein) and present fairly in all material respects the financial condition and results of operations and cash flows of Parent and its Subsidiaries as of the dates and for the period to which they relate. After the Closing Date, the unaudited financial statements Parent and its Subsidiaries delivered pursuant to Section 6.01(b) have been prepared in accordance with GAAP (except as noted therein and for year-end audit adjustments and absence of footnotes) and present fairly in all material respects the financial condition and results of operations and cash flows of Parent and its Subsidiaries as of the dates and for the period to which they relate.

(c) *Material Adverse Change*. Since the Closing Date, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

Section 5.06 Litigation. Except as specifically disclosed in Schedule 5.06, there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings pending or, to the knowledge of Parent, threatened in writing against or affecting Parent or any of its Restricted Subsidiaries that could reasonably be expected to result in a Material Adverse Effect.

Section 5.07 Ownership of Property, Liens.

(a) *Generally*. Each Loan Party has good title to, valid leasehold interests in, or license in, all its property material to its business and Mortgaged Property, free and clear of all Liens, except for Permitted Liens and minor irregularities or deficiencies in title that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. The property of the Loan Parties, taken as a whole, (i) is in good operating order, condition and repair (ordinary wear and tear and damage by casualty excepted) and (ii) constitutes all the property which is required for the business and operations of the Loan Parties as presently conducted, in each case, to the extent that it would not be reasonably likely to have a Material Adverse Effect.

(b) *Real Property*. Schedules 7(a) and 7(b) to the Perfection Certificate dated the Closing Date contain a true and complete list as of the Closing Date of each interest in material real property owned by any Loan Party as of the Closing Date. Except as described in Schedule 7(b) thereto (as updated from time to time pursuant to the terms hereof and the other Loan Documents): (i) no Loan Party has entered into any leases, subleases, tenancies, franchise agreements, licenses or other occupancy arrangements as owner, lessor, sublessor, licensor, franchisor or grantor with respect to any of the real property described in Schedule 7(a) and (ii) no Loan Party has any material Leases which require the consent of the landlord, tenant or other party thereto to the Transactions.

(c) *No Casualty Event/Flood Insurance*. No Loan Party has received any notice of the occurrence of any Casualty Event affecting all or any portion of its property, except for any such Casualty Event as would not reasonably be expected to result in a Material Adverse Effect. No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards within the meaning of the National Flood Insurance Act of 1968 unless flood insurance available under such Act or otherwise reasonably acceptable to the Administrative Agent has been obtained in accordance with Section 6.05.

Section 5.08 Environmental Matters. Except for any matters which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect:

(a) Each of Parent and each of its Restricted Subsidiaries and their businesses, operations and property are in compliance with, and they have no liability under, Environmental Law;

(b) Each of Parent and each of its Restricted Subsidiaries has obtained, or has applied in a timely manner for, all Environmental Permits required for the conduct of their businesses and operations, and the ownership, operation and use of their property, under Environmental Law, and all such Environmental Permits are valid and in good standing;

(c) There has been no Release or threatened Release of Hazardous Material on, at, under or from any real property or facility presently or, to the knowledge of Parent and each of its Restricted Subsidiaries, formerly owned, leased or operated by Parent or any of its Restricted Subsidiaries or their predecessors in interest that could reasonably be expected to result in Environmental Liability;

(d) There is no Environmental Liability pending or, to the knowledge of any of Parent or any of its Restricted Subsidiaries, threatened against any of Parent or any of its Restricted Subsidiaries, or relating to any real property or facilities currently or, to the knowledge of each of Parent and each of its Restricted Subsidiaries, formerly owned, leased or operated by Parent or any of its Restricted Subsidiaries or relating to the operations of any of Parent or any of its Restricted Subsidiaries, and there are no actions, activities, circumstances, conditions, or occurrences that could reasonably be expected to form the basis of such Environmental Liability;

(e) Neither Parent nor any of its Restricted Subsidiaries is obligated to perform any action or otherwise incur any expense under Environmental Law pursuant to any order, decree, judgment or agreement by which it is bound or has assumed by contract, agreement or operation of law, and none of them is conducting or financing, in whole or in part, any investigation, response or other corrective action pursuant to any Environmental Law at any location; and

(f) No Lien has been recorded or, to the knowledge of any of Parent or any of its Restricted Subsidiaries, threatened under any Environmental Law with respect to any real property or other assets of any of Parent or any of its Restricted Subsidiaries.

Section 5.09 Insurance. Schedule 5.09 sets forth a true, complete and correct description in all material respects of all insurance maintained by Parent and each of its Restricted Subsidiaries on the Closing Date. The properties of Parent and each of its Restricted Subsidiaries are insured with insurance companies that Parent believes are financially sound and reputable that are not Affiliates of Parent, in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks as are prudent in the reasonable business judgment of Parent's officers.

Section 5.10 Taxes.

(a) Parent and each of its Subsidiaries have each timely filed, or caused to be filed, all federal, state, provincial, local and foreign Tax returns required to be filed, and paid all Taxes owing by it (including in their capacity as a withholding agent), whether or not shown on any such Tax returns, except (a) Taxes the validity or the amount of which are being contested in good faith by appropriate proceedings and for which Parent or such Subsidiary, as applicable, has set aside on its books adequate reserves with

respect thereto in accordance with GAAP, and (b) to the extent that the failure to so file or so pay could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. Neither Parent nor any of its Subsidiaries knows of any pending investigation, Tax audit or deficiencies of any of Parent or any of its Subsidiaries by any taxing authority or proposed Tax assessments against any of Parent or any of its Subsidiaries that would, individually or in the aggregate, if made, result in a Material Adverse Effect.

(b) Neither Parent nor any of its Subsidiaries has ever "participated" in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4.

Section 5.11 ERISA; Foreign Pension Plans; Employee Benefit Arrangements.

(a) *ERISA*.

(i) There are no Unfunded Liabilities in excess of $2,500,000 (A) with respect to Parent or any of its Restricted Subsidiaries and (B) except as would not reasonably be expected to have a Material Adverse Effect, with respect to any ERISA Affiliate; provided that for purposes of this Section 5.11(a)(i)(B) only, Unfunded Liabilities means the amount (if any) by which the projected benefit obligation exceeds the value of the plan's assets as of its last valuation date using the actuarial assumptions and methods being used by the plan's actuaries for making such determination.

(ii) Each Plan and Employee Benefit Arrangement, other than a Multiemployer Plan, complies in all respects with the applicable requirements of ERISA and the Code (including pursuant to any applicable correction procedures under applicable Law, as appropriate), and each of Parent and each of its Restricted Subsidiaries complies in all respects with the applicable requirements of ERISA and the Code with respect to all Multiemployer Plans to which it contributes, except, in each case, to the extent that the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect.

(iii) Except as would not reasonably be expected to have a Material Adverse Effect, no ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(iv) Neither Parent nor any of its Restricted Subsidiaries: (A) is or has been within the last six years a party to any Multiemployer Plan; or (B) has completely or partially withdrawn from any Multiemployer Plan.

(v) Neither Parent nor any of its Restricted Subsidiaries has any contingent liability with respect to any postretirement benefit under a Welfare Plan that could reasonably be expected to have a Material Adverse Effect.

(b) *Foreign Pension Plans*. Each Foreign Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable Laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities except to the extent that the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect. Neither Parent nor any of its Restricted Subsidiaries has incurred any obligation in an amount that would reasonably be expected to have a Material Adverse Effect in connection with the termination of or withdrawal from any Foreign Pension Plan.

(c) *Employee Benefit Arrangements*.

(i) All liabilities under the Employee Benefit Arrangements are (A) funded to at least the minimum level required by Law or, if higher, to the level required by the terms governing the Employee

Benefit Arrangements, (B) insured with a reputable insurance company, (C) provided for or recognized in the financial statements most recently delivered to the Administrative Agent pursuant to Section 6.01 hereof or (D) estimated in the formal notes to the financial statements most recently delivered to the Administrative Agent pursuant to Section 6.01 hereof, where such failure to fund, insure, provide for, recognize or estimate the liabilities arising under such arrangements could reasonably be expected to have a Material Adverse Effect.

(ii) There are no circumstances which may give rise to a liability in relation to the Employee Benefit Arrangements which are not funded, insured, provided for, recognized or estimated in the manner described in clause (i) above and which could reasonably be expected to have a Material Adverse Effect.

(iii) Each of Parent and each of its Restricted Subsidiaries is in compliance with all applicable Laws, trust documentation and contracts relating to the Employee Benefit Arrangements (including pursuant to any applicable procedures under applicable Law, as appropriate), except as would not reasonably be expected to have a Material Adverse Effect.

Section 5.12 Subsidiaries; Equity Interests. Schedule 5.12 sets forth a complete and accurate list as of the Closing Date of all Subsidiaries of Parent. Schedule 5.12 sets forth as of the Closing Date the jurisdiction of formation of each such Subsidiary, whether each such Subsidiary is a Guarantor, the number of authorized shares of each class of Equity Interests of each such Subsidiary, the number of outstanding shares of each class of Equity Interests, the number and percentage of outstanding shares of each class of Equity Interests of each such Subsidiary owned (directly or indirectly) by any Person and the number and effect, if exercised, of all Equity Equivalents with respect to Equity Interests of each such Subsidiary. All the outstanding Equity Interests of each Restricted Subsidiary of Parent are validly issued, fully paid and non-assessable (to the extent applicable and except as may arise under mandatory, nonwaivable provisions of applicable law) and were not issued in violation of the preemptive rights of any shareholder and, as of the Closing Date, those owned by Parent, directly or indirectly, are free and clear of all Liens (other than those arising under the Collateral Documents). Other than as set forth on Schedule 5.12, as of the Closing Date, no such Restricted Subsidiary has outstanding any Equity Equivalents nor does any such Person have outstanding any rights to subscribe for or to purchase or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its Equity Interests.

Section 5.13 Margin Regulations; Investment Company Act.

(a) Neither Parent nor any of its Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock. No part of the Letters of Credit or proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock in violation of Regulation U. Margin Stock does not constitute more than 25% of the value of the consolidated assets of Parent and its Consolidated Subsidiaries. None of the transactions contemplated by this Agreement (including the direct or indirect use of the proceeds of the Loans) will violate or result in a violation of the Securities Act, the Exchange Act or Regulation T, U or X.

(b) Neither Parent nor any of its Restricted Subsidiaries is an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended.

Section 5.14 Disclosure. No written report, financial statement, certificate or other information including the Pre-Commitment Information (other than projections, budgets, estimates and other forward looking information or information of a general or industry specific nature), furnished

concerning or affecting Parent, the Acquired Business or any of their Restricted Subsidiaries by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished), when taken as a whole, contains any material misstatement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading in light of the circumstances under which they were made. With respect to projections, budgets, estimates and other forward-looking information, Parent and the Borrower represent that such information was prepared in good faith on a basis consistent with the financial statements referred to in Section 5.05(a) and based jupon assumptions believed to be reasonable by the preparer thereof at the time made (it being understood and agreed that projections as to future events are not to be viewed as facts or guaranties of future performance, that actual results during the period or periods covered by such projections may differ from the projected results and that such differences may be material and that the Loan Parties make no representation that such projections will in fact be realized).

Section 5.15 Compliance with Law. Each of Parent and each of its Restricted Subsidiaries is in compliance with all requirements of Law (including Environmental Laws) applicable to it or to its properties, except for any such failure to comply which could not reasonably be expected to cause a Material Adverse Effect. To the knowledge of the Loan Parties, neither Parent nor any of its Restricted Subsidiaries nor any of their respective material properties or assets is in default with respect to any judgment, writ, injunction, decree or order of any court or other Governmental Authority which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect except as disclosed in Schedule 5.15. As of the Closing Date, except as disclosed in Schedule 5.15, neither Parent nor any of its Restricted Subsidiaries has received any written communication from any Governmental Authority that alleges that any of Parent or any of its Restricted Subsidiaries is not in compliance in any material respect with any Law, except for allegations that have been satisfactorily resolved and are no longer outstanding or which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.16 Intellectual Property. Except as set forth on Schedule 5.16, each of Parent and each of its Restricted Subsidiaries owns, or possesses the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other rights that are reasonably necessary for the operation of its respective business, without conflict with the rights of any other Person except for those conflicts which could not reasonably be expected to have a Material Adverse Effect.

Section 5.17 Use of Proceeds. The proceeds of (a) the Term Loans funded on the Closing Date and no more than the amount of Revolving Loans specified in Section 2.01(a) as being available on the Closing Date will be used by Parent or its Subsidiaries on the Closing Date to consummate the Transactions and to pay related costs and expenses, (b) the Term Loans~~,~~ **and any Revolving Loans funded on the Amendment No. 2 Effective Date will be used by Parent and its Subsidiaries on the Amendment No. 2 Effective Date to consummate the Amendment No. 2 Transactions, (c)** the Revolving Loans and the Swing Line Loans will be used by the applicable Borrower after the Closing Date to provide for ongoing working capital requirements of Parent and its Subsidiaries and for general corporate purposes (including without limitation to effect Permitted Acquisitions and to finance Consolidated Capital Expenditures) and (~~c~~**d**) the Letters of Credit will be used by Parent and its Subsidiaries for general corporate purposes. Notwithstanding the foregoing, no Irish Borrower shall use proceeds of Revolving Loans to subscribe for Equity Interests of any Person where such subscription would result in an Irish Borrower or a Subsidiary Guarantor organized under the laws of Ireland providing unlawful financial assistance within the meaning of Section 60 of the Irish Companies Act, 1963 unless the procedure set out in Section 60(2) of the Irish Companies Act, 1963 has been complied with prior to such subscription.

Section 5.18 Solvency. On the Closing Date, Parent and its Subsidiaries (on a consolidated basis) are and, after consummation of the Transactions and the financings related thereto, will be Solvent.

Section 5.19 Collateral Documents.

(a) *Article 9 Collateral*. The U.S. Security Agreement, when executed and delivered, is effective to create in favor of the Collateral Agent, for the benefit of the Finance Parties, a legal, valid and enforceable security interest in the Collateral described therein and, when financing statements in appropriate form are filed in the offices specified on Schedule 6 to the Perfection Certificate and the Pledged Collateral is delivered to the Collateral Agent, the U.S. Security Agreement shall constitute a fully perfected Lien on all right, title and interest of the grantors thereunder in such of the Collateral in which a security interest can be perfected under Article 9 of the UCC by filing or by possession thereof, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens, and except for (i) certain items of Collateral with respect to which such Lien may be perfected only by possession thereof where the failure of the Collateral Agent to have possession thereof is expressly permitted pursuant to the U.S. Security Agreement and (ii) certain items of Collateral located in or otherwise subject to foreign law where the grant of a Lien or priority and perfection thereof in accordance with the UCC may not be recognized or enforceable.

(b) *Intellectual Property*. When financing statements in the appropriate form are filed in the offices specified on Schedule 6 to the Perfection Certificate, the Patent Security Agreement, substantially in the form of Exhibit II to the U.S. Security Agreement, and the Trademark Security Agreement, substantially in the form of Exhibit III to the U.S. Security Agreement, is filed in the United States Patent and Trademark Office and the Copyright Security Agreement, substantially in the form of Exhibit IV to the U.S. Security Agreement, is filed in the United States Copyright Office, then, to the extent that Liens may be perfected by such filings, the U.S. Security Agreement shall constitute a fully perfected Lien on all right, title and interest of the grantors thereunder in the United States patents, trademarks, copyrights, licenses and other intellectual property rights covered in such agreements, in each case prior and superior in right to any other Person (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a lien on U.S. issued patents, patent applications, registered trademarks, trademark applications and copyrights acquired by the Loan Parties after the Closing Date).

(c) *Status of Liens*. The Collateral Agent, for the benefit of the Finance Parties, has the Liens provided for in the Collateral Documents and, subject to the filing by the Collateral Agent of continuation statements to the extent required by the UCC and maintaining of possession of Pledged Collateral to the extent required by the Collateral Documents and to the qualifications and limitations set forth in clauses (a) and (b) above, the Collateral Documents are sufficient to constitute valid and continuing liens of record and first priority perfected security interests in all the Collateral referred to therein, except (i) as priority may be affected by Permitted Liens as a result of the Collateral Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Collateral Documents and (ii) for certain items of Collateral located in or otherwise subject to foreign law where the grant of a Lien or priority and perfection thereof in accordance with the UCC may not be recognized or enforceable.

(d) *Mortgages*. Each Mortgage, when executed and delivered, is effective to create, in favor of the Collateral Agent, for its benefit and the benefit of the Finance Parties, legal, valid and enforceable first priority Liens on all of the Loan Parties' right, title and interest in and to the Mortgaged Properties thereunder and the proceeds thereof, subject only to Permitted Liens, and when the Mortgages are filed in the offices specified in the local counsel opinion delivered with respect thereto in accordance with the provisions of Section 6.09, the Mortgages shall constitute fully perfected Liens on all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, in each case prior and superior in right to any other Person, other than Permitted Liens.

(e) *Foreign Collateral Documents*.

(i) The Irish Parent Debenture, when executed and delivered, is effective to create in favor of the Collateral Agent, for the benefit of the Finance Parties, a legal, valid and enforceable (A) first priority security interest in the case of assets of Parent located in Ireland which are charged by fixed charge (if any); and (B) first priority security interest in the case of assets of Parent located in Ireland which are charged by floating charge (if any) subject only to any claims which may rank ahead pursuant to Section 29 of the Companies (Amendment) Act 1990, Section 285 of the Companies Act, 1963 and, subject to the filing of details of the Irish Parent Debenture in the Irish Companies Office in accordance with Section 99 of the Companies Act 1963, a fully perfected security interest in those assets.

(ii) The Irish Security Documents, when executed and delivered, are each effective to create in favour of the Collateral Agent, for the benefit of the Finance Parties, with respect to: (a) the debenture, a legal, valid and enforceable (A) first priority security interest in the case of assets of each of Jazz Financing I and Jazz Financing II located in Ireland which are charged by fixed charge (if any); and (B) first priority security interest in the case of assets of each of Jazz Financing I and Jazz Financing II located in Ireland which are charged by floating charge (if any) subject only to any claims which may rank ahead pursuant to Section 29 of the Companies (Amendment) Act 1990, Section 285 of the Companies Act, 1963 and, subject to the filing of details of the debenture in the Irish Companies Office in accordance with Section 99 of the Companies Act 1963, a fully perfected security interest in those assets; ~~and:~~ (b) the supplemental deed and deed of confirmation, a legal, valid and enforceable (A) first priority security interest in the case of the shares held by (i) the Parent in Jazz Financing I, and (ii) Jazz Ireland in Jazz Financing II which are charged by fixed charge; and (B) first priority security interest in the case of the shares held by (i) the Parent in Jazz Financing I, and (ii) Jazz Ireland in Jazz Financing II, and which are charged by floating charge subject only to any claims which may rank ahead pursuant to Section 29 of the Companies (Amendment) Act 1990, Section 285 of the Companies Act, 1963 and, subject to the filing of details of the ~~debenture~~**supplemental deed and deed of confirmation** in the Irish Companies Office in accordance with Section 99 of the Companies Act 1963, a fully perfected security interest in those assets**; and (c) the deed of charge over shares, a legal, valid and enforceable (A) first priority security interest in the case of the shares held by Jazz Financing S.à r.l. in Jazz Financing II which are charged by fixed charge; and (B) first priority security interest in the case of the shares held by Jazz Financing S.à r.l. in Jazz Financing II and which are charged by floating charge subject only to any claims which may rank ahead pursuant to Section 29 of the Companies (Amendment) Act 1990, Section 285 of the Companies Act, 1963 and, subject to the filing of details of the deed of charge over shares in the Irish Companies Office in accordance with Section 99 of the Companies Act 1963, a fully perfected security interest in those assets**.

(iii) The Bermuda Share Charge when executed by Parent is effective to create in favor of the Collateral Agent, for the benefit of the Finance Parties, a valid, legal and enforceable security interest in the shares of the relevant Foreign Subsidiaries covered thereby and upon filing of the Bermuda Share Charge in the office of the Registrar of Companies in Bermuda will ensure that the registered security interests will have priority in Bermuda over any unregistered charges and over any subsequently registered charges, in respect of the assets which are the subject of the Bermuda Share Charge.

Section 5.20 Senior Indebtedness. The Senior Credit Obligations constitute "Senior Indebtedness" (or any comparable term) under and as defined in the documentation governing any Subordinated Indebtedness.

Section 5.21 Anti-Money Laundering and Economic Sanctions Laws.

(a) Except as could not reasonably be expected to have a Material Adverse Effect, no Loan Party nor any of its Subsidiaries and, to the knowledge of Parent, none of the respective officers, directors or agents of such Loan Party or Subsidiary has violated or is in violation of any applicable Anti-Money Laundering Laws.

(b) No Loan Party nor any of its Subsidiaries or its Affiliates nor any director, officer, employee, agent, Affiliate or representative of such Loan Party or Subsidiary ~~(each,~~**is** a ~~"Specified~~ Person~~") is an individual or entity~~ currently the subject of any sanctions administered or enforced by ~~OFAC~~**the United States Government, including, without limitation, the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC")**, the United Nations Security Council **("UNSC")**, the European Union, Her Majesty's Treasury (**"HMT"), or other relevant sanctions authority (**collectively, "Sanctions"), nor is any Loan Party or any of its Subsidiaries or Affiliates located, organized or resident in ~~Cuba, Iran, Syria, Sudan or North Korea.~~**a country or territory that is the subject of Sanctions.**

(c) ~~Except to the extent conducted in accordance with applicable Law,~~ Borrower will not use, directly or indirectly, ~~any~~**use the** proceeds of the ~~Loans~~**transaction,** or lend, contribute or otherwise make available ~~such proceeds to any Person for the purpose of financing the~~**proceeds of the Loans to any subsidiary, joint venture partner or other Person, to fund any unlicensed or unauthorized** activities of or **business** with any Person**,** or in any country or territory**,** that, at the time of **such** funding, is ~~an Embargoed Person or is~~ the subject of Sanctions**, or in any other manner that will result in a violation of Sanctions by Parent, any of Parent's Subsidiaries, any Agent, any Lender or any Amendment No. 2 Arranger**.

(d) Except to the extent conducted in accordance with applicable Law, no Loan Party, nor any of its Subsidiaries and, to the knowledge of Parent, none of the respective officers, directors, brokers or agents of such Loan Party or Subsidiary acting or benefiting in any capacity in connection with the Loans (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Embargoed Person, (ii) deals in, or otherwise engages in any transaction related to, any property or interests in property blocked pursuant to any Sanctions or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the applicable prohibitions set forth in any Economic Sanctions Laws.

(e) To each Borrower's knowledge, within the past five years, each of the Loan Parties and its Subsidiaries is in compliance in all material respects with and has not committed any material violation of applicable law or regulation, permit, order or other decision or requirement having the force or effect of law or regulation of any governmental entity concerning the importation of products, the exportation or re-exportation of products (including technology and services), the terms and conduct of international transactions and the making or receiving of international payments, including, as applicable, the Tariff Act of 1930, as amended, and other laws, regulations and programs administered or enforced by U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement, and their predecessor agencies, the Export Administration Act of 1979, as amended, the Export Administration Regulations, the International Emergency Economic Powers Act, as amended, the Trading With the Enemy

Act, as amended, the Arms Export Control Act, as amended, the International Traffic in Arms Regulations, Executive Orders of the President regarding embargoes and restrictions on transactions with designated entities, the embargoes and restrictions administered by OFAC, the anti-boycott laws administered by the U.S. Department of Commerce and the anti-boycott laws administered by the U.S. Department of the Treasury.

Section 5.22 Anti-Corruption Laws. None of Parent, any Borrower and their Subsidiaries nor any director, officer, agent, employee or Affiliate of such Loan Party or Subsidiary is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") or any other applicable anti-corruption laws, including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization or approval of the payment of any money, or other property, gift, promise to give or authorization of the giving of anything of value, directly or indirectly, to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office in contravention of the FCPA or any other applicable anti-corruption laws. Parent, each Borrower, and its Subsidiaries and their respective Affiliates have conducted their businesses in compliance, in all material respects, with applicable anti-corruption laws and the FCPA and will maintain policies and procedures designed to promote and achieve compliance, in all material respects, with such laws and with the representation and warranty contained herein.

Section 5.23 No Default. Neither Parent nor any Subsidiary thereof is in default under or with respect to any Material Indebtedness that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.24 Labor Relations. There are no grievances, disputes or controversies with any union or other organization of Parent's or any Subsidiary's employees, or, to Parent's knowledge, any threatened strikes, work stoppages or demands for collective bargaining, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

ARTICLE VI.

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired, terminated or been Cash Collateralized and all LC Disbursements shall have been reimbursed, each of Parent and each Borrower covenant and agree with the Lenders that:

Section 6.01 Financial Statements and Other Information. Parent will furnish to the Administrative Agent, on behalf of each Lender:

(a) within ninety (90) days after the end of each fiscal year of Parent, an audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows for Parent and its Consolidated Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, with such audited balance sheet and related consolidated financial statements reported on by KPMG or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Parent and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year of Parent, commencing with the quarter ending June 30, 2012, a condensed consolidated balance sheet and related statements of income or operations and cash flows for Parent and its Consolidated Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of Parent and its Consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a Compliance Certificate of a Financial Officer of Parent (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) solely with respect to the Compliance Certificate delivered with the financial statements delivered under clause (a) above, setting forth reasonably detailed calculations of the Available Amount and (iii) demonstrating compliance with Section 7.10;

(d) concurrently with the delivery of each set of consolidated financial statements referred to in Sections 6.01(a) and 6.01(b) above, the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements;

(e) concurrently with the delivery of the certificate of a Financial Officer of Parent under clause (c) above, supplements to the exhibits to the Perfection Certificate specifying any changes to such exhibits since the previous updating required hereby (provided that if there have been no changes to any such exhibits since the previous updating required thereby, Parent shall indicate that there has been "no change" to the applicable exhibits);

(f) as soon as available, but in any event not more than sixty (60) days after the end of each fiscal year of Parent, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement (or statement of operations) and cash flow statement) of Parent for each quarter of the fiscal year then in progress as customarily prepared by management of Parent for its internal use;

(g) within 120 days after the end of each fiscal year of Parent, hold a meeting by conference call with all Lenders who choose to attend such meeting, at which meeting shall be reviewed the financial results of the previous fiscal year and the financial condition of Parent, the U.S. Borrower and the Restricted Subsidiaries and the budgets presented for the current fiscal year of Parent, the U.S. Borrower and the Restricted Subsidiaries;

(h) promptly after any request therefor, such other information regarding the operations, business affairs and financial condition of Parent or any Restricted Subsidiary, or compliance with the terms of any Loan Document, as may be reasonably requested by the Administrative Agent or by any Lender through the Administrative Agent; and

(i) promptly upon an ERISA Event or upon request by the Administrative Agent, the most recently prepared actuarial reports in relation to the Employee Benefit Arrangements for the time being operated by the U.S. Borrower or any of its Restricted Subsidiaries which are prepared in order to comply with the then current statutory or auditing requirements within the relevant jurisdiction. Promptly upon request by the Administrative Agent, the U.S. Borrower shall also furnish the Administrative Agent and the Lenders with such additional information concerning any Plan, Foreign Pension Plan or Employee Benefit Arrangement as may be reasonably requested, including, but not limited to, with respect to any Plans, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each "plan year" (within the meaning of Section 3(39) of ERISA).

Section 6.02 Notices of Material Events. Parent will, upon knowledge thereof by a Responsible Officer, furnish to the Administrative Agent prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Parent or any Affiliate thereof that would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event or similar event with respect to a Foreign Pension Plan that, alone or together with any other ERISA Events or similar events with respect to Foreign Pension Plans that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Section 6.03 Existence; Conduct of Business. Parent will, and will cause each of its Restricted Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, qualifications, licenses, permits, privileges, franchises, governmental authorizations and intellectual property rights material to the conduct of its business, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted; except in each case to the extent (other than with respect to the preservation of the existence of Parent and each Borrower) that failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or pursuant to any merger, consolidation, liquidation, dissolution or Disposition permitted by Article VII.

Section 6.04 Payment of Obligations. Parent will, and will cause each of its Restricted Subsidiaries to, pay its obligations, including Tax liabilities, that, if not paid, could reasonably be expected to result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Parent or such Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 6.05 Maintenance of Properties; Insurance. Parent will, and will cause each of its Restricted Subsidiaries to, (a) keep and maintain all property material to the conduct of its business, including the Mortgaged Property, in good working order and condition, ordinary wear and tear excepted, except if the failure to so keep and maintain would not reasonably be expected to have a Material Adverse

Effect and (b) maintain with carriers that Parent believes are financially sound and reputable (i) insurance in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks as are prudent in the reasonable business judgment of Parent's officers and (ii) all insurance required pursuant to the Mortgages, provided that, notwithstanding the foregoing, in no event shall the Parent or any Restricted Subsidiary be required to obtain or maintain insurance that is more restrictive than its normal course of practice (it being understood that if any Mortgaged Property is in a flood hazard area, such evidence of flood insurance shall be in such amounts and in such form as reasonably acceptable to the Administrative Agent). Each such policy of insurance shall as appropriate, (i) name the Collateral Agent as an additional insured thereunder as its interests may appear and/or (ii) in the case of each casualty insurance policy, contain a mortgagee/loss payable clause or endorsement that names the Collateral Agent as the mortgagee/loss payee thereunder.

Section 6.06 Books and Records; Inspection Rights. Parent will, and will cause each of its Restricted Subsidiaries to, keep proper books of record and account in which full, true and correct entries in conformity with GAAP and applicable law are made of all material financial dealings and transactions in relation to its business and activities. Parent will, and will cause each of its Restricted Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender (pursuant to a request made through the Administrative Agent), at reasonable times upon reasonable prior notice (but not more than once annually if no Event of Default shall exist), to visit and inspect its properties, to examine and make extracts from its books and records, including examination of its environmental assessment reports and Phase I or Phase II studies, and to discuss its affairs, finances and condition with its officers and to consent to such discussions with its independent accountants, all at such reasonable times and as often as reasonably requested. Parent acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain reports pertaining to Parent and its Restricted Subsidiaries' assets for internal use by the Administrative Agent and the Lenders.

Section 6.07 Compliance with Laws. Parent will, and will cause each of its Subsidiaries to comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, in each case except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

Section 6.08 Use of Proceeds. The Borrower will use the proceeds of the Loans and will use the Letters of Credit solely for the purposes set forth in Section 5.17. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board of Governors of the Federal Reserve System, including Regulations T, U and X.

Section 6.09 Subsidiary Guarantors; Pledges; Additional Collateral; Further Assurances.

(a) Within the time periods specified in the last paragraph of this Section 6.09, after (i) any Person becomes a Restricted Subsidiary that is not an Excluded Subsidiary or (ii) any Excluded Subsidiary that is not an Unrestricted Subsidiary ceases to be an Excluded Subsidiary (each, a "New Loan Party") (including, in each case, for the avoidance of doubt, a Restricted Subsidiary that is no longer an Excluded Subsidiary, including as a result of any Permitted Reorganization), in each case, Parent shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the material assets of such New Loan Party and shall cause each such New Loan Party to deliver to the Administrative Agent (x) a guaranty or a joinder to the Guaranty Agreement in form and substance satisfactory to the Administrative Agent, guaranteeing the Finance Parties' obligations under the Finance Documents and (y) a joinder to all applicable Collateral Documents then in existence or, in the case of a Foreign Subsidiary organized in a jurisdiction with respect to which no Collateral Documents have been

delivered prior to such time, new Collateral Documents substantially comparable to the Collateral Documents for other Foreign Subsidiaries (and consistent with customary collateral documents in such jurisdiction but, for the avoidance of doubt, with terms no more restrictive, when taken as a whole, than the other Collateral Documents applicable to Guarantors and without additional commercial obligations, representations, undertakings or indemnities materially broader than those contained in the Loan Documents entered into on the Closing Date unless required for the creation, perfection or effective enforcement of security), in each case as specified by, and in form and substance reasonably satisfactory to, the Administrative Agent, securing payment of all the Finance Obligations of such Subsidiary under the Finance Documents to be accompanied by appropriate corporate resolutions, other corporate documentation and customary legal opinions as may be reasonably requested by, and in form and substance reasonably satisfactory to, the Administrative Agent and its counsel; provided, however, that any such foreign guarantees and foreign security will be limited or not required if (or to the extent) (A) it is limited by applicable corporate benefit, maintenance of capital, "thin capitalization" rules and financial assistance restrictions or (B) if the same would violate the fiduciary duties of their directors or contravene any legal prohibition or regulatory condition or it is generally accepted (taking into account market practice in respect of the giving of guarantees and security for financial obligations in the relevant jurisdiction) that it would result in a material risk of personal or criminal liability on the part of any officer or director of a Loan Party, provided that the relevant Loan Party shall use commercially reasonable efforts to overcome any such obstacle.

(b) Parent will cause, and will cause each other Loan Party to cause, all of its owned property (whether real, personal, tangible, intangible, or mixed but excluding Excluded Assets) to be subject at all times to perfected Liens in favor of the Collateral Agent for the benefit of the Finance Parties to secure the Finance Obligations in accordance with the terms and conditions of the Collateral Documents on a first priority basis, subject to no other Liens other than Permitted Liens. Without limiting the generality of the foregoing, Parent (i) will cause 100% of the issued and outstanding Equity Interests of each Subsidiary directly owned by Parent or any other Loan Party (other than Excluded Assets) to be subject at all times to a perfected Lien on a first priority basis, subject to Permitted Liens, in favor of the Administrative Agent to secure the Finance Obligations in accordance with the terms and conditions of the Collateral Documents or such other pledge and security documents as the Administrative Agent shall reasonably request and (ii) will, and will cause each other Loan Party to, deliver Mortgages with respect to each Mortgaged Property, together with Mortgage Instruments; provided that with respect to jurisdictions that impose mortgage recording taxes, the applicable Mortgage and Mortgage Instruments and any other Collateral Documents shall not secure indebtedness in an amount exceeding 105% of the fair market value of the applicable Mortgaged Property, as reasonably determined in good faith by the Loan Parties and reasonably acceptable to the Administrative Agent.

(c) Without limiting the foregoing, Parent will, and will cause each other Loan Party to, execute and deliver, or cause to be executed and delivered, to the Administrative Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements, fixture filings, Mortgages, and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by law or which the Administrative Agent may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of Parent.

(d) If any assets (including any real property or improvements thereto or any interest therein) are acquired by a Loan Party after the Closing Date (other than Excluded Assets and assets constituting Collateral under the Collateral Documents that become subject to the Lien in favor of the Collateral Agent upon acquisition thereof), Parent will notify the Administrative Agent thereof, and, if

requested by the Administrative Agent, Parent will cause such assets to be subjected to a Lien securing the Finance Obligations and will take, and cause the other Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (c) of this Section, all at the expense of Parent; provided that, with respect to real property and Equity Interests, such actions will be limited to those specified in paragraph (b) of this Section.

(e) Notwithstanding anything to the contrary set forth herein, (i) no action shall be required to perfect a security interest in letter of credit rights, other than the filing of a UCC financing statement, (ii) control agreements and perfection by "control" (other than in respect of certificated Collateral) shall not be required with respect to any Collateral, (iii) there shall be no requirement to obtain any landlord waivers, estoppels or collateral access letters, (iv) no actions outside any jurisdiction of any Borrower or any jurisdiction of any Guarantor that is a Material Restricted Subsidiary (the "Covered Jurisdictions") shall be required in order to create any security interests in assets located or titled outside of the Covered Jurisdictions or to perfect any security interests in such assets, including any intellectual property registered in any jurisdiction (other than the Covered Jurisdictions) (it being understood that there shall be no security agreements or pledge agreements governed under the laws of any jurisdiction other than a Covered Jurisdiction; provided, however, that no actions in any jurisdiction outside a Loan Party's jurisdiction of organization shall be required in order to create or perfect any security interests in (x) the Equity Interests held by such Loan Party of any Person that is not a Material Restricted Subsidiary or (y) immaterial assets of such Loan Party located outside such Person's jurisdiction of organization; (v) except as specified in paragraph (b) above, no filings in respect of any Lien shall be required in any jurisdiction that impose recording fees based on the aggregate principal amount of indebtedness secured and (vi) no actions in any jurisdiction outside the United States shall be required where the cost of obtaining or perfecting a security interest in such assets exceeds the practical benefit to the Lenders afforded thereby (taking into account any documentation in any Covered Jurisdiction related thereto) as reasonably determined by the Administrative Agent in writing (in consultation with the U.S. Borrower).

Notwithstanding the foregoing, (i) any deliverables delivered pursuant to this Section 6.09 as of the Closing Date shall be subject to the last paragraph of Section 4.01, (ii) with respect to any real property acquired after the Closing Date, the Loan Parties shall have ninety (90) days after the acquisition of the applicable real property (or such later date as may be agreed upon by the Administrative Agent in the exercise of its reasonable discretion with respect thereto) to take the actions required by this Section, and (iii) with respect to any other property or assets acquired after the Closing Date or with respect to any New Loan Party, the Loan Parties shall have forty-five (45) days, or ninety (90) days in the case of the Equity Interests, property or assets of, or actions required to be taken by, any Foreign Subsidiary, after the acquisition thereof or such Person becomes a New Loan Party (or such later date as may be agreed upon by the Administrative Agent in the exercise of its reasonable discretion with respect thereto) to take the actions required by this Section; provided that, in the case of any Equity Interests, property or assets of any Foreign Subsidiary acquired or any Foreign Subsidiary becoming a New Loan Party within ninety (90) days after the Closing Date, the Loan Parties shall have the longer of (A) ninety (90) days after the Closing Date and (B) ninety (90) days after such acquisition or such Person becoming a New Loan Party to take any such actions (or, in each case such later date as may be agreed upon by the Administrative Agent in the exercise of its reasonable discretion with respect thereto).

Section 6.10 Designation of Subsidiaries. Parent may, at any time from and after the Closing Date, designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Default or Event of Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, Parent shall be in compliance with the covenant set forth in Section 7.10 on a pro forma

basis in accordance with Section 1.03(c) (and as a condition precedent to the effectiveness of any such designation, Parent shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating such compliance) and (iii) if a Restricted Subsidiary is being designated as an Unrestricted Subsidiary hereunder, such Restricted Subsidiary, together with all other Unrestricted Subsidiaries as of such date of designation (the "Designation Date"), must not have contributed greater than 10% of Parent's Consolidated EBITDA (calculated inclusive of all Unrestricted Subsidiaries), as of the most recently ended fiscal quarter of Parent, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 6.01. The designation of any Restricted Subsidiary as an Unrestricted Subsidiary after the Closing Date shall constitute an Investment by the applicable Loan Party therein at the date of designation in an amount equal to the fair market value of the applicable Loan Party's investment therein (as determined in good faith by Parent). The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute (i) the incurrence at the time of designation of any Investment, Indebtedness or Liens of such Subsidiary existing at such time and (ii) a return on any Investment by the applicable Loan Party in Unrestricted Subsidiaries pursuant to the preceding sentence in an amount equal to the fair market value at the date of such designation of such Loan Party's Investment in such Subsidiary. Notwithstanding the foregoing, no Borrower nor any direct or indirect parent company of any Borrower shall be permitted to be an Unrestricted Subsidiary.

Section 6.11 Ratings. Until the Term Loans are paid in full and terminated in accordance with this Agreement, Parent and the U.S. Borrower shall use commercially reasonable efforts to cause (x) S&P and Moody's to continue to issue ratings for the Term Loans, (y) Moody's to continue to issue a corporate family rating (or the equivalent thereof) of Parent and/or the U.S. Borrower and (z) S&P to continue to issue a corporate credit rating (or the equivalent thereof) of Parent and/or the U.S. Borrower (it being understood, in each case, that such obligation shall not require Parent or any Borrower to maintain a specific rating).

Section 6.12 Compliance with Environmental Laws. Each of the Loan Parties and Restricted Subsidiaries will comply, and use commercially reasonable efforts to cause all lessees and other Persons occupying real property of any Loan Party to comply, with all Environmental Laws and Environmental Permits applicable to its operations, real property and facilities; obtain and renew all material Environmental Permits applicable to its operations, real property and facilities; and conduct all investigations, response and other corrective actions to address the Release or threat of Release of Hazardous Materials to the extent required by, and in accordance with, Environmental Laws, except in each case for any such failure which would not be reasonably expected to have a Material Adverse Effect; provided that no Loan Party or Restricted Subsidiary shall be required to undertake any such action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

Section 6.13 Post-Closing Collateral Matters. The Loan Parties shall execute and deliver the documents and complete the tasks set forth on Schedule 6.13, in each case within the time limits specified on such schedule subject to the extension by the Administrative Agent in its sole discretion.

ARTICLE VII.

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired, terminated or been Cash Collateralized and all L/C Disbursements shall have been reimbursed, Parent and each Borrower covenant and agree with the Lenders that:

Section 7.01 Indebtedness. Parent will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) the Finance Obligations;

(b) Indebtedness existing on the date hereof and set forth in Schedule 7.01 and any Permitted Refinancing Indebtedness in respect thereof;

(c) Indebtedness of Parent to any Subsidiary and of any Restricted Subsidiary to Parent or any other Subsidiary; provided that Indebtedness of any Restricted Subsidiary that is not a Loan Party to any Loan Party shall be subject to, and shall comply with, clause (ii) of the proviso set forth in Section 7.04(d);

(d) (i) Guarantees by the U.S. Borrower of the USAO Settlement Obligations and (ii) Guarantees by Parent or any Restricted Subsidiary of Indebtedness or other obligations of Parent or any Subsidiary; provided that, in the case of clause (ii), the aggregate amount of Indebtedness and other payment obligations (other than in respect of any overdrafts and related liabilities arising in the ordinary course of business from treasury, depository and cash management services or in connection with any automated clearing-house transfer of funds) of Subsidiaries that are not Loan Parties that is Guaranteed by any Loan Party shall be permitted under Section 7.04(d) or (w);

(e) Indebtedness of Parent or any Restricted Subsidiary incurred to finance the acquisition, construction, repair or improvement of any fixed or capital assets, including Capital Lease Obligations, Synthetic Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and any Permitted Refinancing Indebtedness in respect thereof; provided that (i) such Indebtedness (but not any Permitted Refinancing Indebtedness in respect thereof) is incurred prior to or within 270 days after such acquisition or the completion of such construction, repair or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed, on a pro forma basis determined in accordance with Section 1.03(c), immediately after giving effect to the issuance or incurrence of such Indebtedness the greater of (x) $25,000,000 and (y) 10% of Consolidated EBITDA for the most recently completed Test Period, at any time outstanding;

(f) Indebtedness of Parent or any Restricted Subsidiary as an account party in respect of trade letters of credit;

(g) Indebtedness owed in respect of any services covered by Secured Cash Management Agreements and any other Indebtedness in respect of netting services, business credit card programs, overdraft protection and other treasury, depository and cash management services or incurred in connection with any automated clearing-house transfers of funds;

(h) Indebtedness under bid bonds, performance bonds, surety bonds and similar obligations, in each case, incurred by Parent or any of its Restricted Subsidiaries in the ordinary course of business, including guarantees or obligations with respect to letters of credit supporting such bid bonds, performance bonds, surety bonds and similar obligations;

(i) Indebtedness of Parent or any Restricted Subsidiary in respect of Swap Agreements entered into (i) to hedge or mitigate risks to which Parent or any Restricted Subsidiary has actual exposure (other than those in respect of Equity Interests of Parent or any of its Restricted Subsidiaries) or (ii) in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of Parent or any Restricted Subsidiary;

(j) Indebtedness of Foreign Subsidiaries, and guarantees thereof by Foreign Subsidiaries, in respect of local lines of credit, letters of credit, bank guarantees and similar extensions of credit, in an aggregate principal amount not to exceed, on a pro forma basis in accordance with Section 1.03(c), immediately after giving effect to the issuance or incurrence of such Indebtedness the greater of (x) $25,000,000 and (y) 10% of Consolidated EBITDA for the most recently completed Test Period, at any time outstanding;

(k) Guarantees of Indebtedness of directors, officers, employees, agents and advisors of Parent or any of its Restricted Subsidiaries in respect of expenses of such Persons in connection with relocations and other ordinary course of business purposes, if the aggregate amount of Indebtedness so Guaranteed, when added to the aggregate amount of unreimbursed payments theretofore made in respect of such Guarantees and the amount of loans and advances then outstanding under Section 7.04(t), shall not at any time exceed $10,000,000;

(l) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guaranties, surety bonds or performance bonds securing the performance of Parent or any of its Restricted Subsidiaries pursuant to such agreements, in connection with Permitted Acquisitions, the Acquisition or permitted Dispositions;

(m) Indebtedness representing installment insurance premiums owing in the ordinary course of business;

(n) Indebtedness representing deferred compensation, severance, pension, and health and welfare retirement benefits or the equivalent to current and former employees of Parent and its Restricted Subsidiaries incurred in the ordinary course of business or existing on the Closing Date;

(o) unsecured Indebtedness arising out of judgments not constituting an Event of Default;

(p) Indebtedness of any Person that becomes a Restricted Subsidiary (or of any Person not previously a Subsidiary that is merged or consolidated with or into a Restricted Subsidiary in a transaction permitted hereunder) after the date hereof, or Indebtedness of any Person that is assumed by any Restricted Subsidiary in connection with an acquisition of assets by such Restricted Subsidiary in a Permitted Acquisition, and any refinancing, renewal, extension or replacement in respect thereof; provided that (A) such Indebtedness exists at the time such Person becomes a Restricted Subsidiary (or is so merged or consolidated) or such assets are acquired and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary (or such merger or consolidation) or such assets being acquired and (B) neither Parent nor any Restricted Subsidiary (other than such Person and its Subsidiaries or the Restricted Subsidiary with which such Person is merged or consolidated or that so assumes such Person's Indebtedness and the Subsidiaries of such Person thereby acquired) shall Guarantee or otherwise become liable for the payment of such Indebtedness;

(q) Permitted Indebtedness;

(r) other Indebtedness of Parent and its Restricted Subsidiaries in an aggregate outstanding principal amount not in excess of $125,000,000;

(s) (i) Permitted External Credit Agreement Refinancing Indebtedness, and (ii) any Permitted Refinancing Indebtedness in respect thereof; and

(t) Indebtedness in the form of an intercompany note issued in connection with a Permitted Acquisition involving a tender offer followed by a short form merger (i.e. a statutory short form merger that requires no further approvals to consummate); provided that (i) such short form merger is consummated within five Business Days of the incurrence of such Indebtedness and (ii) not later than three Business Days after consummation of the related short form merger, such Indebtedness (x) is extinguished or retired or (y) otherwise becomes a permitted Investment.

The accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness shall not be deemed to be an incurrence of Indebtedness for purposes of this Section 7.01. The principal amount of any non-interest bearing Indebtedness or other discount security constituting Indebtedness at any date shall be the principal amount thereof that would be shown on a balance sheet of Parent dated such date prepared in accordance with GAAP.

Section 7.02 Liens. Parent will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it **(other than Unrestricted Margin Stock)**, except the following (collectively, "Permitted Liens"):

(a) Liens created pursuant to any Loan Document;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of Parent or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 7.02 and any modifications, renewals and extensions thereof and any Lien granted as a replacement or substitute therefor; provided that (i) such Lien shall not apply to any other property or asset of Parent or any Restricted Subsidiary other than improvements thereon or proceeds from the disposition of such property or asset and (ii) such Lien shall secure only those obligations which it secures on the date hereof and any Permitted Refinancing Indebtedness thereof (other than as permitted by Section 7.01);

(d) any Lien existing on any property or asset prior to the acquisition thereof by Parent or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary (or of any Person not previously a Subsidiary that is merged or consolidated with or into a Subsidiary in a transaction permitted hereunder) after the date hereof prior to the time such Person becomes a Restricted Subsidiary (or such merger or consolidation occurs) and any modifications, replacements, renewals or extensions thereof; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary (or such merger or consolidation), as the case may be, (ii) such Lien shall not apply to any other property or assets of any Borrower or any Restricted Subsidiary (other than, in the case of any such merger or consolidation, the assets of any Subsidiary without significant assets that was formed solely for the purpose of effecting such acquisition) and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary (or is so merged or consolidated), as the case may be, and any refinancing, extensions, renewals or replacements thereof that do not increase the outstanding principal amount thereof (other than as permitted by Section 7.01);

(e) Liens on fixed or capital assets acquired, constructed or improved by Parent or any Restricted Subsidiary; provided that (i) such Liens secure Indebtedness permitted by clause (e) of Section 7.01 and obligations relating thereto not constituting Indebtedness in respect thereof and

(ii) such Liens shall not apply to any other property or assets of Parent or any Restricted Subsidiary other than improvements thereon or proceeds from the disposition of such property or assets; provided further that in the event Indebtedness under Section 7.01(e) is owed to any Person with respect to financing under a single credit facility of more than one purchase of any fixed or capital assets, such Liens may secure all such purchase money obligations and may apply to all such fixed or capital assets financed by such Person under such credit facility;

(f) (i) Dispositions of assets not prohibited by Section 7.03 and in connection therewith, customary rights and restrictions contained in agreements relating to such Dispositions pending the completion thereof, or in the case of a license, during the term thereof and (ii) any option or other agreement to Dispose any asset not prohibited by Section 7.03;

(g) in the case of (A) any Subsidiary that is not a wholly-owned Subsidiary or (B) the Equity Interests in any Person that is not a Subsidiary, any encumbrance or restriction, including any put and call arrangements, related to Equity Interests in such Subsidiary or such other Person set forth in the Organizational Documents of such Subsidiary or such other Person or any related joint venture, shareholders' or similar agreement;

(h) any interest or title of a lessor under any lease or sublease entered into by Parent or any Restricted Subsidiary in the ordinary course of its business and other statutory and common law landlords' liens under leases;

(i) any interest or title of a licensor under any license or sublicense entered into by Parent or any Restricted Subsidiary as a licensee or sublicensee (A) existing on the date hereof or (B) in the ordinary course of its business;

(j) licenses, sublicenses, leases or subleases granted to other Persons permitted under Section 7.03;

(k) Liens on earnest money deposits of cash or cash equivalents made, or escrow or similar arrangements entered into, in connection with any Permitted Acquisition or other Investment permitted pursuant to Section 7.04 or other acquisitions not prohibited hereunder;

(l) Liens in the nature of the right of setoff in favor of counterparties to contractual agreements with the Loan Parties in the ordinary course of business;

(m) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by Parent or any Restricted Subsidiary in the ordinary course of business;

(n) Liens (i) in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business and (ii) on specific items of inventory or other goods and proceeds thereof of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or such other goods in the ordinary course of business;

(o) Liens on the assets and equity interests of non-Guarantor Foreign Subsidiaries that secure only Indebtedness or other obligations of such non-Guarantor Foreign Subsidiaries permitted hereunder;

(p) Liens on insurance policies and the proceeds thereof securing Indebtedness permitted by Section 7.01(m);

(q) Liens (i) of a collection bank arising under Section 4-208 of the UCC (or other applicable Law) on the items in the course of collection, and (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(r) Liens in favor of any Borrower or any Guarantor securing Indebtedness permitted under Section 7.01(c);

(s) Liens on the Collateral securing Indebtedness permitted pursuant to Section 7.01(s); provided that such Liens shall either be (i) *pari passu* with the Liens on the Collateral securing the Senior Credit Obligations on the terms set forth in a First Lien Intercreditor Agreement or (ii) junior to the Liens on the Collateral securing the Finance Obligations on the terms set forth in a Second Lien Intercreditor Agreement;

(t) Liens securing Indebtedness permitted by Section 7.01(t), solely to the extent required by applicable Law; and

(u) Liens on assets of Parent and its Restricted Subsidiaries not otherwise permitted above so long as the aggregate amount of obligations subject to such Liens does not immediately after giving effect to the incurrence of such obligations exceed the greater of (x) $30,000,000 and (y) 10% of Consolidated EBITDA for the most recently completed Test Period.

Section 7.03 Fundamental Changes and Asset Sales.

(a) Parent will not, and will not permit any Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease, Exclusively License or otherwise dispose of (in one transaction or in a series of transactions) any of its assets **(other than Unrestricted Margin Stock)** (including pursuant to a Sale/Leaseback Transaction), or any of the Equity Interests **(other than Unrestricted Margin Stock)** of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that:

(i) any Person may merge into or consolidate with a Borrower or Parent in a transaction in which such Borrower or Parent, as applicable, is the surviving corporation;

(ii) any Person (other than Parent and each Borrower) may merge into or consolidate with any Restricted Subsidiary in a transaction in which the surviving entity is such Restricted Subsidiary (provided that any such merger, consolidation or liquidation involving a Subsidiary Guarantor must result in the surviving entity becoming a Subsidiary Guarantor);

(iii) any Restricted Subsidiary (other than a Borrower) may merge into or consolidate with any Person in a transaction permitted under clauses (xiv), (xv) and (xvii) hereunder in which the surviving entity is not a Subsidiary;

(iv) any Restricted Subsidiary (other than a Borrower) may Dispose of any or all of its assets (upon voluntary liquidation, dissolution or otherwise) to Parent or any other Loan Party;

(v) any Restricted Subsidiary (other than a Borrower) may liquidate or dissolve if Parent determines in good faith that such liquidation or dissolution is in the best interests of Parent and is not materially disadvantageous to the Lenders;

(vi) sales, transfers and other Dispositions of inventory, used, worn out, obsolete or surplus property, cash and Permitted Investments in the ordinary course of business and the assignment, cancellation, abandonment or other Disposition of intellectual property that is, in the reasonable judgment of Parent, no longer economically practicable to maintain or useful in the conduct of the business of Parent and the Restricted Subsidiaries, taken as a whole;

(vii) Dispositions to Parent or any Restricted Subsidiary; provided that (i) any such Disposition made by a Loan Party to a Restricted Subsidiary that is not a Loan Party shall be made in compliance with Section 7.04 and (ii) Equity Interests of a Loan Party may not be transferred to a Subsidiary that is not a Loan Party;

(viii) the discount or sale, in each case without recourse and in the ordinary course of business, of past due receivables arising in the ordinary course of business, but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale or financing of receivables);

(ix) leases, subleases, non-Exclusive Licenses or sublicenses of property to other Persons in the ordinary course of business not materially interfering with the business of Parent and the Restricted Subsidiaries taken as a whole;

(x) Liens permitted by Section 7.02;

(xi) Investments permitted by Section 7.04;

(xii) subject to Section 2.09(c)(iii), dispositions of property as a result of a Casualty Event involving such property or any disposition of real property to a Governmental Authority as a result of a Condemnation of such real property;

(xiii) Permitted Exchanges;

(xiv) Dispositions of investments in joint ventures, to the extent required by, or made pursuant to buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(xv) sales or other Dispositions of non-core assets acquired in the Azur Merger, the Acquisition, any Permitted Acquisition or other Investment; provided that such sales shall be consummated within two years of such acquisition or Investment; and provided, further, that (i) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (determined in good faith by the Board of Directors of Parent) and (ii) either (A) no less than 75% thereof (excluding any consideration arising from the assumption of liabilities other than Indebtedness) shall be paid in cash, or (B) a Borrower, substantially concurrently with the receipt of any non-cash consideration (and in any event within one Business Day), prepays (or cause to be prepaid) the Loans in an amount equal to the amount by which the fair market value of the non-cash consideration exceeds 25% of such consideration, such prepayment to be made in accordance with Section 2.09(c)(iii);

(xvi) any Immaterial Asset Sale;

(xvii) Dispositions of assets that are not permitted by any other clause of this Section 7.03; provided that the Disposition Consideration of all assets sold, transferred, leased or otherwise disposed of, and of all assets Exclusively Licensed in reliance on this clause (xvii) shall not at the time of and immediately after giving effect to any such transaction exceed $200,000,000 in any fiscal year; and provided, further, that (i) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (determined in good faith by the Board of Directors of Parent) and (ii) no less than 75% thereof (excluding any consideration arising from the assumption of liabilities other than Indebtedness) shall be paid in cash;

(xviii) the surrender, waiver or settlement of contractual rights or claims and litigation claims in the ordinary course of business;

(xix) Dispositions of Equity Interests in any Subsidiary acquired in connection with any a Permitted Acquisition prior to the time of such Subsidiary becoming a Wholly Owned Subsidiary, in each case pursuant to any stock appreciation rights, plans, equity incentive or achievement plans or any similar plans or the exercise of warrants, options or other securities convertible into or exchangeable for the Equity Interests of such Subsidiary, so long as such rights, plans, warrants, options or other securities were not entered into or issued in connection with or in contemplation of such person becoming a Subsidiary;

(xx) any Permitted Reorganization; and

(xxi) Dispositions of assets that are not permitted by any other clause of this Section 7.03; provided that the applicable Borrower shall substantially concurrently (and in any event within one Business Day) apply 100% of the Net Cash Proceeds thereof to prepay (or cause to be prepaid) the Loans in accordance with Section 2.09(c)(iii) (it being understood that such Net Cash Proceeds shall not constitute Reinvestment Funds); and provided, further, that (i) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (determined in good faith by the Board of Directors of Parent) and (ii) no less than 75% thereof (excluding any consideration arising from the assumption of liabilities other than Indebtedness) shall be paid in cash.

(b) Parent will not, and will not permit any of its Restricted Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by Parent and its Restricted Subsidiaries (including the Acquired Business and its Subsidiaries) on the date of execution of this Agreement and businesses reasonably related or ancillary thereto or similar or complementary thereto or reasonable extensions thereof.

(c) Parent will not, nor will it permit any of its Restricted Subsidiaries to, change its fiscal year from the basis in effect on the Closing Date; provided, however, that the Loan Parties may, upon written notice to the Administrative Agent, change their respective fiscal years to any other fiscal year reasonably acceptable to the Administrative Agent, in which case, the U.S. Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary to reflect such change in fiscal year.

Section 7.04 Investments, Loans, Advances, Guarantees and Acquisitions. Parent will not, and will not permit any of its Restricted Subsidiaries to, (i) purchase, hold or acquire (including pursuant to any merger or consolidation with any Person that was not a Wholly Owned Restricted Subsidiary prior to such merger) any Equity Interest, evidences of Indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other

interest in, any other Person, (ii) purchase or otherwise acquire (in one transaction or a series of transactions) substantially all the assets of any Person or any assets of any other Person constituting a business unit, division, product line (including rights in respect of any drug or other pharmaceutical product) or line of business of such Person, or (iii) acquire an Exclusive License of rights to a drug or other product line of any Person (each, an "Investment") except:

(a) cash and Permitted Investments;

(b) Permitted Acquisitions and the Acquisition;

(c) Investments by Parent and its Restricted Subsidiaries existing on the date hereof or made by Parent and its Restricted Subsidiaries pursuant to legally binding written contracts in existence on the date hereof, in each case, set forth on Schedule 7.04 and any modification, replacement, reinvestment, renewal or extension thereof to the extent not involving any additional net Investment;

(d) Investments made by Parent in or to any Restricted Subsidiary and made by any Restricted Subsidiary in or to Parent or any other Restricted Subsidiary and Guarantees by Parent or any Restricted Subsidiary of obligations of any other Restricted Subsidiary; provided that (i) the amount of any Investment under this clause (d) by a Loan Party in a Restricted Subsidiary which is not a Loan Party made after the Closing Date or constituting a Guarantee of obligations of any Restricted Subsidiary that is not a Loan Party made after the Closing Date shall not exceed, together with the aggregate amount of all other Investments made pursuant to this proviso, $100,000,000 at any time outstanding (excluding any intercompany accounts payable and receivable, guarantee fees and transfer pricing arrangements), and (ii) in the case of any intercompany Indebtedness (other than Indebtedness among Subsidiaries that are not Loan Parties and, for the avoidance of doubt, any intercompany accounts payable and receivable, guarantee fees and transfer pricing arrangements), (A) each item of intercompany Indebtedness shall be evidenced by a promissory note (which shall be substantially in the form of Exhibit H hereto), (B) each promissory note evidencing intercompany Indebtedness made by a Subsidiary that is not a Loan Party to a Loan Party shall contain the subordination provisions set forth in Exhibit I and (C) each promissory note evidencing intercompany Indebtedness held by a Loan Party shall be pledged to the Collateral Agent pursuant to the applicable Collateral Documents to the extent required thereby;

(e) Guarantees constituting Indebtedness permitted by Section 7.01;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) Investments made as a result of the receipt of non-cash consideration from a Disposition, of any asset in compliance with Section 7.03;

(h) Investments in the form of Swap Agreements entered into (i) to hedge or mitigate risks to which Parent or any Restricted Subsidiary has actual exposure (other than those in respect of Equity Interests of Parent or any of its Restricted Subsidiaries) or (ii) in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of Parent or any Restricted Subsidiary;

(i) payroll, travel and similar advances to directors, officers and employees of Parent, any Borrower or any Restricted Subsidiary that are made in the ordinary course of business;

(j) extensions of trade credit in the ordinary course of business;

(k) Investments to the extent the consideration paid therefor consists of Equity Interests (other than Disqualified Capital Stock) of Parent;

(l) Investments of any Person in existence at the time such Person becomes a Restricted Subsidiary; provided such Investment was not made in connection with or anticipation of such Person becoming a Restricted Subsidiary and any modification, replacement, renewal or extension thereof;

(m) the purchase by Parent or any Restricted Subsidiary of any call option (or similar instrument) to purchase Equity Interests (other than Disqualified Capital Stock) of Parent entered into contemporaneously and otherwise in connection with the issuance of convertible or exchangeable debt securities otherwise permitted to be issued under this Agreement; provided that (i) the aggregate consideration for such call option or options shall not exceed $75,000,000 million plus the amount of any Net Cash Proceeds received by Parent from the sale of any warrants (or similar instruments) to sell Equity Interests (other than Disqualified Capital Stock) of Parent entered into contemporaneously and otherwise in connection with the purchase of such option or options and issuance of such convertible or exchangeable debt securities and (ii) after giving effect to any such issuance of convertible or exchangeable debt securities (x) the Total Leverage Ratio shall be less than or equal to 3.0 to 1.0 and (y) the Secured Leverage Ratio shall be less than or equal to 2.25 to 1.0, in each case, as of the end of the most recently completed Test Period on a pro forma basis in accordance with Section 1.03(c);

(n) any customary upfront milestone, marketing or other funding payment in the ordinary course of business to another Person in connection with obtaining a right to receive royalty or other payments in the future;

(o) transfers of intellectual property to Foreign Subsidiaries, the Equity Interests of which are directly owned by or on behalf of any Loan Party and are pledged to the Administrative Agent pursuant to the Collateral Documents (including any local law governed pledge agreement requested by the Administrative Agent);

(p) Exclusive Licenses from a Restricted Subsidiary that is not a Loan Party to a Loan Party of rights to a drug or other pharmaceutical products, diagnostics, delivery technologies, medical devices or biotechnology businesses; provided that such drug or other pharmaceutical products, diagnostics, delivery technologies, medical devices or biotechnology businesses was not acquired by such Restricted Subsidiary in an acquisition prohibited by Section 7.03;

(q) Investments in joint ventures (including JV Subsidiaries) and acquisitions of Equity Interests that would constitute Permitted Acquisitions but for the fact that Persons in which such Equity Interests are acquired do not become Wholly Owned Subsidiaries of Parent; provided that the sum of the aggregate amount of such Investments, plus the aggregate consideration paid in all such acquisitions, made under this clause (q) after the Closing Date shall not exceed $50,000,000 at any time outstanding;

(r) Permitted Foreign Loans;

(s) Investments consisting of Permitted Liens, Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(t) loans or advances to directors and employees of Parent or any Restricted Subsidiary made in the ordinary course of business; provided that the aggregate amount of such loans and advances outstanding, when aggregated with the Guarantees then outstanding under Section 7.01(k), at any time shall not exceed $10,000,000;

(u) any other Investment so long as the aggregate amount of all such Investments made after the Closing Date does not exceed $50,000,000 at any time outstanding;

(v) any Permitted Reorganization; and

(w) Parent and its Restricted Subsidiaries may make additional Investments using the Available Amount so long as the Available Amount Conditions have been met.

For purposes of covenant compliance with this Section 7.04, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment or accrued and unpaid interest or dividends thereon, less any amount paid, repaid, returned, distributed or otherwise received in cash in respect of such Investment. For purposes of clause (q), clause (u) and clause (w) of this Section 7.04, the aggregate consideration payable for any Investment shall be the cash amount paid on or prior to the consummation of such Investment and shall not include any purchase price adjustment, Milestone Payment, royalty, earnout, contingent payment or any other deferred payment of a similar nature that may be payable in connection therewith.

Section 7.05 Transactions with Affiliates. Parent will not, and will not permit any of its Restricted Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (other than Parent or any Restricted Subsidiary), except (a) transactions that are on terms and conditions not materially less favorable to Parent or such Restricted Subsidiary than it would obtain on an arm's-length basis from a Person that is not an Affiliate, (b) any Restricted Payment permitted by Section 7.06, (c) customary fees paid and indemnifications provided to directors of Parent and its Restricted Subsidiaries, (d) any Permitted Reorganization, (e) compensation and indemnification of, and other employment agreements and arrangements, employee benefit plans, and stock incentive plans with, directors, officers and employees of Parent or any Restricted Subsidiary entered in the ordinary course of business, (f) Investments permitted by Section 7.04, (g) leases or subleases of property in the ordinary course of business not materially interfering with the business of Parent and the Restricted Subsidiaries taken as a whole, (h) transactions between or among Parent and/or any Restricted Subsidiary and any entity that becomes a Restricted Subsidiary as a result of such transaction; (i) transactions relating to compliance with the USAO Settlement Obligations; (j) the payment of fees, expenses and indemnities and other payments pursuant to, and the transactions pursuant to, the agreements set forth on Schedule 7.05 (as such agreements are in effect on the Closing Date), and (k) the granting of registration and other customary rights in connection with the issuance of Equity Interests by Parent not otherwise prohibited by the Loan Documents.

Section 7.06 Restricted Payments. Parent will not, and will not permit any of its Restricted Subsidiaries to, declare or make, or agree to pay or make (unless such agreement is contingent upon such Restricted Payment not being prohibited by this Agreement), directly or indirectly, any Restricted Payment, except:

(a) Parent may declare and pay dividends or make other Restricted Payments with respect to ~~its~~ Equity Interests payable solely in additional Equity Interests of Parent (other than Disqualified Equity Interests);

(b) Parent and any Restricted Subsidiaries may repurchase (i) Equity Interests upon the exercise of Equity Equivalents if such Equity Interests represent a portion of the exercise price of such Equity Equivalents and (ii) Equity Interests from any current or former officer, director, employee or consultant to comply with Tax withholding obligations relating to Taxes payable by such person upon the grant or award of such Equity Interests (or upon vesting thereof);

(c) Parent and any Restricted Subsidiaries may make cash payments in lieu of the issuance of fractional shares in connection with the exercise or conversion of Equity Equivalents;

(d) Any Restricted Subsidiary may declare and pay dividends or make other distributions to the holders of its Equity Interests; provided that in the case of a dividend or other distribution by a non-Wholly Owned Restricted Subsidiary, such dividends or distributions shall be made ratably with respect to their Equity Interests;

(e) Parent and any Restricted Subsidiaries may make Restricted Payments pursuant to and in accordance with stock incentive plans or other employee benefit plans for directors, officers or employees of Parent and its Subsidiaries;

(f) so long as no Default or Event of Default has occurred and is continuing or would arise after giving effect (including pro forma effect) thereto, Parent and any Restricted Subsidiaries may purchase Equity Interests from present or former officers, directors or employees of Parent or any Subsidiary upon the death, disability, retirement or termination of employment or service of such officer, director or employee, in an aggregate amount not exceeding $10,000,000 in any fiscal year of Parent;

(g) Parent or any Restricted Subsidiary may purchase any call option (or similar instrument) to purchase Equity Interests (other than Disqualified Capital Stock) of Parent permitted under Section 7.04(m) and exercise any call or similar rights thereunder; provided that after giving effect to the issuance of the convertible or exchangeable debt securities referred to in Section 7.04(m), (x) the Total Leverage Ratio shall be less than or equal to 3.0 to 1.0 and (y) the Secured Leverage Ratio shall be less than or equal to 2.25 to 1.0, in each case as of the end of the most recently completed Test Period and on a pro forma basis in accordance with Section 1.03(c);

(h) the payment of any dividend or distribution, or the consummation of any irrevocable redemption, within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at such date of declaration or redemption notice such dividend, distribution or redemption, as the case may be, would have complied with this Section 7.06;

(i) so long as no Default or Event of Default has occurred and is continuing or would arise after giving effect (including pro form effect) thereto, Parent and its Restricted Subsidiaries may make Restricted Payments; provided however to the extent, after giving effect (including pro forma effect) to any such Restricted Payments, the Total Leverage Ratio is in excess of 2:00:1.00, the aggregate amount of such Restricted Payments shall not exceed the sum of (i) $100,000,000 and (ii) if the Available Amount Conditions have been met, the Available Amount;

(j) other Restricted Payments of Parent and its Restricted Subsidiaries in an aggregate amount not to exceed $30,000,000 during the term of this Agreement; and

(k) Parent and its Restricted Subsidiaries may purchase ~~the~~**any** remaining outstanding Equity Interests (and any Equity Equivalents) of any Subsidiary acquired in an Investment made in compliance with Section 7.04 that ~~is~~**was** structured as a tender offer ~~followed by a back-end merger~~**pursuant to which not less than a majority of such Subsidiary's Equity Interests was acquired**.

Section 7.07 Restrictive Agreements. Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Parent or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets **(other than Unrestricted Margin Stock)**, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to holders of its Equity Interests or to make or repay loans or advances to Parent or any other Restricted Subsidiary or to Guarantee Indebtedness of Parent or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to:

(a) restrictions and conditions imposed by Law or by any Loan Document;

(b) restrictions and conditions existing on the date hereof identified on Schedule 7.07 and any amendments or modifications thereof that do not materially expand the scope of any such restriction or condition taken as a whole;

(c) restrictions and conditions imposed by agreements of any Restricted Subsidiary in existence at the time such Restricted Subsidiary became a Restricted Subsidiary and any amendments or modifications thereof that do not materially expand the scope of any such restriction or condition taken as a whole, provided that such restrictions and conditions apply only to such Restricted Subsidiary;

(d) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary (or the Equity Interests thereof) that is to be sold and such sale is permitted hereunder;

(e) restrictions imposed by any amendment or refinancings that are otherwise permitted by the Loan Documents or the contracts, instruments or obligations referred to in clauses (A), (B) or (C) of this Section 7.07, provided that such amendments or refinancings do not materially expand the scope of any such restriction or condition;

(f) any restriction arising under or in connection with any agreement or instrument governing Equity Interests of any joint venture (including any JV Subsidiary) that is formed or acquired after the Closing Date;

(g) customary restrictions and conditions contained in any agreement relating to the Disposition of any property permitted by Section 7.03 pending the consummation of such Disposition;

(h) customary provisions restricting the transfer or encumbrance of the specific property subject to a Permitted Lien;

(i) restrictions or conditions set forth in any agreement governing Indebtedness permitted by Section 7.01 (including any Permitted External Credit Agreement Refinancing Indebtedness); provided that such restrictions and conditions are customary for such Indebtedness and are no more restrictive, taken as a whole, than the comparable restrictions and conditions set forth in this Agreement as determined in the good faith judgment of the Board of Directors of Parent;

(j) customary provisions restricting assignment of any agreement entered into in the ordinary course of business; and

(k) restrictions on cash or other deposits (including escrowed funds) or net worth imposed under contracts entered into in the ordinary course of business;

and (ii) clause (a) of the foregoing shall not apply to (1) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement secured by specific assets if such restrictions or conditions apply only to the specific assets securing such Indebtedness and (2) customary provisions in leases, subleases, licenses, sublicenses and other agreements entered into in the ordinary course of business.

Section 7.08 Amendments to Subordinated Indebtedness Documents or Organization Documents; Prepayments of Indebtedness.

(a) Neither Parent nor any Restricted Subsidiary will (i) amend, modify or waive any of its rights under any agreement or instrument governing or evidencing any Subordinated Indebtedness to the extent such amendment, modification or waiver would reasonably be expected to be adverse in any material respect to the Lenders or (ii) amend or otherwise modify any of their Organization Documents to the extent such amendment or modification would reasonably be expected to be adverse in any material respect to the Lenders; provided that the re-domiciling of any Restricted Subsidiary in connection with any Permitted Reorganization, and amendments to the Organization Documents thereof in connection therewith, shall not be deemed to be adverse to the Lenders.

(b) Neither Parent nor any of its Restricted Subsidiaries will (i) voluntarily redeem, purchase, prepay, retire, defease or otherwise acquire for value prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Indebtedness or unsecured Indebtedness for borrowed money (other than intercompany Indebtedness among Parent, any Borrower and the Restricted Subsidiaries), or set aside any funds for such purpose, except any purchase, prepayment, retirement, defeasance or acquisition of such Indebtedness in connection with a refinancing of such Indebtedness with Permitted Refinancing Indebtedness thereof or (ii) make any cash interest payment in respect of Subordinated Indebtedness (other than regularly scheduled interest payments as and when due in respect of Subordinated Indebtedness permitted under this Agreement if such payments are not then prohibited by the subordination provisions thereof, which shall be permitted) (all such payments set forth in clauses (i) and (ii), "Junior Debt Payments"), except Parent and its Restricted Subsidiaries may make additional Junior Debt Payments using the Available Amount so long as the Available Amount Conditions have been met.

(c) Neither Parent nor any of its restricted Subsidiaries will release, cancel, compromise or forgive in whole or in part any Indebtedness evidenced by any Intercompany Note (unless either a Loan Party is the obligor with respect to such Indebtedness or the release, cancellation, compromise or forgiveness thereof is otherwise permitted pursuant to Section 7.04).

Section 7.09 Sale/Leaseback Transactions. None of Parent or any Restricted Subsidiary will enter into any Sale/Leaseback Transaction unless (a) the sale or transfer of the property thereunder is permitted by Section 7.03, (b) any Capital Lease Obligations and Synthetic Lease Obligations arising in connection therewith are permitted by Section 7.01 and (c) any Liens arising in connection therewith (including Liens deemed to arise in connection with any such Capital Lease Obligations and Synthetic Lease Obligations) are permitted by Section 7.02.

Section 7.10 Maximum Secured Leverage Ratio. Parent will not permit the Secured Leverage Ratio with respect to any Test Period to be greater than 3.00:1.00.

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.01 Events of Default. An Event of Default shall exist upon the occurrence of any of the following specified events or conditions (each, an "Event of Default"):

(a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Section 8.01) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Borrower or any other Loan Party in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any certificate, financial statement or other instrument furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 6.02(a), 6.03 (with respect to Parent's or any Borrower's existence), 6.08 or 6.09 or in Article VII;

(e) Parent, any Borrower or any Subsidiary Guarantor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after notice thereof from the Administrative Agent to the U.S. Borrower (which notice will be given at the request of the Required Lender);

(f) Parent or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits, after the expiration of any applicable

grace period provided in the applicable agreement or instrument under which such Indebtedness was created, the holder or holders of such Material Indebtedness or any trustee or agent on its or their behalf to cause such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or, with respect to any Material Indebtedness consisting of Swap Agreements, termination events or equivalent events pursuant to the terms of such Swap Agreements and not as a result of any default thereunder by Parent or any of its Restricted Subsidiaries ~~and (ii~~**, (ii) any Indebtedness that becomes due as a result of a default under any agreement with a Lender or an Affiliate of a Lender to the extent such default results from a sale, pledge or other disposition or encumbrance of Unrestricted Margin Stock or any other breach or contravention of any provision of any Indebtedness which provision prohibits or otherwise restricts the ability of Parent or any Restricted Subsidiary to sell, pledge or otherwise dispose of or encumber Unrestricted Margin Stock and (iii)** any conversion or exchange of any convertible or exchangeable debt securities and any conversion or exchange trigger that results in such debt securities becoming convertible or exchangeable, as applicable;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, examination, composition, assignment, arrangement, moratorium of any indebtedness, reorganization, winding up, dissolution or other relief in respect of Parent, any Borrower or any Material Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Bankruptcy Law now or hereafter in effect or (ii) the appointment of a receiver, liquidator, examiner, trustee, custodian, sequestrator, conservator or similar official for Parent, any Borrower or any Material Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Parent, any Borrower or any Material Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, examination, reorganization compromise, composition, assignment, arrangement with any creditor or other relief under any Bankruptcy Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 8.01, (iii) apply for or consent to the appointment of a receiver, examiner, liquidator, trustee, custodian, sequestrator, conservator or similar official for Parent, any Borrower or any Material Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Parent, any Borrower or any Material Restricted Subsidiary shall become unable, is deemed under any applicable law to be unable or is declared to be unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $20,000,000 shall be rendered against Parent, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed; provided that any such amount shall be calculated after deducting from the sum so payable any amount of such judgment or order that is covered by a valid and binding policy of insurance in favor of Parent or such Restricted Subsidiary (but only if the applicable insurer shall have been advised of such judgment and of the intent of Parent or such Restricted Subsidiary to make a claim in respect of any amount payable by it in connection therewith and such insurer shall not have disputed coverage);

(l) an ERISA Event or similar event with respect to a Foreign Pension Plan shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other ERISA Events or similar events with respect to Foreign Pension Plans that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a Change of Control shall occur;

(n) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (except pursuant to the terms hereof or thereof, including as a result of a transaction permitted under Section 7.03) or Parent or any Restricted Subsidiary shall contest in writing the enforceability of any material provision of any Loan Document (except as result of the Discharge of Senior Credit Obligations and exclusive of questions of interpretation of any provision thereof) or shall deny in writing it has any or further liability or obligation under any Loan Document (except as a result of the Discharge of the Senior Credit Obligations); or

(o) any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any material portion of the Collateral purported to be covered thereby (and to the extent required thereby), except (i) as permitted by the terms of any Loan Document, including as a result of a transaction permitted by Section 7.03, (ii) and the extent that any such loss of perfection or priority results solely from the failure of the Administrative Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Documents.

Section 8.02 Acceleration; Remedies. Upon the occurrence of and during the continuation of an Event of Default, the Administrative Agent (or the Collateral Agent, as applicable) shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) *Termination of Commitments*. Declare the Commitments terminated whereupon the Commitments shall be immediately terminated.

(b) *Acceleration of Loans*. Declare the unpaid principal of and any accrued interest in respect of all Loans, any Reimbursement Obligations arising from drawings under Letters of Credit and any and all other indebtedness or obligations of any and every kind (other than contingent indemnification obligations) owing by a Loan Party to any of the Lenders hereunder to be due whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties.

(c) *Cash Collateral*. Direct the applicable Borrower to pay (and such Borrower agrees that upon receipt of such notice, or upon the occurrence of an Event of Default under Section 8.01(h), (i) or (j), it will immediately pay) to the Collateral Agent additional cash, to be held by the Collateral Agent, for the benefit of the Lenders, in a cash collateral account as additional security for the L/C Obligations in respect of subsequent drawings under all then outstanding Letters of Credit in an amount equal to the maximum aggregate amount which may be drawn under all Letters of Credit then outstanding plus all accrued interest and fees thereon.

(d) *Enforcement of Rights*. Enforce any and all rights and interests created and existing under the Loan Documents, including, without limitation, all rights and remedies existing under the Loan Documents, all rights and remedies against a Guarantor and all rights of setoff.

(e) *Enforcement Rights Vested Solely in Administrative Agent and Collateral Agent*. The Lenders agree that this Agreement may be enforced only by the action of the Administrative Agent, acting upon the instructions of the Required Lenders, and, with respect to the Collateral, the Collateral Agent, and that no other Finance Party shall have any right individually to seek to enforce any Loan Document or to realize upon the security to be granted hereby.

Notwithstanding the foregoing, if an Event of Default specified in Section 8.01(h), (i) or (j) shall occur, then the Commitments shall automatically terminate, all Loans, all Reimbursement Obligations under Letters of Credit, all accrued interest in respect thereof and all accrued and unpaid fees and other indebtedness or obligations owing to the Lenders hereunder and under the other Loan Documents shall immediately become due and payable and the obligation of any Borrower to Cash Collateralize the L/C Obligations, as aforesaid shall automatically become effective, in each case without the giving of any notice or other action by the Administrative Agent or the Lenders, which notice or other action is expressly waived by the Loan Parties.

Section 8.03 Allocation of Payments After Event of Default.

(a) *Priority of Distributions*. Parent and each Borrower hereby irrevocably waive the right to direct the application of any and all payments in respect of their Finance Obligations and any proceeds of Collateral after the occurrence and during the continuance of an Event of Default and agree that, notwithstanding the provisions of Sections 2.09(c) and 2.14, after the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have been required to be Cash Collateralized), all amounts collected or received on account of any Finance Obligation shall, subject to the provisions of Section 2.16 and Section 2.17, be applied by the Administrative Agent in the following order:

FIRST, to pay interest on and then principal of any portion of the Loans that the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or a Borrower;

SECOND, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of the Administrative Agent or the Collateral Agent in connection with enforcing the rights of the Finance Parties under the Finance Documents, including all expenses of sale or other realization of or in respect of the Collateral, including reasonable compensation to the agents and counsel for the Collateral Agent, and all expenses, liabilities and advances incurred or made by the Collateral Agent in connection therewith, and any other obligations owing to the Collateral Agent in respect of sums advanced by the Collateral Agent to preserve the Collateral or to preserve its security interest in the Collateral;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of (i) each of the Lenders (including any L/C Issuer in their capacities as such) in connection with enforcing its rights under the Loan Documents or otherwise with respect to the Senior Credit Obligations owing to such Lender, (ii) each Swap Creditor in connection with enforcing any of its rights under the Swap Agreements or otherwise with respect to the Swap Obligations owing to such Swap Creditor and (iii) each Cash Management Bank in connection with enforcing any of its rights under any Secured Cash Management Agreement;

FOURTH, to the payment of all of the Senior Credit Obligations consisting of accrued fees and interest;

FIFTH, except as set forth in clauses FIRST through FOURTH above, to the payment of the outstanding Finance Obligations owing to any Finance Party, pro rata, as set forth below, with (i) an amount equal to the Senior Credit Obligations being paid to the Collateral Agent (in the case of Senior Credit Obligations owing to the Collateral Agent) or to the Administrative Agent (in the case of all other Senior Credit Obligations) for the account of the Lenders or any Agent, with the Collateral Agent, each Lender and the Agents receiving an amount equal to its outstanding Senior Credit Obligations, or, if the proceeds are insufficient to pay in full all Senior Credit Obligations, its Pro rata Share of the amount remaining to be distributed, (ii) an amount equal to the Swap Obligations being paid to the trustee, paying agent or other similar representative (each, a "Representative") for the Swap Creditors, with each Swap Creditor receiving an amount equal to the outstanding Swap Obligations owed to it by the Loan Parties or, if the proceeds are insufficient to pay in full all such Swap Obligations, its Pro rata Share of the amount remaining to be distributed (iii) an amount equal to the Cash Management Obligations being paid to Cash Management Banks, with each Cash Management Bank receiving an amount equal to the outstanding Cash Management Obligations it entered into with a Loan Party or, if the proceeds are insufficient to pay in full all such obligations, its Pro rata Share of the amount remaining to be distributed; and

SIXTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (ii) each of the Finance Parties shall receive an amount equal to its Pro rata Share of amounts available to be applied pursuant to clauses THIRD, FOURTH and FIFTH above; and (iii) to the extent that any amounts available for distribution pursuant to clause FIFTH above are attributable to the issued but undrawn amount of outstanding Letters of Credit to the extent not otherwise Cash Collateralized by a Borrower pursuant to Sections 2.05 and 2.16, such amounts shall be held by the Collateral Agent in a cash collateral account and applied (x) first, to reimburse the L/C Issuer from time to time for any drawings under such Letters of Credit and (y) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clause FIFTH above in the manner provided in this Section 8.03. Notwithstanding the foregoing, Swap Creditors shall not be entitled to receive any such payments from, or any proceeds of Collateral of, a Guarantor that is not an "eligible contract participant" (as defined in the definition of "Excluded Swap Obligation") to the extent it would be considered a payment on account of Excluded Swap Obligations.

(b) *Pro rata Treatment*. For purposes of this Section 8.03, "Pro rata Share" means, when calculating a Finance Party's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such Finance Party's Senior Credit Obligations, Swap Obligations or Cash Management Obligations, as the case may be, and the denominator of which is the then outstanding amount of all Senior Credit Obligations, Swap Obligations or Cash Management Obligations, as the case may be. If any payment to any Finance Party of its Pro rata Share of any distribution would result in overpayment to such Finance Party, such excess amount shall instead be distributed in respect of the unpaid Senior Credit Obligations, Swap Obligations or Cash Management Obligations, as the case may be, of the other Finance Parties, with each Finance Party whose Senior Credit Obligations, Swap Obligations or Cash Management Obligations, as the case may be, have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Senior Credit Obligations, Swap Obligations or Cash Management Obligations, as the case may be, of such Finance Party and the denominator of which is the unpaid Senior Credit Obligations, Swap Obligations or Cash Management Obligations, as the case may be, of all Finance Parties entitled to such distribution.

(c) *Distributions with Respect to Letters of Credit*. Each of the Finance Parties agrees and acknowledges that if (after all outstanding Loans and Reimbursement Obligations with respect to Letters of Credit have been paid in full) the Lenders are to receive a distribution on account of undrawn amounts with respect to Letters of Credit issued (or deemed issued) under this Agreement, such amounts shall be deposited in a cash collateral account to be controlled by the Collateral Agent as cash security for the repayment of Finance Obligations owing to the Lenders as such. Upon termination of all outstanding Letters of Credit, all of such cash security shall be applied to the remaining Finance Obligations of the Lenders. If there remains any excess cash security, such excess cash shall be withdrawn by the Collateral Agent from such cash collateral account and distributed in accordance with Section 8.03(a) hereof.

(d) *Reliance by Collateral Agent*. For purposes of applying payments received in accordance with this Section 8.03, the Collateral Agent shall be entitled to rely upon (i) the Administrative Agent under this Agreement and (ii) the Representative, if any, for the Swap Creditors for a determination (which the Administrative Agent, each Representative for any Swap Creditor and the Finance Parties agree (or shall agree) to provide upon request of the Collateral Agent) of the outstanding Senior Credit Obligations and Swap Obligations owed to the Agents, the Lenders or the Swap Creditors, as the case may be. Unless it has actual knowledge (including by way of written notice from a Swap Creditor or any Representatives thereof) to the contrary, the Collateral Agent, in acting hereunder, shall be entitled to assume that no Swap Agreements are in existence.

ARTICLE IX.

AGENCY PROVISIONS

Section 9.01 Appointment and Authority. Each of the Lenders and each L/C Issuer hereby irrevocably appoints Barclays Bank PLC, to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Lenders and each L/C Issuer hereby irrevocably appoints Barclays Bank PLC, to act on its behalf as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Collateral Agent, the Lead Arranger, the Joint Bookrunners, the Amendment No. 1 Arrangers, **the Amendment No. 2 Arrangers,** the Lenders and the L/C Issuer, and no Borrower or any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

Each L/C Issuer shall act on behalf of the Revolving Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each L/C Issuer shall have all of the benefits and immunities (a) provided to the Agents in this Article with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and L/C Documents pertaining to such Letters of Credit as fully as if the term "Agent" as used in this Article and the definition of "Agent Related Person" included such L/C Issuer with respect to such acts or omissions, and (b) as additionally provided herein with respect to each L/C Issuer.

Section 9.02 Rights as a Lender. Each Person serving as an Agent, the Lead Arranger, a Joint Bookrunner**, an Amendment No. 1 Arranger** or an Amendment No. ~~1~~**2** Arranger hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, the Lead Arranger, a Joint Bookrunner**, an Amendment No. 1 Arranger** or an Amendment No. ~~1~~**2** Arranger, as applicable, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as an Agent, the Lead Arranger, a Joint Bookrunner**, an Amendment No. 1 Arranger** or an Amendment No. ~~1~~**2** Arranger, as applicable, hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Parent or any Subsidiary or other Affiliate thereof as if such Person were not an Agent, the Lead Arranger, a Joint Bookrunner**, an Amendment No. 1 Arranger** or an Amendment No. ~~1~~**2** Arranger, as applicable, hereunder and without any duty to account therefor to the Lenders.

Section 9.03 Exculpatory Provisions. Each Agent, Co-Syndication Agent, Co-Documentation Agent (together with the Co-Syndication Agents, the "Additional Agents"), the Lead Arranger, each Joint Bookrunner**, each Amendment No. 1 Arranger** and each Amendment No. ~~1~~**2** Arranger, each in its capacity as such, shall not have any obligations, duties or responsibilities under this Agreement but shall be entitled to all benefits of this Article IX. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, none of the Agents, Additional Agents, the Lead Arranger, the Joint Bookrunners**, the Amendment No. 1 Arrangers** and the Amendment No. ~~1~~**2** Arrangers:

(i) shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number of percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that such Agent shall not be required to take any action that, in its judgment or the judgment of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Bankruptcy Law or that may affect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Bankruptcy Law; and

(iii) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as such Agent or any of its Affiliates in any capacity.

No Agent shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Article VIII and Section 10.01) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default unless and until notice describing such Default is given to such Agent by a Borrower, a Lender or an L/C Issuer and stating that such notice is a "notice of default."

No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term us used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

Each party to this Agreement acknowledges and agrees that the Administrative Agent will use an outside service provider for the tracking of all UCC financing statements required to be filed pursuant to the Loan Documents and notification to the Administrative Agent, of, among other things, the upcoming lapse or expiration thereof. No Agent shall be liable for any action taken or not taken by such service provider.

Section 9.04 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. Each Agent may consult with legal counsel (who may be counsel for a Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 9.05 Delegation of Duties. Each Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 9.06 Indemnification of Agents. Whether or not the transactions contemplated hereby are consummated, each Lender shall indemnify upon demand each Agent Related Person (to the extent not reimbursed by or on behalf of any Borrower and without limiting the obligations of any Loan

Party to do so) on a pro rata basis (determined as of the time that the applicable payment is sought based on each Lender's ratable share at such time) and hold harmless each Agent Related Person against any and all Indemnified Liabilities incurred by it; provided that (a) no Lender shall be liable for payment to any Agent Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment of a court of competent jurisdiction to have resulted from such Agent Related Person's own gross negligence or willful misconduct (and no action taken in accordance with the directions of the Required Lender shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section) and (b) to the extent any L/C Issuer or Swing Line Lender is entitled to indemnification under this Section solely in its capacity and role as an L/C Issuer or as a Swing Line Lender, as applicable, only the Revolving Lenders shall be required to indemnify such L/C Issuer or such Swing Line Lender, as the case may be, in accordance with this Section (determined as of the time that the applicable payment is sought based on each Revolving Lender's Revolving Commitment Percentage thereof at such time). In the case of any investigation, litigation or proceeding giving rise to any Indemnified Liabilities, this Section applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including the fees, disbursements and other charges of counsel) incurred by the Administrative Agent in connection with preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights and responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such costs or expenses by or on behalf of the Borrower.

Section 9.07 Resignation of Agents. Each Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the U.S. Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with, so long as no Event of Default has occurred or is continuing, the consent of the U.S. Borrower (such consent not to be unreasonably withheld or delayed), to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders and the L/C Issuer, appoint a successor Agent meeting the qualifications set forth above; provided that if the Agent shall notify the U.S. Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Collateral Agent on behalf of the Lenders or the L/C Issuer under any of the Loan Documents, the retiring Collateral Agent shall continue to hold as nominee such collateral security until such time as a successor Collateral Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through an Agent shall instead be made by or to each Lender and the L/C Issuer directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section 9.07. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) (and for the avoidance of doubt, any successor Collateral Agent shall be deemed to have actual knowledge of any Swap Agreements outstanding at such time), Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 9.07). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the U.S. Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

Any resignation by Barclays Bank PLC as Administrative Agent pursuant to this Section 9.07 shall also constitute its resignation as the L/C Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender, (ii) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

Section 9.08 Non-Reliance on Agents and Other Lenders. Each Lender and L/C Issuer acknowledges that it has, independently and without reliance upon any Agent Related Person or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender further represents and warrants that it has reviewed the Pre-Commitment Information and each other document made available to it on the Platform in connection with this Agreement and has acknowledged and accepted the terms and conditions applicable to the recipients thereof and L/C Issuer also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 9.09 No Other Duties, etc. Anything herein to the contrary notwithstanding, none of the Agents, the Lead Arranger, the Joint Bookrunners**, the Amendment No. 1 Arrangers** and the Amendment No. ~~1~~**2** Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, the Collateral Agent, a Lender or L/C Issuer hereunder.

Section 9.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, examinership, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Senior Credit Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuers and the Administrative Agent under Section 2.09 and 10.04) allowed in such judicial proceeding;

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and

(iii) and any custodian, receiver, examiner, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and L/C

Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Senior Credit Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.11 Collateral and Guaranty Matters. Each Lender agrees that any action taken by the Administrative Agent, the Collateral Agent or the Required Lenders (or, where required by the express terms of this Agreement, a greater or lesser proportion of the Lenders) in accordance with the provisions of this Agreement or of the other Loan Documents, and the exercise by the Administrative Agent, the Collateral Agent or Required Lenders (or, where so required, such greater or lesser proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Without limiting the generality of the foregoing, the Lenders irrevocably authorize the Administrative Agent and Collateral Agent, at its option and in its discretion:

(i) to release any Lien on any property granted to or held by the Administrative Agent and Collateral Agent under any Finance Document (A) upon Discharge of Senior Credit Obligations, (B) that is sold, transferred, disposed or to be sold, transferred, disposed as part of or in connection with any Disposition (other than any sale to a Loan Party) permitted hereunder or otherwise becomes an Excluded Asset, (C) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders or (D) to the extent such property is owned by a Guarantor upon the release of such Guarantor from its obligations under its Guaranty pursuant to clause (iii) below;

(ii) to subordinate any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document to the holder of any Lien on such property that is permitted by clause (c) or (d) of the definition of Permitted Encumbrances or clause (d), (e), (m), (n) or (o) of Section 7.02;

(iii) to release any Guarantor from its obligations under the Guaranty Agreement if such Person ceases to be a Restricted Subsidiary or becomes an Excluded Subsidiary as a result of a transaction permitted hereunder (or designation as an Unrestricted Subsidiary in accordance with Section 6.10); and

(iv) to enter into non-disturbance and similar agreements in connection with the licensing of intellectual property permitted pursuant to the terms of this Agreement.

Upon request by the Administrative Agent at any time the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty Agreement pursuant to this Section 9.11.

In each case as specified in this Section 9.11, the applicable Agent will (and each Lender irrevocably authorizes the applicable Agent to), at the U.S. Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request (i) to evidence the

release or subordination of such item of Collateral from the assignment and security interest granted under the Collateral Documents, (ii) to enter into non-disturbance or similar agreements in connection with the licensing of intellectual property or (iii) to evidence the release of such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.11 and in form and substance reasonably acceptable to such Agent.

Section 9.12 Related Obligations. The benefit of the Loan Documents and of the provisions of this Agreement relating to the Collateral shall extend to and be available in respect of any Swap Obligations and Cash Management Obligations permitted hereunder from time to time owing to one or more Affiliates of one or more Lenders or owing to one or more Swap Creditors or Cash Management Banks (collectively, "Related Obligations") solely on the condition and understanding, as among the Collateral Agent and all Finance Parties, that (i) the Related Obligations shall be entitled to the benefit of the Loan Documents and the Collateral to the extent expressly set forth in this Agreement and the other Loan Documents and to such extent the Administrative Agent and the Collateral Agent shall hold, and have the right and power to act with respect to, the Guaranty Agreement and the Collateral on behalf of and as agent for the holders of the Related Obligations, but the Administrative Agent and the Collateral Agent are otherwise acting solely as agent for the Lenders and the L/C Issuer and shall have no fiduciary duty, duty of loyalty, duty of care, duty of disclosure or other obligation whatsoever to any holder of Related Obligations, (ii) all matters, acts and omissions relating in any manner to the Guaranty Agreement, the Collateral, or the omission, creation, perfection, priority, abandonment or release of any Lien, shall be governed solely by the provisions of this Agreement and the other Loan Documents and no separate Lien, right, power or remedy shall arise or exist in favor of any Finance Party under any separate instrument or agreement or in respect of any Related Obligation, (iii) each Finance Party shall be bound by all actions taken or omitted, in accordance with the provisions of this Agreement and the other Loan Documents, by the Administrative Agent, the Collateral Agent and the Required Lenders, as applicable, each of whom shall be entitled to act at its sole discretion and exclusively in its own interest given its own Commitments and its own interest in the Loans, L/C Obligations and other Senior Credit Obligations to it arising under this Agreement or the other Loan Documents, without any duty or liability to any Swap Creditor or Cash Management Bank or as to any Related Obligation and without regard to whether any Related Obligation remains outstanding or is deprived of the benefit of the Collateral or becomes unsecured or is otherwise affected or put in jeopardy thereby and (iv) no holder of Related Obligations and no other Finance Party (except the Lenders to the extent set forth in this Agreement) shall have any right to be notified of, or to direct, require or be heard with respect to, or to consent to, any action taken or omitted in respect of the Collateral or under this Agreement or the Loan Documents.

Section 9.13 Withholding Tax. To the extent required by any applicable law, the Administrative Agent may deduct or withhold from any payment to any Lender Party an amount equivalent to any applicable withholding Tax. Without limiting or expanding the provisions of Section 3.01, each Lender Party shall indemnify and hold harmless the Administrative Agent against, within 10 days after written demand therefor, any and all Taxes and any and all related losses, claims, liabilities and expenses (including fees, charges, and disbursements of any counsel for the Administrative Agent) incurred by or asserted against the Administrative Agent by the Internal Revenue Service or any other Governmental Authority as a result of the failure of the Administrative Agent to properly withhold Tax from amounts paid to or for the account of any Lender Party for any reason (including, without limitation, because the appropriate form was not delivered or not properly executed, or because such Lender Party failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective, whether or not such Tax was correctly or legally imposed or asserted by the relevant Governmental Authority). A certificate as to the amount of such payment or liability delivered to any Lender Party by the Administrative Agent shall be conclusive absent manifest error. Each Lender Party hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to

such Lender Party under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this Section 9.13. The agreements in this Section 9.13 shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender Party, the termination of the Agreement or Commitments and the repayment, satisfaction or discharge of all other obligations.

ARTICLE X.

MISCELLANEOUS

Section 10.01 Amendments, etc.

(a) *Amendments Generally*. Except as otherwise set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders or such other number or percentage of the Lenders as may be specified herein) and the applicable Borrower and the Administrative Agent shall have received notice and a fully executed written copy thereof, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that the Administrative Agent, Parent and the U.S. Borrower may, without the consent of the other Lenders, amend, modify or supplement this Agreement and any other Loan Document to cure any ambiguity, omission, typographical error, defect or inconsistency if such amendment, modification or supplement if the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof.

(b) *Amendments and Waivers Pertinent to Affected Lenders*. Notwithstanding subsection (a) above and in addition to any other consent that may be required thereunder, no amendment, waiver or consent shall:

(i) extend or increase the Commitment of any Lender without the written consent of such Lender (it being understood that a waiver of any condition precedent set forth in Section 4.02 or the waiver of any Default, mandatory prepayment or mandatory reduction of any Commitments shall not constitute an extension or increase of any Commitment of any Lender);

(ii) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest (other than Default interest), fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(iii) reduce or forgive the principal of, or the rate of interest or any premium specified herein on, any Loan or unreimbursed L/C Disbursement, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary (A) to amend the definition of "Default Rate" or to waive any obligation of a Borrower to pay interest or Letter of Credit Fees at the Default Rate or (B) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or any unreimbursed L/C Disbursement or to reduce any fee payable hereunder;

(iv) other than to the extent required to make the Lenders under Incremental Term Loans, Incremental Revolving Loans (and Incremental Revolving Commitments), Other Term

Loans or Other Revolving Loans (and Other Revolving Commitments) or new Lenders under a Refinancing Amendment share, or, at their option, not share, in pro rata payments, change Section 2.12, Section 2.13 or Section 8.03 in a manner that would alter the pro rata sharing of payments or the order of payment required thereby without the written consent of each Lender directly affected thereby;

(v) except in connection with the implementation of any Incremental Loans, Incremental Term Loan Commitments or Incremental Revolving Commitments, change any provision of this Section 10.01 or the definition of "Applicable Percentage," "Required Lenders," or "Required Revolving Lenders" or any other provision hereof specifying the percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender which is a Lender of the applicable Class so specified;

(vi) permit the assignment or delegation by Parent or a Borrower of any of its rights or obligations under any Loan Document, without the written consent of each Lender;

(vii) subordinate the Finance Obligations to any other obligation without the written consent of each Lender;

(viii) (a) release all or substantially all of the value of the Guaranty Agreement without the written consent of each Lender (provided that the Administrative Agent may, without the consent of any Lender, release any Guarantor (or all or substantially all of the assets of a Guarantor) that is sold or transferred (other than to any Loan Party) in compliance with Section 7.03 or released in compliance with Section 9.11) and (b) release Parent from the Guaranty Agreement without the written consent of each Lender;

(ix) release all or substantially all of the Collateral securing the Senior Credit Obligations hereunder without the written consent of each Lender (provided that the Collateral Agent may, without consent from any other Lender, release any Collateral that is sold or transferred by a Loan Party (other than to any other Loan Party) in compliance with Section 7.03 or released in compliance with Section 9.11);

(x) impose any greater restrictions on the ability of the Lenders of any Class to assign any of their respective rights or obligations hereunder without the written consent of (A) each Revolving Lender if such Class is the Revolving Loans and (B) each Term Lender if such Class is the Term Loans;

(xi) (w) affect the rights or duties of any L/C Issuer under this Agreement or any Letter of Credit Request relating to any Letter of Credit issued or to be issued by it, without the prior written consent of such L/C Issuer; (x) affect the rights or duties of the Swing Line Lender under this Agreement, without the prior written consent of the Swing Line Lender; and (y) affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, without the prior written consent of the Administrative Agent;

(xii) amend, modify or waive (A) any Loan Document so as to alter the ratable treatment of (i) Senior Credit Obligations outstanding after the payment of accrued fees and interest, (ii) Swap Obligations and (iii) Cash Management Obligations or (B) the definition of "Swap Creditor," "Swap Obligations," "Finance Obligations," "Claimholders," "Senior Credit Obligations," "Discharge of Senior Credit Obligations," "Secured Cash Management Agreement," "Cash Management Agreement," "Cash Management Obligations" or "Cash Management Bank"

in each case in a manner adverse to any Swap Creditor or Cash Management Bank, as applicable, with Swap Obligations or Cash Management Obligations, as applicable, then outstanding without the written consent of any such Swap Creditor or Cash Management Bank (except that additional obligations may be secured pari passu with the Senior Credit Obligations, Swap Obligations and Cash Management Obligations and additional parties may be secured pari passu as Swap Creditors or Cash Management Banks, as applicable); and

(xiii) (a) waive any condition set forth in Section 4.01 (other than Section 4.01(l)) without the written consent of each Lender; and (b) without limiting the generality of clause (a) above, waive any condition set forth in Section 4.02 as to any Borrowing or the issuance of any Letter of Credit without the written consent of the Required Revolving Lenders or Required Term Lenders, as the case may be.

Notwithstanding anything to the contrary contained in this Section 10.01, (i) this Agreement and the other Loan Documents may be amended, modified or supplemented with the consent of the Administrative Agent and/or the Collateral Agent at the request of the applicable Borrower without the need to obtain the consent of any other Lender if such amendment is delivered in order to effectuate any amendment, modification or supplement pursuant to the proviso of Section 10.01(a), and (ii) any amendment or waiver that by its terms affects the rights or duties of Lenders holding Loans or Commitments of a particular Class (but not the Lenders holding Loans or Commitments of any other Class) will require only the requisite percentage in interest of the affected Class of Lenders that would be required to consent thereto if such Class of Lenders were the only Class of Lenders.

Each Lender and each holder of a Note shall be bound by any waiver, amendment or modification authorized by this Section 10.01 regardless of whether its Note shall have been marked to make reference therein, and any consent by any Lender or holder of a Note pursuant to this Section 10.01 shall bind any Person subsequently acquiring a Note from it, whether or not such Note shall have been so marked.

Section 10.02 Notices.

(a) *Generally*. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) if to any Borrower or any Loan Party, to the U.S. Borrower at:

Jazz Pharmaceuticals, Inc.
3180 Porter Drive
Palo Alto, CA 94304
Telephone: (650) 496-2702
Telecopy: (650) 496-3781
Attn: Suzanne Sawochka Hooper, General Counsel
Email: ~~Suzanne.Hooper@jazzpharma.com~~**Jazz_notices@jazzpharma.com**

with a copy to:

Cooley LLP
101 California Street, 5th Floor
San Francisco, CA 94111
Attn: Gian-Michele a Marca
Phone: (415) 693-2000
Fax: (415) 693-2222
Email: gmamarca@cooley.com

(ii) if to the Administrative Agent, the Collateral Agent or the Swing Line Lender, to it at:

Legal Address:

Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019

Servicing Contact:

(for payments and requests for Credit Extensions):

Barclays Bank PLC
1301 Sixth Avenue
New York, NY 10019
Attn: Justin Snell
Phone: (212) 320-0708
Fax: (917) 522-0569
Email: justin.snell@barclays.com / xrausloanops5@barclays.com

Other Notices as Administrative Agent:

Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019
Attn: Alicia Borys / ~~Kruthi Raj~~**Andrea Lubinsky**
Phone: (212) 526-4291 / (212) 526-~~3713~~**1447**
Fax: (212) 526-5115
Email: Alicia.Borys@barclays.com / ~~Kruthi.raj~~**Andrea.Lubinsky**@barclays.com

with a copy to:

Cahill Gordon & Reindel LLP
80 Pine Street
New York, NY 10005
Attn: Michael Sherman
Phone: (212) 701-3747
Fax: (212) 378-2598
E-mail: msherman@cahill.com

L/C ISSUER:

Barclays Bank PLC
Letter of Credit Department
200 Park Avenue
New York, NY 10166
Attn: Dawn Townsend
Phone: (201) 499-2081
Fax: (212) 412-5011
Email: Dawn.Townsend@barclays.com / XraLetterofCredit@barclays.com

with copy to:

Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019
Attn: Alicia Borys / ~~Kruthi Raj~~**Andrea Lubinsky**
Phone: (212) 526-4291 / (212) 526-3713
Fax: (212) 526-5115
Email: Alicia.Borys@barclays.com / ~~Kruthi.raj~~**Andrea.Lubinsky**@barclays.com

(iii) if to a Lender, to it at its address (or its telecopier number, electronic email address or telephone number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below shall be effective as provided in said paragraph (b).

(b) *Electronic Communications*. Notices and other communications to the Agents, the Lenders and the L/C Issuer hereunder may (subject to Section 10.02(d)) be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or L/C Issuer pursuant to Article II if such Lender or the L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it (including as set forth in Section 10.02(d)); provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, etc*. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(d) *Posting*. Each Loan Party hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to this Agreement and any other Loan Document, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or Interest Period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit hereunder (all such non-excluded communications, collectively, the "Communications"; such excluded communications the "Excluded Communications"), by transmitting the Communications in an electronic/soft medium in a format reasonably acceptable to the Administrative Agent at Alicia.Borys@barclays.com with a copy to ltmny@barclays.com or at such other e-mail address(es) provided to the U.S. Borrower from time to time or in such other form, including hard copy delivery thereof, as the Administrative Agent shall require. In addition, each Loan Party agrees to continue to provide the Communications to the Administrative Agent in the manner specified in this Agreement or any other Loan Document or in such other form, including hard copy delivery thereof, as the Administrative Agent shall require. Nothing in this Section 10.02 shall prejudice the right of the Agents, any Lender or any Loan Party to give any notice or other communication pursuant to this Agreement or any other Loan Document in any other manner specified in this Agreement or any other Loan Document or as any such Agent shall require. Excluded Communications shall be delivered to the Administrative Agent by facsimile communication or as the Administrative Agent shall direct.

The Communications required to be delivered pursuant to Section 6.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i), in the case of financial statements and Communications referred to in Section 6.01(a) and (b) and Section 6.02 on which such financial statements and/or appropriate disclosures are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR) or any successor filing system of the SEC, (ii) a Borrower posts such documents, or provides a link thereto on the U.S. Borrower's website on the Internet; or (iii) on which such documents are posted on behalf of the applicable Borrower on an Internet or Intranet website, if any, to which the Administrative Agent has access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) upon written request by the Administrative Agent, the U.S. Borrower shall deliver copies (which may be electronic) of such documents to the Administrative Agent until a written request to cease delivering copies is given by the Administrative Agent and (ii) the U.S. Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent (and each Lender if there is at the time no incumbent Administrative Agent) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e. soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by any Borrower with any such request for delivery, and each Lender

shall be solely responsible for requesting delivery to it or maintaining its copies of such documents. Furthermore, if any financial statement, certificate or other information required to be delivered pursuant to Section 6.01 shall be required to be delivered on any date that is not a Business Day, such financial statement, certificate or other information may be delivered to the Administrative Agent on the next succeeding Business Day after such date.

To the extent consented to by the Administrative Agent in writing from time to time, the Administrative Agent agrees that receipt of the Communications by the Administrative Agent at its e-mail address(es) set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents; provided that the U.S. Borrower shall also deliver to the Administrative Agent an executed original of each Compliance Certificate required to be delivered hereunder.

Each Loan Party further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on a Platform. The Platform is provided "as is" and "as available." The Agents do not warrant the accuracy or completeness of the Communications, or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agent in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties have any liability to the Loan Parties, any Lender, any L/C Issuer, or any other Person for damages of any kind, including direct or indirect, losses or expenses (whether in tort, contract or otherwise) arising out of any Loan Party's or the Administrative Agent's transmission of communications through the Internet, except to the extent the liability of such Person is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Person's gross negligence, bad faith or willful misconduct. Additionally, in no event shall the Administrative Agent or any of its Related Parties have any liability to the Loan Parties, any Lender, any L/C Issuer, or any other Person for any special, incidental or consequential damages.

Each Borrower hereby acknowledges that (i) the Administrative Agent, the Lead Arranger ~~and/or~~**,** the Amendment No. 1 Arrangers **and/or the Amendment No. 2 Arrangers** will make available to the Lenders and the L/C Issuer materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (ii) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to each Borrower or their Affiliates, or the respective securities of any of the foregoing) (each, a "Public Lender"). Each Borrower hereby agrees that so long as the Parent is the issuer of any outstanding debt or equity securities that are issued pursuant to a public offering registered with the SEC or in a private placement for resale pursuant to Rule 144A under the Securities Act of 1933, as amended, or is actively contemplating issuing any such securities: (i) all Borrower Materials are to be made available to Public Lenders unless clearly and conspicuously marked "Private – Contains Non-Public Information" which, at a minimum, shall mean that the words "Private – Contains Non-Public Information" shall appear prominently on the first page thereof; (ii) by not marking Borrower Materials "Private – Contains Non-Public Information," each Borrower shall be deemed to have authorized the Administrative Agent, the Lead Arranger, the Amendment No. 1 Arrangers**, the Amendment No. 2 Arrangers**, the L/C Issuer and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to any Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (iii) all Borrower Materials that are not marked "Private – Contains Non-Public Information" are permitted to be made available through a portion of the Platform designated "Public Investor," and (iv) the

Administrative Agent, the Lead Arranger ~~and,~~ the Amendment No. 1 Arrangers **and the Amendment No. 2 Arrangers** shall be entitled to treat any Borrower Materials that are marked "Private – Contains Non-Public Information" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

Section 10.03 No Waiver; Cumulative Remedies. No failure by any Lender or any L/C Issuer or by the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 10.04 Expenses; Indemnity; Damage Waiver.

(a) *Costs and Expenses*. The Loan Parties, jointly and severally, agree to pay (i) all reasonable and documented out-of-pocket costs and expenses incurred by the Administrative Agent, the Collateral Agent, the Lead Arranger, the Joint Bookrunners ~~and,~~ the Amendment No. 1 Arrangers **and the Amendment No. 2 Arrangers** and their respective Affiliates (including the reasonable and documented fees, charges and disbursements of counsel for the Administrative Agent and/or the Collateral Agent) in connection with the syndication and closing of the Loans provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendment, amendment and restatement, modification or waiver of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including in connection with post-closing searches to confirm that security filings and recordations have been properly made and including any costs and expenses of the service provider referred to in Section 9.03 and in connection with its the protection of its rights and remedies (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 10.04, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable out-of-pocket expenses incurred during any legal proceeding, including any Insolvency or Liquidation Proceeding, and including in connection with any workout, restructuring or negotiations in respect of such Loans or Letters of Credit, (ii) all reasonable out of pocket expenses incurred by any L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all reasonable out of pocket expenses incurred by the Administrative Agent, the Collateral Agent, any Lender or any L/C Issuer (including the fees, charges and disbursements of counsel for the Administrative Agent, the Collateral Agent, any Lender or any L/C Issuer), in connection with the enforcement or protection of its rights and remedies (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 10.04, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable out-of-pocket expenses incurred during any legal proceeding, including any proceeding under any Bankruptcy Law, and including in connection with any workout, restructuring or negotiations in respect of such Loans or Letters of Credit; provided, however, that no Borrower will be required to pay the fees and expenses of third party advisors to the Administrative Agent, the Collateral Agent, any Lender or any L/C Issuer (which shall not include counsel) retained without the consent of the U.S. Borrower (such consent not to be unreasonably withheld or delayed) or more than (x) one counsel to the Administrative Agent and the Collateral Agent (plus one local counsel in each applicable local jurisdiction and one specialty counsel in each applicable specialty) and (y) one counsel to the Required Lenders (plus one local counsel in each applicable local jurisdiction, one specialty counsel in each applicable specialty and any additional counsel for a Lender reasonably deemed appropriate due to potential conflicts of interest incurred in connection with the enforcement protection of its rights and remedies pursuant to this Section 10.04(a)).

(b) *Indemnification by Borrower*. The Loan Parties, jointly and severally, shall indemnify the Administrative Agent (and any sub-agent thereof), the Collateral Agent (and any sub-agent thereof), the Lead Arranger, the Joint Bookrunners, the Amendment No. 1 Arrangers, **the Amendment No. 2 Arrangers,** each Lender and each L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs (including settlement costs), disbursements and out-of-pocket fees and expenses (including the fees, charges and disbursements of counsel) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, or any amendment, amendment and restatement, modification or waiver of the provisions hereof or thereof, or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby, thereby, or related thereto or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release or threatened Release of Hazardous Materials on, at, under or from any property owned, leased or operated by any Borrower or any of its Restricted Subsidiaries at any time, or any Environmental Liability related in any way to any Borrower or any of its Restricted Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or a Related Party thereof, or (y) disputes solely among Indemnitees not involving any act or omission of any Loan Party or any of their respective Related Parties (other than a dispute against the Administrative Agent, Collateral Agent, Lead Arranger, any Joint Bookrunner ~~or~~**,** any Amendment No. 1 Arranger **or any Amendment No. 2 Arranger** in their capacities as such); provided further that the Loan Parties shall not be required to reimburse the legal fees and expenses of more than one counsel (in addition to one special counsel in each specialty area, up to one local counsel in each applicable local jurisdiction and any additional counsel for an Indemnified Party reasonably deemed appropriate by virtue of potential conflicts of interests incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including any inquiry or investigation) or claim (whether or not any Agent, any Lender or any other such Indemnified Party is a party to any action or proceeding out of which any such expenses arise)) or one other third party advisor for all Indemnitees (plus any additional third party advisor for an Indemnified Party reasonably deemed appropriate by virtue of potential conflicts of interests incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including any inquiry or investigation) or claim (whether or not any Agent, any Lender or any other such Indemnified Party is a party to any action or proceeding out of which any such expenses arise).

(c) *Waiver of Consequential Damages, Etc*. To the fullest extent permitted by applicable Law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, and each of the Agents, each L/C Issuer and each Lender agrees not to assert or permit any of their respective subsidiaries to assert any claim against Parent or any of its Subsidiaries or any of their respective directors, officers, employees, attorneys, agents or advisors, on any theory of liability, for special, indirect, consequential (including, without limitation, any loss of profits, business or anticipated savings) or punitive damages (in each case, as opposed to direct or actual damages) arising out of, in

connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof (for the avoidance of doubt, nothing in this Section 10.04(c) shall limit any Indemnitee's right to indemnification provisions for third party claims as set forth in Section 10.04(b)). No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(d) *Payments*. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(e) *Survival*. The agreements in this Section shall survive the resignation of the Administrative Agent, any L/C Issuer, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Senior Credit Obligations.

Section 10.05 Payments Set Aside. To the extent that any payment by or on behalf of any Borrower or any other Loan Party is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Insolvency or Liquidation Proceeding or otherwise, then (i) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (ii) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuer under clause (ii) of the preceding sentence shall survive the payment in full of the Senior Credit Obligations and the termination of this Agreement.

Section 10.06 Successors and Assigns.

(a) *Successors and Assigns Generally*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, the L/C Issuer, the Swing Line Lender and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section 10.06, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section 10.06 or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any Borrower or any Lender shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the other Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Assignments by Lenders*. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans (including for purposes of this subsection (b), any Participation Interests in the Letters of Credit and Swing Line Loans) at the time owing to it); provided, however, that:

(i) except in the case of any assignment in connection with the primary syndication of the Commitments and Loans made by Barclays Bank PLC to an Eligible Assignee previously identified to the U.S. Borrower, or an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans of the applicable Class, as the case may be, owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, (A) the aggregate amount of the Revolving Commitment (which for this purpose includes Revolving Loans outstanding thereunder) or, if the Revolving Commitments are not then in effect, the principal outstanding balance of the Revolving Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the applicable Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed) and (B) the aggregate amount of any Term Loans of an assigning Lender subject to each such assignments, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $1,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the applicable Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lenders' rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to rights in respect of Swing Line Loans;

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; provided, further, that only a single processing and recordation fee shall be payable in respect of multiple contemporaneous assignments to Approved Funds with respect to any Lender. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire;

(iv) No such assignment shall be made to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this subclause (iv); and

(v) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the

applicable Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the applicable Borrower (at its expense) shall execute and deliver a Note or Notes to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section 10.06.

(c) *Register*. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and related interest amounts) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The Register shall record each transfer of the Loans to a transferee upon written notification by the registered owner of such transfer, provided, however, that failure to make any such recordation, or any error in such recordation, shall not affect any Lender's Commitments in respect of any Loan. The entries in the Register shall be conclusive absent manifest error, and each Borrower, the Administrative Agent, the L/C Issuer and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by each Borrower, the L/C Issuer, the Collateral Agent, the Swing Line Lender and, with respect to its own interest only, any other Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) *Participations*. Any Lender may at any time, without the consent of, or notice to, the applicable Borrower, the Administrative Agent, the L/C Issuer or the Swing Line Lender sell participations to any Person (other than a natural Person, Parent or any of its Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this

Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the applicable Borrower, the Administrative Agent and the Lenders and L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.01 that directly affects such Participant. Subject to subsection (e) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01 or 3.04, and 3.05 (subject to the requirements and limitations of such Sections) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the applicable Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and related interest amounts) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Credit Extensions or other obligations under any Loan Document) except to the extent that such disclosure is necessary in connection with a Tax audit or other proceeding to establish that any such Commitment, Credit Extension or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

No participation shall be or shall be deemed to be a discharge, rescission, extinguishment or substitution of any outstanding Loan and any Loan subject to a participation shall continue to be the same obligation and not a new obligation.

(e) *Limitations on Participant Rights*. A Participant shall not be entitled to receive any greater payment under Sections 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the applicable Borrower's prior written consent (not to be unreasonably withheld or delayed) or the right to receive a greater payment results from a Change in Law after the participant becomes a Participant.

(f) *Certain Pledges*. Any Lender may at any time, without the consent of the U.S. Borrower or the Administrative Agent, pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) *Electronic Execution of Assignments*. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include

electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.07 Treatment of Certain Information; Confidentiality. Each of the Agents, the Lenders and each L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors, managing members or managers, counsel, accountants and other representatives (collectively, "Representatives") (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority or regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (in which case, the Administrative Agent or such Lender or L/C Issuer, as applicable, shall use reasonable efforts to notify the U.S. Borrower prior to such disclosure to the extent practicable and legally permitted to do so), (c) to the extent required by applicable Laws or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) to any state, federal or foreign authority or examiner regulating any Lender, (g) (i) any rating agency, and (ii) subject to an agreement containing provisions substantially the same as those of this Section 10.07, to (x) any assignee of or Participant in (or their Representatives, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), or any prospective assignee of or Participant in (or their Representatives, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) any of its rights or obligations under this Agreement or (y) any actual or prospective counterparty (or its Representatives, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) to any swap or derivative transaction relating to the Parent or Borrower and their respective obligations, (h) with the consent of the U.S. Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than a Borrower. For purposes of this Section, "Information" means all information received from any Borrower or any of their Subsidiaries relating to any Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the L/C Issuer on a nonconfidential basis prior to disclosure by such Borrower or any of its Subsidiaries. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each L/C Issuer, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the L/C Issuer or any such Affiliate to or for the credit or the account of any Borrower or any other Loan Party against any and all of the then due and owing obligations of such Borrower or such Loan Party, as applicable, now or hereafter existing under this Agreement or any other Loan Document to such Lender or L/C Issuer, irrespective of

whether or not such Lender or the L/C Issuer shall have made any demand under this Agreement or any other Loan Document or (x) such obligations may be contingent or unmatured or (y) are owed to a branch or office of such Lender or the L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.17 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Senior Credit Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and L/C Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the L/C Issuer or their respective Affiliates may have. Each Lender and L/C Issuer agrees to notify the applicable Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (i) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (ii) exclude voluntary prepayments and the effects thereof and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Senior Credit Obligations hereunder.

Section 10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof; provided that, notwithstanding anything contained herein, the Fee Letter shall survive the Closing Date. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10.11 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agents, the L/C Issuer or any Lender may have had notice or knowledge of any Default, Event of Default, or incorrect representation or warranty at the time of any Credit Extension, and shall continue in full force and effect until the Discharge of Senior Credit Obligations (other than contingent indemnification obligations). The

provisions of Sections 2.14, 3.01, 3.04, 3.05, 10.04, and Sections 10.10 through 10.16 shall survive and remain in full force and effect regardless of the repayment of the Loans, the payment of the Reimbursement Obligations, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 10.12 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Bankruptcy Laws, as determined in good faith by the Administrative Agent, the L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 10.13 Governing Law; Jurisdiction; Consent to Service of Process.

(a) *Governing Law*. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein), and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the Law of the State of New York.

(b) *Submission to Jurisdiction*. Each party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Lender or any L/C Issuer may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Borrower or its properties in the courts of any jurisdiction.

(c) *Waiver of Venue*. Each party hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Laws, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 10.13(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) *Service of Process*. Each party hereto irrevocably consents to service of process in any action or proceeding arising out of or relating to any Loan Document, in the manner provided for notices (other than telecopier) in Section 10.02. Nothing in this Agreement or any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by applicable Laws. Each of the Parent and each Irish Borrower hereby irrevocably appoints the U.S. Borrower as its agent for service of process with respect to all of the Loan Documents and all other related agreements to which it is

a party (the "Process Agent") and the U.S. Borrower hereby accepts such appointment as the Process Agent and hereby agrees to forward promptly to the Parent and each Irish Borrower, as applicable, all legal process addressed to the Parent and each Irish Borrower, as applicable, received by the Process Agent.

(e) *Waiver of Jury Trial*. Each party hereby waives, to the fullest extent permitted by applicable Laws, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, any other Loan Document or the transactions contemplated hereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 10.13.

Section 10.14 PATRIOT Act Notice Lender's Compliance Certification.

(a) Each Lender that is subject to the U.S. Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name, address and tax identification number of each Loan Party and other information regarding such Borrower that will allow such Lender or the Administrative Agent, as applicable, to identify each such Loan Party in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to the Lenders and the Administrative Agent.

(b) *Lenders' Certification*. Each Lender or assignee or Participant of a Lender that is not incorporated under the Laws of the United States or a State thereof (and is not excepted from the certification requirement contained in Section 313 of the Patriot Act and the applicable regulations because it is both (i) an Affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country and (ii) subject to supervision by a banking regulatory authority regulating such affiliated depository institution or foreign bank) shall deliver to the Administrative Agent the certification or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the Patriot Act and the applicable regulations thereunder: (i) within 10 days after the Closing Date or, if later, the date such Lender, assignee or Participant of a Lender becomes a Lender, assignee or Participant of a Lender hereunder and (ii) at such other times as are required under the Patriot Act.

Section 10.15 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, each Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Parent, Borrower and their Affiliates, on the one hand, and the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** and the Amendment No. ~~1~~**2** Arrangers, on the other hand, and Parent and each Borrower are capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** and the Amendment No. ~~1~~**2** Arrangers is and has been acting

solely as a principal and is not the agent or fiduciary for Parent and any Borrower or any of their respective Affiliates, stockholders, creditors or employees or any other Person; provided that Parent and each Borrower acknowledge that Barclays Capital Inc. has been retained by the Borrowers as financial advisor (in such capacity, the "Financial Advisor") to the Borrowers in connection with the Acquisition; (iii) neither the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** nor the Amendment No. ~~1~~**2** Arrangers has assumed or will assume an advisory, agency or fiduciary responsibility in favor of any Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger, ~~or~~ the Amendment No. 1 Arrangers **or the Amendment No. 2 Arrangers** has advised or is currently advising any Borrower or any of their respective Affiliates on other matters) and neither the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** nor the Amendment No. ~~1~~**2** Arrangers has any obligation to Parent, any Borrower or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger~~ and~~**,** the Amendment No. 1 Arrangers**, the Amendment No. 2 Arrangers** and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Parent, each Borrower and their respective Affiliates, and neither the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** nor the Amendment No. ~~1~~**2** Arrangers has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** and the Amendment No. ~~1~~**2** Arrangers have not provided and will not provide any legal, accounting, regulatory or Tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and Parent and each Borrower have consulted their own legal, accounting, regulatory and Tax advisors to the extent they have deemed appropriate. Parent and each Borrower hereby waive and release, to the fullest extent permitted by law, any claims that they may have against the Administrative Agent, the Collateral Agent, the Additional Agents, the Joint Bookrunners, the Lead Arranger**, the Amendment No. 1 Arrangers** and the Amendment No. ~~1~~**2** Arrangers with respect to any breach or alleged breach of agency or fiduciary duty. Parent and each Borrower further agree to the retention of the Financial Advisor, and agree not to assert any claim Parent or such Borrower might allege based on any actual or potential conflicts of interest that might be asserted to arise or result from, on the one hand, the engagement of the Financial Advisor, and on the other hand, Barclays Bank PLC and its affiliates' relationships with Parent and each Borrower as described and referred to herein.

Section 10.16 Judgment Currency.

(a) The obligations of the Loan Parties hereunder and under the other Loan Documents to make payments in a specified currency (the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by a Finance Party of the full amount of the Obligation Currency expressed to be payable to it under this Agreement or another Loan Document. If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on

such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the date on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, each Borrower covenants and agrees to pay, or cause to be paid, or remit, or cause to be remitted, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section 10.16, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

JAZZ PHARMACEUTICALS, INC., as Borrower

By: _____
Name:
Title:

SIGNED for and on behalf of
JAZZ PHARMACEUTICALS PUBLIC LIMITED COMPANY
[NAME OF SIGNATORY]

_____
[NAME OF SIGNATORY]

in the presence of:

_____
(Witness' Signature)

_____
(Witness' Name)

_____
(Witness' Address)

_____
(Witness' Occupation)

BARCLAYS BANK PLC, as L/C Issuer, Swing Line Lender and a Lender

By: _____
Name:
Title:

BARCLAYS BANK PLC, as Administrative Agent and Collateral Agent

By: _____
Name:
Title:

, as a Term Lender

By: _____
Name:
Title:

, as a Revolving Lender

By: _____

Name:

Title:

EXHIBIT 21.1

Subsidiaries of the Registrant

Name of Subsidiary	**State or Jurisdiction of Incorporation or Organization**
Jazz Pharmaceuticals Ireland Limited	Ireland
Jazz Pharmaceuticals, Inc.	Delaware
Jazz Pharmaceuticals International Limited	Bermuda
Jazz Pharmaceuticals International III Limited	Bermuda
EUSA Pharma International Limited	Gibraltar
EUSA Pharma SAS	France
EUSA Pharma Holdings SAS	France
EUSA Pharma (Luxembourg) S.à.r.l.	Luxembourg
Jazz Pharmaceuticals (EUSA Pharma Holdings) Inc.	Delaware

Exhibit 23.1

Consent of KPMG, Independent Registered Public Accounting Firm

The Board of Directors
Jazz Pharmaceuticals plc:

We consent to the incorporation by reference in the registration statement (No. 333-186886) on Form S-8, the registration statement (No. 333-179075) on Form S-8, and the registration statement (No. 333-179080) on Form S-3, of Jazz Pharmaceuticals plc of our reports dated February 25, 2014, with respect to the consolidated balance sheets of Jazz Pharmaceuticals plc as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the two-year period then ended, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 annual report on Form 10-K of Jazz Pharmaceuticals plc.

/s/ KPMG

Dublin, Ireland
February 25, 2014

Exhibit 23.2

Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-186886) pertaining to the 2011 Equity Incentive Plan of Jazz Pharmaceuticals plc, the Registration Statement (Form S-8 No. 333-179075) pertaining to the 2011 Equity Incentive Plan, the 2007 Equity Incentive Plan, the 2003 Equity Incentive Plan, the 2007 Employee Stock Purchase Plan, the Amended and Restated 2007 Non-Employee Directors Stock Option Plan and the Amended and Restated Directors Deferred Compensation Plan of Jazz Pharmaceuticals plc (the Successor), and the Registration Statement (Form S-3 No. 333-179080) of Jazz Pharmaceuticals plc and in the related prospectuses, of our report dated February 28, 2012, with respect to the consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows of Jazz Pharmaceuticals, Inc. (the Predecessor) and its subsidiaries for the year ended December 31, 2011, and the related financial statement schedule for 2011, included in this Annual Report (Form 10-K) for the year ended December 31, 2013.

/s/ Ernst & Young LLP

Redwood City, California
February 25, 2014

Exhibit 31.1

CERTIFICATION

I, Bruce C. Cozadd, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jazz Pharmaceuticals Public Limited Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

By: /s/ Bruce C. Cozadd

Bruce C. Cozadd
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kathryn E. Falberg, certify that:

1. I have reviewed this Annual Report on Form 10-K of Jazz Pharmaceuticals Public Limited Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

By: /s/ Kathryn E. Falberg

Kathryn E. Falberg
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION (1)

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350), Bruce C. Cozadd, Chief Executive Officer of Jazz Pharmaceuticals Public Limited Company (the "Company"), and Kathryn E. Falberg, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2014

/s/ Bruce C. Cozadd

Bruce C. Cozadd
Chairman and Chief Executive Officer

/s/ Kathryn E. Falberg

Kathryn E. Falberg
Executive Vice President and Chief Financial Officer

(1) This certification accompanies the Annual Report on Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Jazz Pharmaceuticals Public Limited Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing. A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Jazz Pharmaceuticals Public Limited Company and will be retained by Jazz Pharmaceuticals Public Limited Company and furnished to the Securities and Exchange Commission or its staff upon request.