

# ZOGENIX

## Zogenix Closes Sale of Zohydro(R) ER Business to Pernix

April 24, 2015

### Strategic Focus Shifts to Zogenix's High Value Late-Stage CNS Pipeline

SAN DIEGO, April 24, 2015 (GLOBE NEWSWIRE) -- Zogenix, Inc. (Nasdaq:ZGNX), a pharmaceutical company developing and commercializing products for the treatment of central nervous system (CNS) disorders, announced today that it has closed the sale of its Zohydro<sup>®</sup> ER (hydrocodone bitartrate) business to a wholly-owned subsidiary of Pernix Therapeutics Holdings, Inc. (Nasdaq:PTX) for \$80 million in cash, approximately 1.68 million shares of Pernix common stock, plus regulatory and sales milestones of up to \$283.5 million.

The sale of Zohydro ER to Pernix significantly reduces operating expenses for Zogenix, eliminates all research and development expenses related to ongoing Zohydro ER abuse-deterrent formulations and further enhances the Company's financial strength. With the upfront proceeds from this transaction, and without assuming future milestone payments related to Zohydro ER, the Company plans to use the capital to fund the current Relday clinical program to the end of Phase 2 meeting with the U.S. Food and Drug Administration, both the US and EU Phase 3 studies for ZX008 and the submission of the New Drug Application for ZX008 targeted for late 2016.

Roger Hawley, chief executive officer of Zogenix said, "Having secured initial proceeds from the sale of Zohydro ER, we will now focus on executing our strategy to develop and commercialize our CNS pipeline, including advancing our late-stage product candidate ZX008 for Dravet syndrome and Relday long-acting injectable for patients with schizophrenia."

Dr. Stephen Farr, president of Zogenix added, "Our development team will also support Pernix in the ongoing development of abuse-deterrent formulations of extended release hydrocodone, including the innovative tablet formulation in collaboration with Altus Formulation. In addition to receiving a \$12.5 million milestone payment upon potential regulatory approval of this product, all related expenses incurred by Zogenix will be reimbursed by Pernix."

The transition of the Zogenix sales team and other select employees to Pernix is effective immediately. Approximately 60 employees will remain with Zogenix, which is sufficient to achieve clinical and regulatory milestones as well as market preparation for the introduction of its product candidates.

#### Terms of the agreement

Under the terms of the agreement, Pernix has paid Zogenix \$80 million in cash, eliminating the need for a promissory note, and 1,682,086 shares of Pernix common stock, subject to a six-month lock-up. A total of \$10 million of the upfront cash payment will be deposited into escrow to fund potential indemnification claims for a period of 12 months. Zogenix is also eligible to receive \$12.5 million upon approval of ZX007, a tablet formulation of extended-release hydrocodone with abuse-deterrent properties, which is currently in development in collaboration with Altus Formulation. In addition, Zogenix is eligible to receive cash payments of up to \$271 million based on the achievement of pre-determined annual product sales milestones for Zohydro ER and ZX007. Pernix will also purchase a pre-defined amount of Zohydro ER product inventory.

Leerink Partners LLC acted as financial advisor and Latham & Watkins LLP acted as legal advisor to Zogenix on the transaction.

#### About Zogenix

Zogenix, Inc. (Nasdaq:ZGNX) is a pharmaceutical company committed to developing and commercializing therapies that address specific clinical needs for people living with CNS disorders who need innovative treatment alternatives to help them return to normal daily functioning.

#### Forward-Looking Statements

Zogenix cautions you that statements included in this press release that are not a description of historical facts are forward-looking statements. Words such as "believes," "anticipates," "plans," "expects," "indicates," "will," "intends," "potential," "suggests," "assuming," "designed" and similar expressions are intended to identify forward-looking statements. These statements are based on the company's current beliefs and expectations. These forward-looking statements include statements regarding: the potential to receive future milestone payments from the Zohydro ER transaction, including upon potential approval of an abuse-deterrent formulation of extended-release hydrocodone; the potential effect on operating expenses of Zogenix following the closing; Zogenix's strategy on advancing Zogenix's novel pipeline in CNS disorders; timing of regulatory submissions for ZX008; and the sufficiency of the proceeds and Zogenix's current capital to fund planned development activities. Actual results may differ from those set forth in this press release due to the risk and uncertainties inherent in Zogenix's business, including, without limitation: difficulties or delays relating to the development, testing and manufacturing of and obtaining regulatory approval for ZX007, ZX008 or Relday; Zogenix's dependence on third parties to develop ZX008 and Relday; the value of the stock consideration is subject to changes based on fluctuations in the value of Pernix's common stock; Zogenix could spend its available financial resources much faster than it currently expects and may be unable to raise additional capital if and when needed; and other risks detailed in Zogenix's prior press releases as well as in public periodic filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and Zogenix undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement. This caution is made under the safe harbor provisions of Section 21E of the Private Securities Litigation Reform Act of 1995.

Zohydro<sup>®</sup> ER is a registered trademark of Pernix, Inc.

CONTACT: Investors  
Andrew McDonald  
Founding Partner, LifeSci Advisors LLC  
646-597-6987 | [Andrew@lifesciadvisors.com](mailto:Andrew@lifesciadvisors.com)

Media  
Catherine O'Connor  
Sr Director, Corporate Communications, Zogenix  
858-436-3374 | [coconnor@zogenix.com](mailto:coconnor@zogenix.com)

Zogenix, Inc.