NEWARK, Calif., Oct. 21, 2013 /PRNewswire/ -- Depomed, Inc. (NASDAQ: DEPO) today announced that it has sold its interests in royalty and milestone payments under its license agreements in the Type 2 diabetes therapeutic area to PDL BioPharma, Inc. for $240.5 million . Depomed intends to use the sale proceeds to acquire products that will drive long-term growth and build on the company's commercial expertise in pain and neurology.

The interests sold include royalty and milestone payments accruing from and after October 1, 2013 : (a) from Santarus with respect to sales of Glumetza® (metformin HCL extended-release tablets) in the United States ; (b) from Merck with respect to sales of Janumet XR® (sitagliptin and metformin HCL extended-release); (c) from Janssen with respect to potential future development milestones and sales of its investigational fixed-dose combination of Invokana® (canagliflozin) and extended-release metformin; (d) from Boehringer Ingelheim with respect to potential future development milestones and sales of the investigational fixed-dose combinations of drugs and extended-release metformin subject to Depomed's license agreement with Boehringer Ingelheim; and (e) from LG and Valeant for sales of extended-release metformin in Korea and Canada, respectively.

"Through this sale of our Type 2 diabetes milestone and royalty payments, we have generated a significant infusion of cash equal to approximately 55 percent of our market capitalization without issuing any equity or incurring any debt," said Jim Schoeneck, President and CEO of Depomed. "We intend to focus our cash balance of over

$300 million
to fund future product acquisitions capable of driving growth into the next decade."

"We believe that our current products, Gralise, Lazanda and Zipsor, will continue to drive product revenue growth," added Schoeneck. "Importantly, we have retained our royalty and milestone interests in our other collaborations, including agreements with Mallinckrodt for MNK 795 and MNK 155, with Janssen for Nucynta ER
®
(tapentadol extended-release tablets) and with Ironwood."

Depomed also retains all rights in any recoveries from its ongoing patent infringement litigation against Purdue Pharma and ENDO Health Solutions.

Conference Call Information Depomed will host a conference call today, October 21, beginning at
5:00 p.m. EDT
,
2:00 p.m. PDT
to discuss the transaction. The conference call will be available via a live webcast on the investor relations section of Depomed's website at
http://www.depomed.com
. The dial-in number for the conference call is 877.317.6789 and for international calls 412.317.6789. Access the website 15 minutes prior to the start of the call to download and install any necessary audio software. An archived webcast replay will be available on the Company's website for three months.

About Depomed Depomed, Inc. is a specialty pharmaceutical company that commercializes products for pain and neurology related disorders. Gralise ® (gabapentin) is a once-daily treatment approved for the management of postherpetic neuralgia. Zipsor
®
(diclofenac potassium) Liquid Filled Capsules is a non-steroidal anti-inflammatory drug indicated for relief of mild to moderate acute pain in adults. Lazanda® (fentanyl) Nasal Spray is an intranasal fentanyl drug used to manage breakthrough pain in adults (18 years of age or older) who are already routinely taking other opioid pain medicines around-the-clock for cancer pain. Gralise and other products and product candidates are formulated with Depomed's proven, proprietary Acuform
®
drug delivery technology. Additional information about Depomed may be found at

www.depomed.com
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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995. The statements that are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties including, but not limited to, those related to Depomed's use of proceeds from the sale of royalty and milestone payments to PDL BioPharma, its ability to acquire and market products, its prospects for long-term growth and other risks detailed in the company's Securities and Exchange Commission filings, including the company's Annual Report on Form 10-K for the year ended December 31, 2012 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013. The inclusion of forward-looking statements should not be regarded as a representation that any of the company's plans or objectives will be achieved. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

INVESTOR CONTACT:August J. MorettiDepomed, Inc.510.744.8000 amoretti@depomed.com

MEDIA CONTACT:Carolyn HawleyCanale Communications for Depomed619-849-5375 Carolyn@canalecomm.com

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