



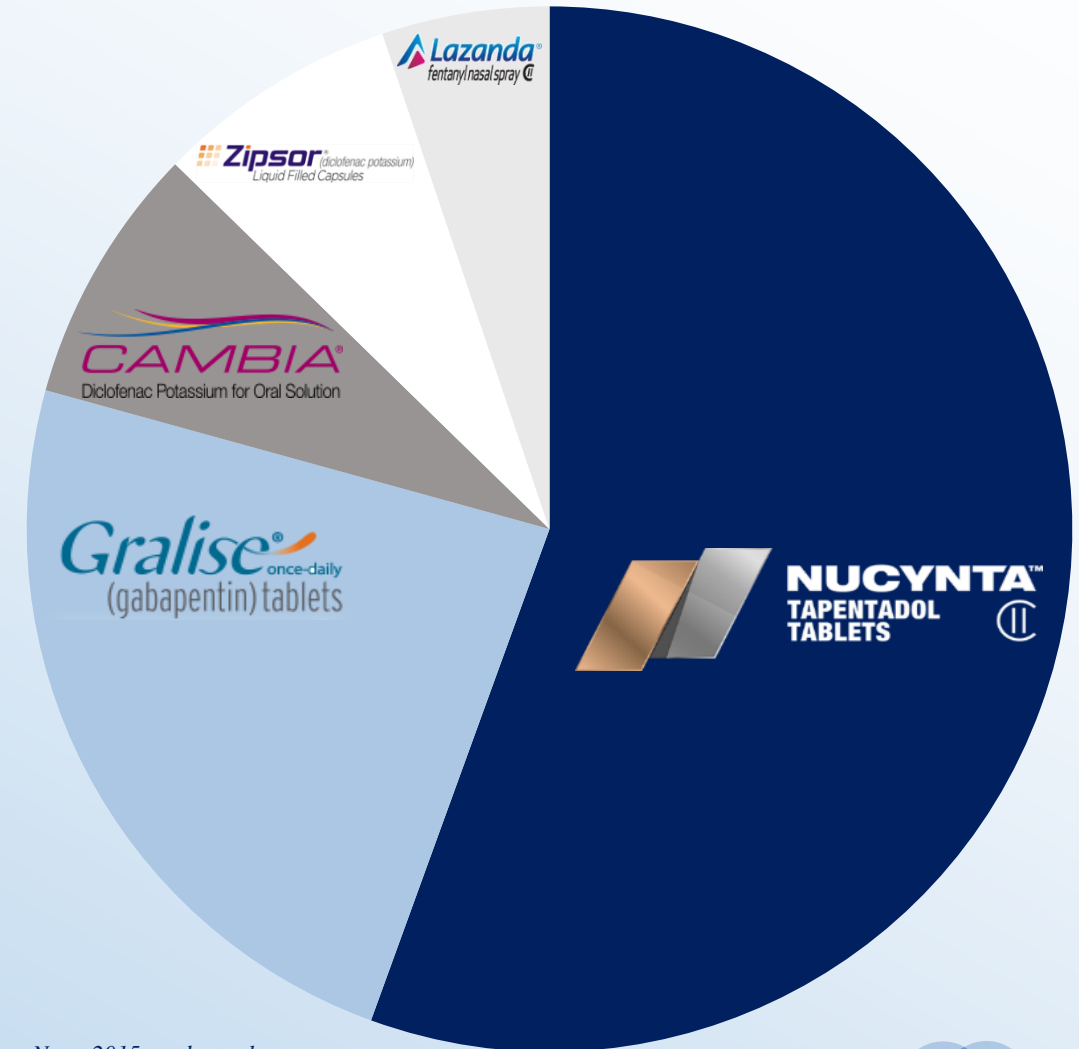
Sohn Investment Conference

May 4, 2016

Overview of Depomed, Inc.

Depomed, Inc. (the “Company”, “Depomed” or “DEPO”) is a specialty pharmaceutical company focused on pain and other central nervous system conditions.

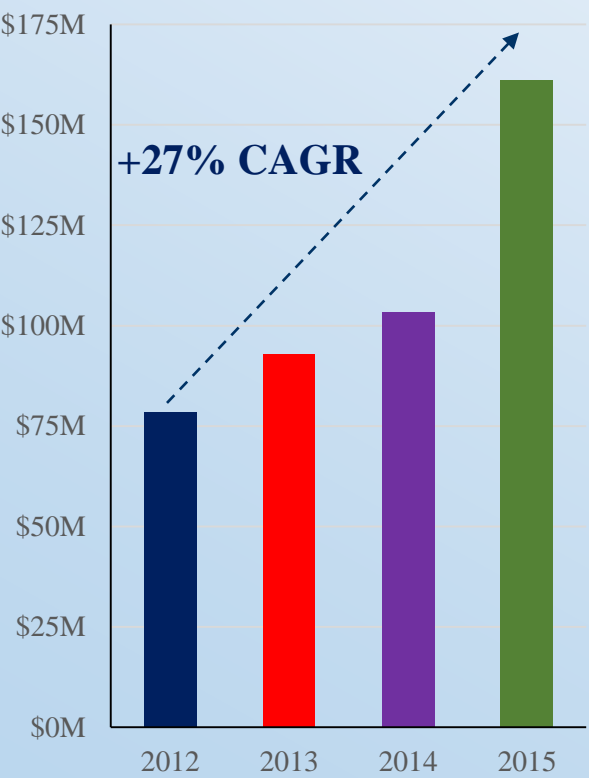
- Headquartered in Newark, CA, Depomed has ~500 employees, including a sales force of ~300 professionals.
- In 2015, Depomed reported \$343 million in sales, \$275 in gross profit, \$111 million in non-GAAP adjusted EBITDA, and \$0.70 in non-GAAP adjusted EPS.
- The Company’s main product franchise, Nucynta (61% of Q4 2015 sales) is used for treatment of chronic pain and diabetic peripheral neuropathy (DPN).
- The remainder of their portfolio includes other opioid/pain products (Gralise, Cambia, Zipsor and Lazanda).
- Depomed recently acquired the US and Canadian rights to cebranopadol, a compound being developed for treatment of moderate to severe chronic nociceptive and neuropathic pain.



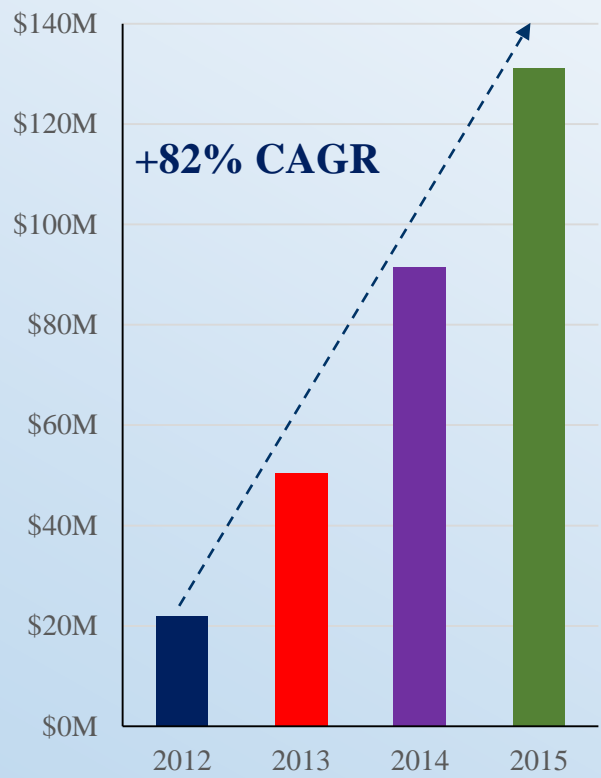
Note: 2015 product sales

Valuable Pain Franchise

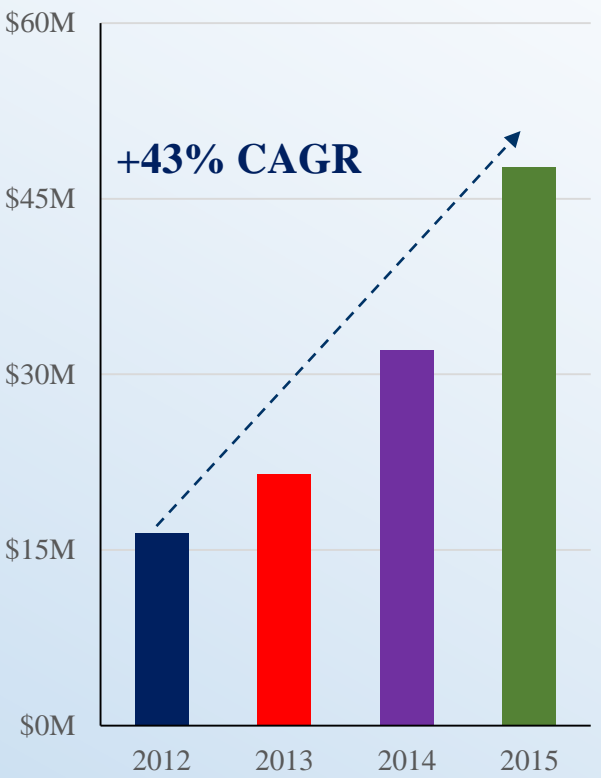
NUCYNTA ER



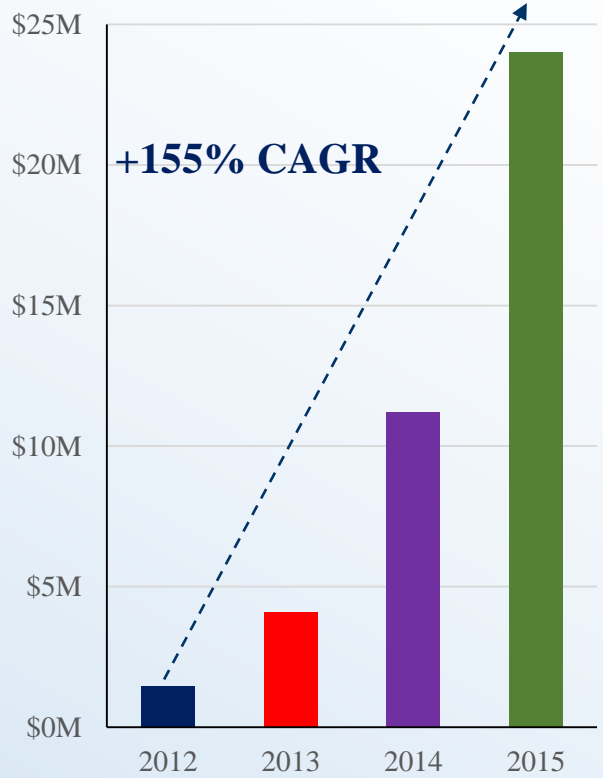
GRALISE



CAMBIA



LAZANDA



Depomed has a differentiated portfolio of durable growth assets

Source: Wall Street research.

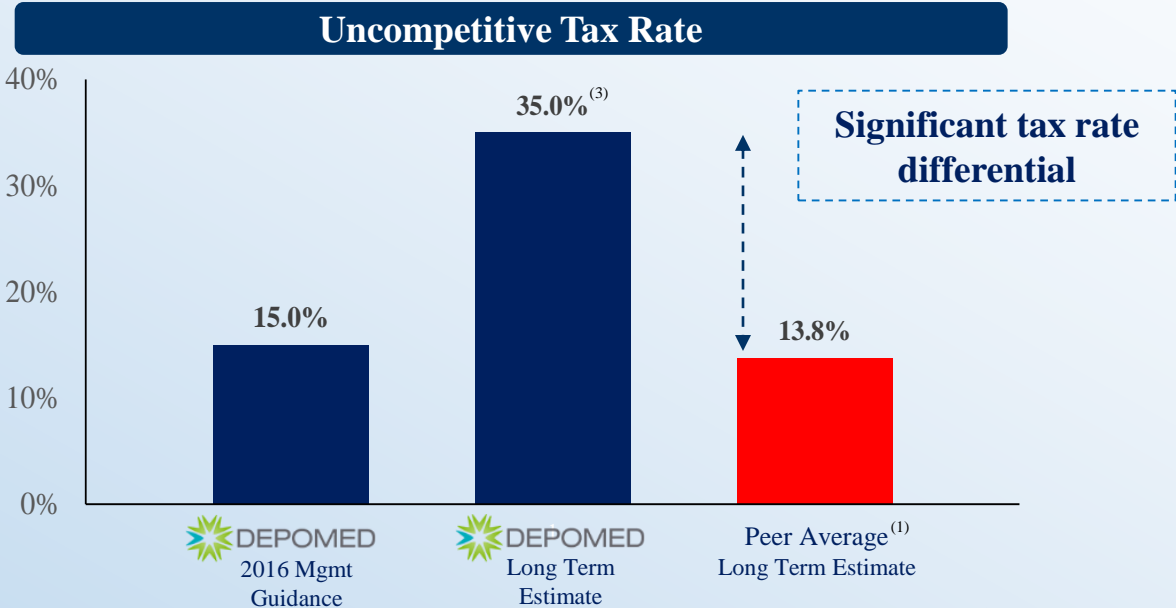
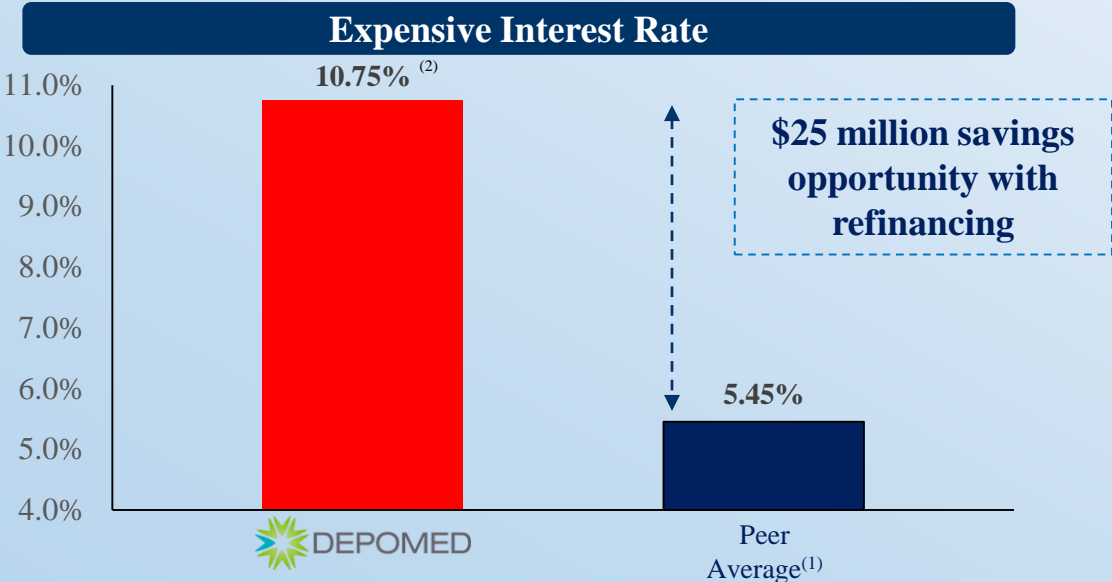
Operational Inefficiencies

Concerns with the Company's Research & Development Spending

- We have concerns about the Company's development program for cebranopadol, given the compound's storied past, mixed results in Phase 2 clinical trials, and Depomed's lack of experience with Phase 3 clinical programs.
- Depomed intends to spend approximately \$100 million from 2016-2019 to develop cebranopadol.

Concerns Regarding Capital Allocation

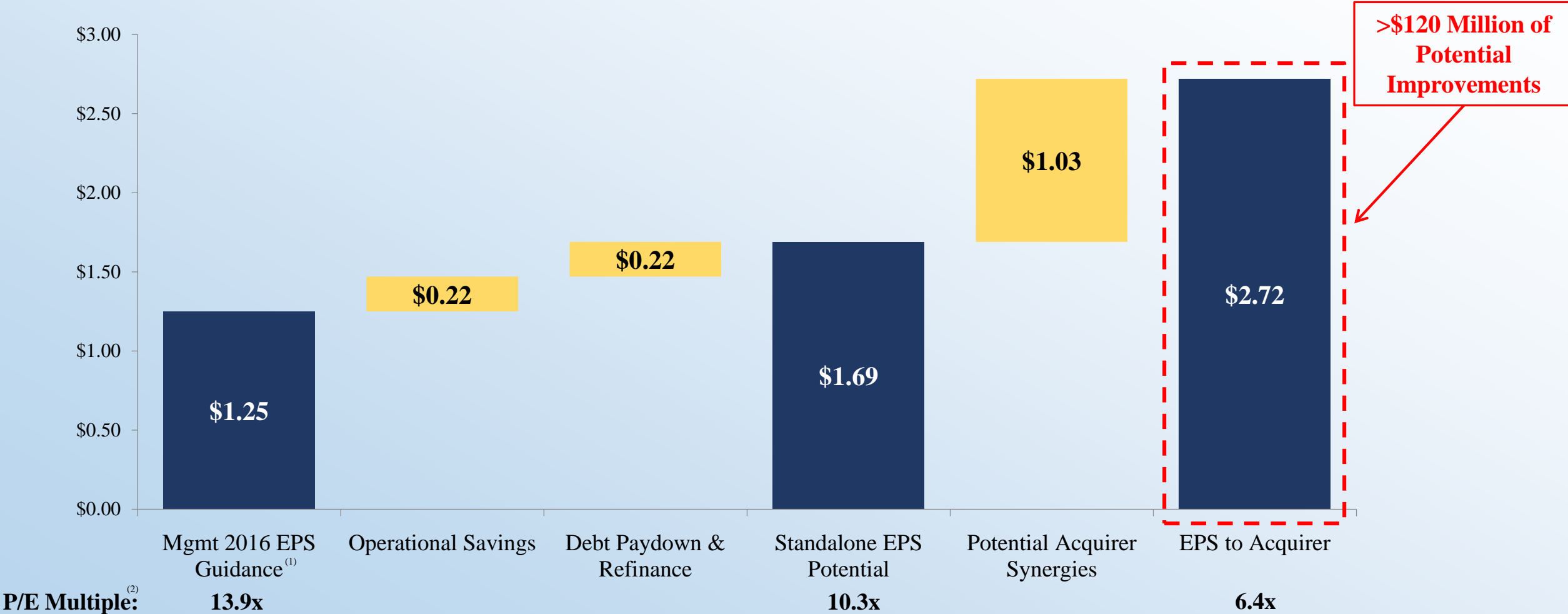
We question Depomed's desire to pursue acquisitions given its expensive interest payments and uncompetitive tax rate.



(1) Peers include ENDP, MNK, AGN and HZNP.
(2) Interest rate (as of Dec. 31, 2015) on Depomed Senior Secured Notes, which mature on April 2, 2022.
(3) Morgan Stanley Global Healthcare Conference, September 16, 2015 – Management guidance for long-term tax rate: “mid 30%’s.”

Potential Value to an Acquirer

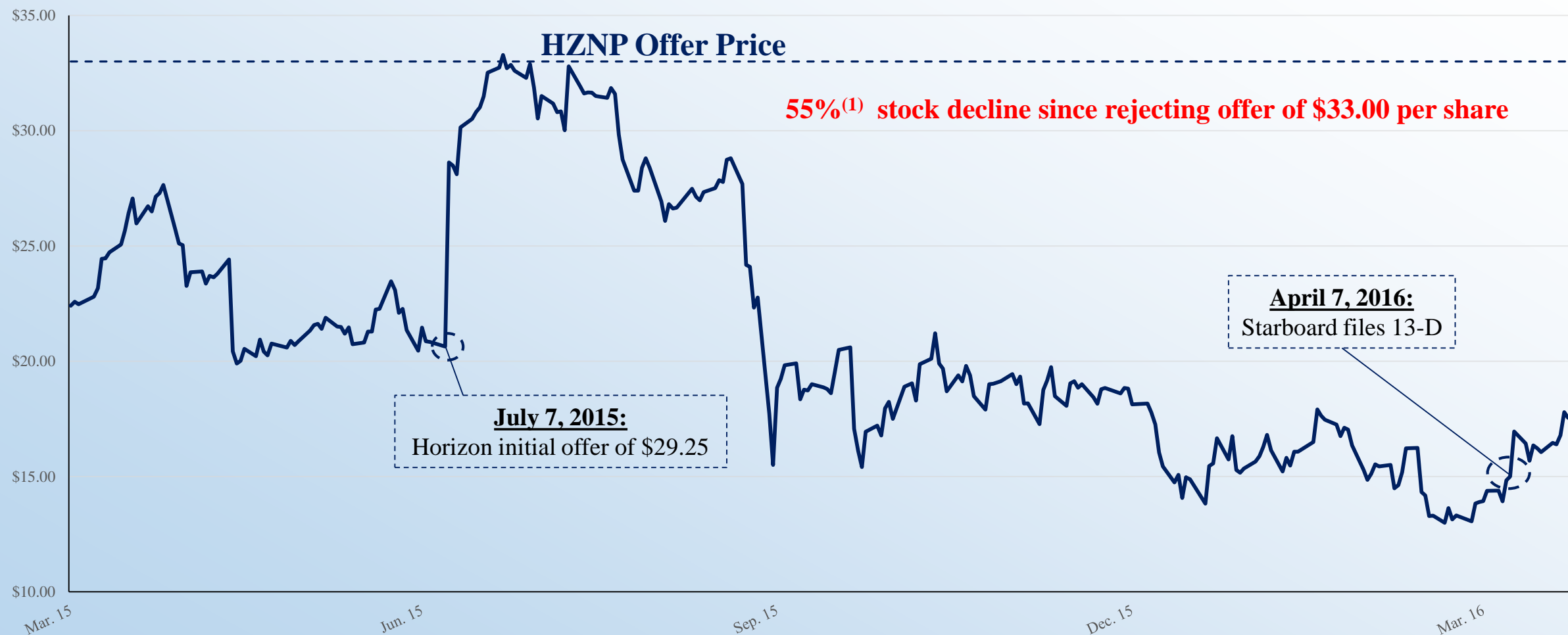
We believe Depomed could be extremely attractive to numerous potential acquirers, given operating, financial, and tax synergies.



We believe a strategic acquirer could unlock substantial value and pay a significant premium

Source: Bloomberg, company filings, and Starboard Value estimates.
(1) Mid-point of management's 2016 non-GAAP adjusted earnings guidance of \$95-115M; 84 million diluted share count.
(2) DEPO closing price of \$17.34 as of 4/27/2016.

Depomed Trading History



Horizon offered \$33.00 per share, but Depomed failed to engage

(1) From 52-week high of \$33.28 to April 7, 2016 (last closing day before Starboard filed 13-D).

Bylaw Amendments

Following Horizon's offer, Depomed amended its bylaws, which significantly undermined the rights of its shareholders.

- Rather than engage and negotiate with Horizon in an attempt to maximize value for shareholders, Depomed adopted bylaw amendments, as well as a 10% poison pill rights plan.
- **Depomed also filed suit against Horizon**, alleging breach of contract and other violations based on Horizon's possession and misuse of confidential information it obtained under a confidentiality agreement with Janssen Pharmaceuticals.
- Given the substantial premium offered, we find it shocking that the Board chose not only to avoid entering into discussions with Horizon, but also went so far as to institute a series of roadblocks, including a poison pill, that, we believe, was specifically designed to prevent Horizon from acquiring the Company.

Depomed's history of poor corporate governance has disenfranchised shareholders

Recent Proxy Filing

We believe that management and the Board were using the Reincorporation Proposal as a tactic to further entrench themselves.

- Depomed recently filed preliminary proxy materials for the upcoming annual meeting with a proposal to change the Company's state of incorporation from CA to DE.
- We identified numerous unconventional provisions that indicated management and the Board were **using the Reincorporation Proposal as a tactic to further entrench themselves.**
- After we highlighted Depomed's true, hidden agenda, with **many of the material provisions buried in the two appendices**, the Board realized it had no choice but to abandon its Reincorporation Proposal.

We remain highly concerned by Depomed's continued apparent willingness to mislead shareholders

Summary

We believe that Depomed is deeply undervalued and that significant opportunities exist to create value.

- Depomed has a portfolio of unique, high-quality pain products with an attractive and durable growth profile.
- We believe that opportunities exist to improve capital deployment, rationalize research and development, and explore a potential sale of the Company given potential operating, financial, and tax synergies.
- Even though Depomed decided to withdraw its Delaware Reincorporation Proposal, we remain highly concerned that Depomed's actions appear to be misaligned with shareholder interests.

We remain convinced that meaningful Board change is required at Depomed

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