

Jazz Pharmaceuticals, Inc. Announces Third Quarter 2007 Financial Results

November 6, 2007

Milestones Achieved in Four Clinical Programs During the Quarter

PALO ALTO, Calif., Nov. 6 /PRNewswire-FirstCall/ -- Jazz Pharmaceuticals, Inc. (Nasdaq: JAZZ) today announced financial results for the quarter ended September 30, 2007.

Jazz Pharmaceuticals' net loss for the third quarter of 2007 was \$19.4 million, compared to net income of \$7.7 million for the third quarter of 2006. Net income in the quarter ended September 30, 2006 included \$31.6 million of gain on extinguishment of a development financing obligation in connection with a terminated development program.

Total revenues for the quarter ended September 30, 2007 were \$21.5 million, compared to \$11.5 million for the quarter ended September 30, 2006. The increase in total revenue resulted primarily from \$7.5 million of contract revenue related to achievement of a clinical enrollment milestone in the Phase III development program of JZP-6 for fibromyalgia syndrome. Xyrem(R) net sales were \$9.6 million in the quarter ended September 30, 2007, compared with \$7.6 million for the same quarter of 2006. For the nine months ended September 30, 2007, total revenues increased to \$49.8 million, compared to \$32.4 million for the nine months ended September 30, 2006.

Research and development expenses for the quarter ended September 30, 2007 were \$17.0 million, compared to \$14.7 million for the quarter ended September 30, 2006.

Selling, general and administrative expenses for the quarter ended September 30, 2007 were \$18.1 million, compared to \$12.9 million for the quarter ended September 30, 2006. The increase was primarily due to spending in preparation for the anticipated launch of Luvox(R) CR (fluvoxamine maleate extended release capsules), increased headcount and higher expenses to support the sales force, offset in part by lower legal fees.

Jazz Pharmaceuticals' unrestricted cash, cash equivalents and marketable securities balance as of September 30, 2007 was \$130.9 million. During the quarter ended September 30, 2007, net cash used in operating activities was \$15.4 million.

"As our commercial organization ramps up for the anticipated commercial launch of Luvox CR in early 2008, we have also made progress in all four of our most advanced clinical development programs during the past few months," said Samuel R. Saks, M.D., Chief Executive Officer. "We continue to make important progress on our development programs for the treatment of fibromyalgia, recurrent acute repetitive seizures, restless legs syndrome and partial epilepsy."

Recent Highlights

- Expansion of Jazz Pharmaceuticals' specialty sales force in preparation for the commercial launch of Luvox CR began in August 2007, with more than 100 new field sales management and specialty sales consultants hired as of October 31, 2007. The PDUFA action date for Luvox CR is December 22, 2007. The company expects to commence promotion of Luvox CR in the United States during the first quarter of 2008, subject to approval by the U.S. Food and Drug Administration (FDA).
- In August 2007, a clinical enrollment milestone was achieved in the Phase III development program for fibromyalgia syndrome, JZP-6, triggering a \$7.5 million payment to Jazz Pharmaceuticals under the company's development agreement with UCB Pharma Limited. The payment was recognized as contract revenue in the third guarter of 2007.
- In September 2007, Jazz Pharmaceuticals submitted an Investigational New Drug application to the FDA for JZP-8, a product candidate for the treatment of recurrent acute repetitive seizures. The FDA has indicated that a future New Drug Application filing for this product candidate could be eligible to receive priority review. The company plans to initiate a Phase II clinical trial in the fourth guarter of 2007.
- Interim data have been obtained from two single dose studies, one in healthy volunteers and one in epilepsy patients, of JZP-4, a product candidate for the treatment of partial epilepsy and bipolar disorder. The data from both of these studies indicate biological activity in human epilepsy models. A single dose study of a controlled-release formulation of JZP-4 is underway, and is expected to complete in the fourth quarter of 2007. Jazz Pharmaceuticals plans to initiate Phase II clinical trial activities for JZP-4 by the end of 2007.
- A second pharmacokinetic study of JZP-7, a product candidate for the treatment of restless legs syndrome, was initiated in the third quarter of 2007, and Jazz Pharmaceuticals expects top line results from that study in the second quarter of 2008.
- In August 2007, the U.S. Patent and Trademark Office (USPTO) awarded Jazz Pharmaceuticals a new U.S. patent (No. 7,262,219) titled "Microbiologically Sound and Stable Solutions of Gamma-Hydroxybutyrate Salt for the Treatment of Narcolepsy." This Xyrem patent is now listed in the FDA's Orange Book.

Jazz Pharmaceuticals will host an investor conference call and live audio webcast to discuss its quarterly results on November 6, 2007 at 5:00 p.m. Eastern Time/2:00 p.m. Pacific Time. The live webcast and press release may be accessed on Jazz Pharmaceuticals' website at http://www.JazzPharmaceuticals.com. Please connect to the website prior to the start of the conference call to ensure adequate time for any software downloads that may be necessary. An archived version of the webcast will be available through November 20, 2007. Investors may participate in the

conference call by dialing 1-866-770-7120 in the U.S., or 1-617-213-8065 outside the U.S., and entering passcode 57344568. A replay of this call will be available until November 20, 2007 at 1-888-286-8010 (U.S.), or 1-617-801-6888 (international), using the passcode 41294935.

About Jazz Pharmaceuticals, Inc.

Jazz Pharmaceuticals is a specialty pharmaceutical company focused on identifying, developing and commercializing innovative products to meet unmet medical needs in neurology and psychiatry. For further information see http://www.JazzPharmaceuticals.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements, including, but not limited to, statements related to the potential regulatory approval and anticipated commercial launch of Luvox CR, the initiation of additional clinical trials of Jazz Pharmaceuticals' product candidates, the continued development of Jazz Pharmaceuticals' product candidates and potential regulatory developments, and the timing of study results. These forward-looking statements inherently involve significant risks and uncertainties. Jazz Pharmaceuticals' actual results and the timing of events could differ materially from those anticipated in such forward looking statements as a result of these risks and uncertainties, which include, without limitation, the risks that the FDA may not approve Luvox CR for marketing in the United States, and, if approved, when that approval will occur; risks related to the development of Jazz Pharmaceuticals' product candidates, including the risk that Jazz Pharmaceuticals may not initiate clinical trials on the timing currently anticipated or at all, or that study or clinical trial results may require Jazz Pharmaceuticals to discontinue the development of its product candidates; and risks related to the uncertain and time-consuming regulatory approval process. These and other risk factors are discussed under "Risk Factors," in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 filed by Jazz Pharmaceuticals with the Securities and Exchange Commission on August 10, 2007. Jazz Pharmaceuticals undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations.

JAZZ PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

Three Months Ended Nine Months Ended September 30, September 30, 2007 2006

Revenues:

Product sales, net \$13,436 \$11,184 \$38,676 \$31,409

Royalties, net 253 150 824 336 Contract revenue 7,785 162 10,326 662 Total revenues 21,474 11,496 49,826 32,407

Operating expenses:

Cost of product sales 1,938 2,044 5,620 5,367

Research and development 16,978 14,746 49,252 41,920

Selling, general and

administrative 18,069 12,906 50,583 38,841

Amortization of intangible

assets 2,287 2,400 6,936 7,200

Provision for government

settlement - - 17,469 -

Total operating expenses 39,272 32,096 129,860 93,328

Loss from operations (17,798) (20,600) (80,034) (60,921)

Interest income 1,969 516 4,360 1,688 Interest expense (3,511) (3,272) (10,093) (10,818) Other income, net (19) (579) 1,816 (397)

Gain on extinguishment of development financing

obligation - 31,592 - 31,592 Gain on sale of product rights - 5,145

Net income (loss) (19,359) 7,657 (78,806) (38,856)

Beneficial conversion feature - - - (3,501)

Income (loss) attributable to

common stockholders \$(19,359) \$7,657 \$(78,806) \$(42,357)

Income (loss) per share attributable to common

stockholders, basic \$(0.82) \$638.08 \$(7.50) \$(3,850.64)

Weighted-average common shares used in computing income (loss) per share attributable to

common stockholders, basic 23,671 12 10,505 11

Income (loss) per share attributable to common

stockholders, diluted \$(0.82) \$0.57 \$(7.50) \$(3,850.64)

Shares used in computing income (loss) per share attributable to common stockholders,

diluted 23,671 13,470 10,505 11

JAZZ PHARMACEUTICALS, INC. RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (In thousands, except per share amounts) (Unaudited)

Three Months Ended Nine Months Ended September 30, September 30, 2007 2006 2007 2006

Non-GAAP net income (loss) per

share information (1):

Net income (loss) \$(19,359) \$7,657 \$(78,806) \$(38,856)

Weighted-average shares used in computing non-GAAP net

income (loss) per share 23,671 13,417 20,483 13,212

Non-GAAP net income (loss) per

share \$(0.82) \$0.57 \$(3.85) \$(2.94)

Reconciliation of GAAP income (loss) per share attributable to common stockholders and non-GAAP net income (loss)

per share:

GAAP income (loss) per share

attributable to common

stockholders, basic \$(0.82) \$638.08 \$(7.50) \$(3,850.64)

Decrease due to change in weighted-average shares

outstanding - (637.51) 3.65 3,847.96

Decrease due to exclusion of

beneficial conversion feature - - (0.26)

Non-GAAP net income (loss) per

share \$(0.82) \$0.57 \$(3.85) \$(2.94)

GAAP weighted-average common

shares outstanding 23,671 12 10,505 11

Increase in the weighted-average number of shares outstanding from treating preferred shares as if they converted into common shares at their date

of issuance - 13,405 9,978 13,201

Weighted-average shares used in computing non-GAAP net income

(loss) per share 23,671 13,417 20,483 13,212

(1) Non-GAAP net income (loss) per share attributable to common stockholders and weighted-average shares used in computing non-GAAP income (loss) per share attributable to common stockholders treats outstanding preferred shares as if they were converted into common shares at their date of issuance. Accordingly, the beneficial conversion feature attributable to preferred stockholders is not included in non-GAAP net income (loss) per share. Management believes that including non-GAAP net income (loss) per share for periods prior to and including the Company's June 2007 initial public offering provides a useful and relevant measure for comparative year-over-year operating performance. Management does not believe the use of non-GAAP net income (loss) per share lessens the importance of comparable GAAP measures. As of September 30, 2007, 24,550,554 shares of common stock were issued and outstanding.

JAZZ PHARMACEUTICALS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands) (Unaudited)

September 30, December 31, 2007 2006

ASSETS

Current assets:

Our on assors.			
Cash and cash equivalents	\$119	\$119,972	
Restricted cash	304	275	
Marketable securities	10,939	-	
Accounts receivable, net	6,566	5	,380
Inventories	3,231	3,026	
Prepaid expenses	2,392	3,44	17
Other current assets	1,574	48	7
Total current assets	144,978	91,	563
Property and equipment, net	3,2	186	2,107
Intangible assets	58,664	69,14	-0
Goodwill	38,213	38,213	
Long-term restricted cash and	d		
investments	12,085	12,000	
Other long-term assets	1,541	1,	548

\$258,767

\$214,571

LIABILITIES, CONVERTIBLE PREFERRED

STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:

Total assets

Line of credit	\$2,597	\$2,191
Accounts payable	2,872	5,443
Accrued liabilities	23,892	12,943
Deferred revenue	1,999	1,422
Preferred stock warrant liability	y -	8,521
Total current liabilities	31,360	30,520

Deferred rent and other non-current

liabilities - 534

Deferred revenue, non-current 12,752 13,495

Liability under government

settlement, non-current 14,881 -Senior secured notes 74,862 74,283

Convertible preferred stock - 263,852

Common stock subject to repurchase 13,222 8,183

Stockholders' equity (deficit):

Common stock 2 -

Additional paid-in capital 368,136 1,335

Accumulated other comprehensive

income 1 12

Accumulated deficit (256,449) (177,643)
Total stockholders' equity (deficit) 111,690 (176,296)

Total liabilities, convertible

preferred stock and stockholders'

equity (deficit) \$258,767 \$214,571

JAZZ PHARMACEUTICALS, INC. SUMMARY OF PRODUCT SALES, NET (In thousands) (Unaudited)

Three Months Ended Nine Months Ended September 30, September 30, 2007 2006 2007 2006

 Xyrem
 \$9,646
 \$7,612
 \$27,898
 \$20,967

 Antizol
 3,790
 3,203
 10,413
 9,341

 Cystadane (1)
 369
 365
 1,101

 Total
 \$13,436
 \$11,184
 \$38,676
 \$31,409

(1) Jazz Pharmaceuticals, Inc. sold its rights to Cystadane to an unrelated third party in March 2007.

SOURCE Jazz Pharmaceuticals, Inc.

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