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Corporate Presentation

Improving the Lives of Patients by Developing Best-in-Class Medicines that Address Unmet Medical Needs

NASDAQ: HRTX

August 2015

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Forward-Looking Statements

This presentation contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties, including uncertainties associated with the development, regulatory approval, manufacture, launch and acceptance of new products, completion of clinical studies and the results thereof, the ability to establish strategic alliances and/or acquire desirable assets, progress in research and development programs and other risks and uncertainties identified in the Company's filings with the Securities and Exchange Commission. None of the Company's product candidates discussed in this presentation have been approved by the FDA or any other regulatory agency. Actual results may differ materially from the results anticipated in our forward-looking statements. We caution investors that forward-looking statements reflect our analysis only on their stated date. We do not intend to update them except as required by law.

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Overview of Heron

CINV Programs

- SUSTOL (granisetron) Injection, extended release
- HTX-019 (aprepitant injection, polysorbate 80 free)

Pain Management Programs

- HTX-011 (bupivacaine and meloxicam, extended release)
- HTX-003 (buprenorphine, extended release)

Financial Position

Heron Corporate Highlights

- Four product candidates for patients suffering from cancer or pain
- SUSTOL® (granisetron) Injection, extended release for the prevention of chemotherapy-induced nausea and vomiting (CINV)
  - Positive, topline results from Phase 3 MAGIC study
  - First 5-HT_3 receptor antagonist (RA) to show efficacy in delayed CINV associated with highly emetogenic chemotherapy (HEC)
- HTX-019 for CINV
  - Potentially first polysorbate 80-free, intravenous formulation of aprepitant
- HTX-011 for post-operative pain
  - Locally delivered, long-acting formulation of bupivacaine with meloxicam designed to deliver superior pain relief while significantly reducing the need for opioids
- HTX-003 for chronic pain and opioid addiction
  - Long-acting injectable opioid with lower potential risk of harmful side effects, abuse and addiction

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Product Pipeline - Status

Product Candidate	Preclinical	Phase 1	Phase 2	Phase 3	NDA	Commercial Rights
Chemotherapy-Induced Nausea & Vomiting (CINV)						
SUSTOL® (granisetron) Injection, extended release					NDA Submitted July 2015	All Major Markets
HTX-019 aprepitant injection, polysorbate 80 free		Bioequivalence Study Utilizing 505(b)(2)			NDA Submission Expected 2H 2016	All Major Markets
Pain Management						
HTX-011 bupivacaine and meloxicam, extended release			Phase 2 Results Expected 2H 2015			All Major Markets
HTX-003 buprenorphine, extended release						All Major Markets

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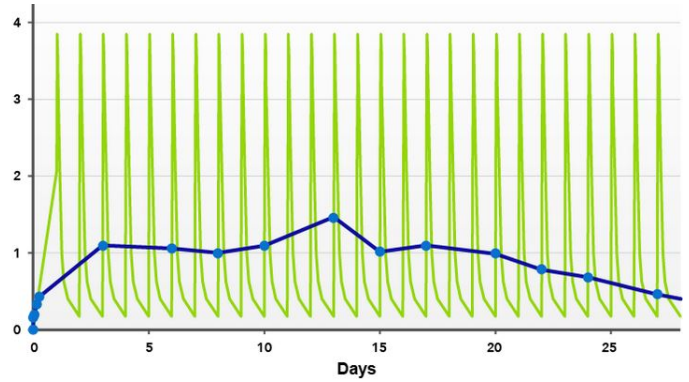
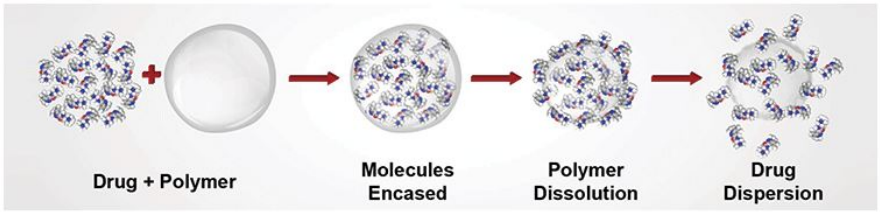
Heron's Focus – Making Good Drugs Better

- Applying innovative technology to drugs with well-known pharmacology to develop patient-focused solutions that potentially:
  - Are more effective than agents in same class
  - Are safer or better-tolerated than agents in same class
  - Broaden clinical use & reduce dependence on classes with harmful side effects
  - Enable multimodal treatments that fully address mechanisms of condition
- Developing de-risked product opportunities with accelerated development timelines
  - Already-approved agents
  - 505(b)(2) regulatory pathway

Biochronomer® Technology

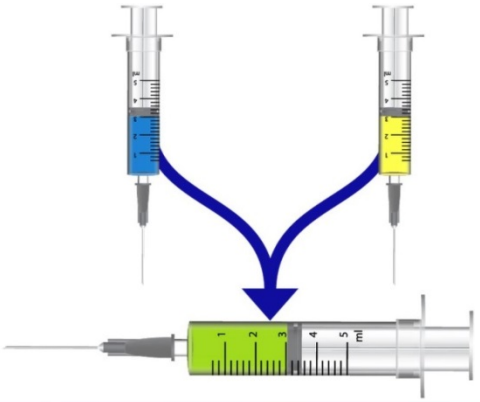
- Therapeutic levels of otherwise short-acting pharmaceuticals over a period of days to weeks with a single subcutaneous injection





- Bioerodible polymers that undergo controlled hydrolysis, resulting in controlled, sustained release of pharmacological agent

- Wide range of applications, including multimodal therapy that can be delivered with a single injection



Source: Ottoboni et al, J Exp Pharmacol, 6:15-21, 2014

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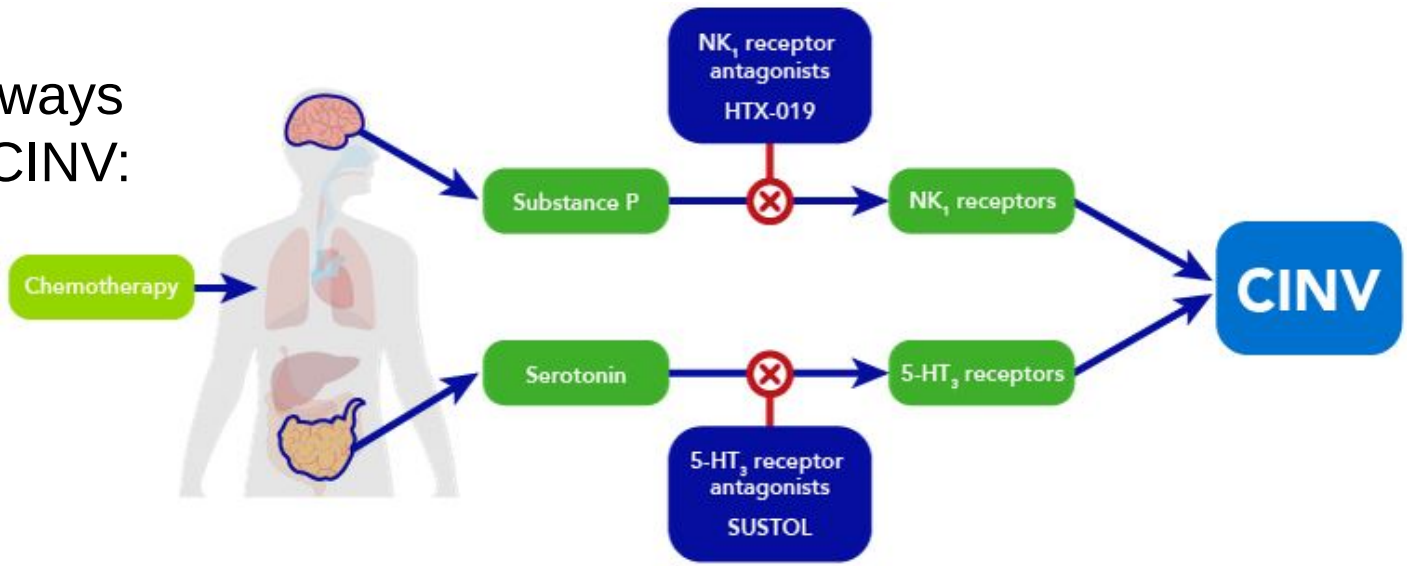
Financial Position

Chemotherapy-Induced Nausea and Vomiting (CINV)

- CINV affects the majority of patients undergoing chemotherapy
  - Regimens that cause the worst degree of CINV:
    - Moderately emetogenic chemotherapy (MEC): 30-90% of patients suffer emesis without prophylaxis
    - Highly emetogenic chemotherapy (HEC): >90% of patients suffer emesis without prophylaxis

- Two pathways mediate CINV:



Source: Kris et al, J Clin Oncol, 24:2932-2947, 2006

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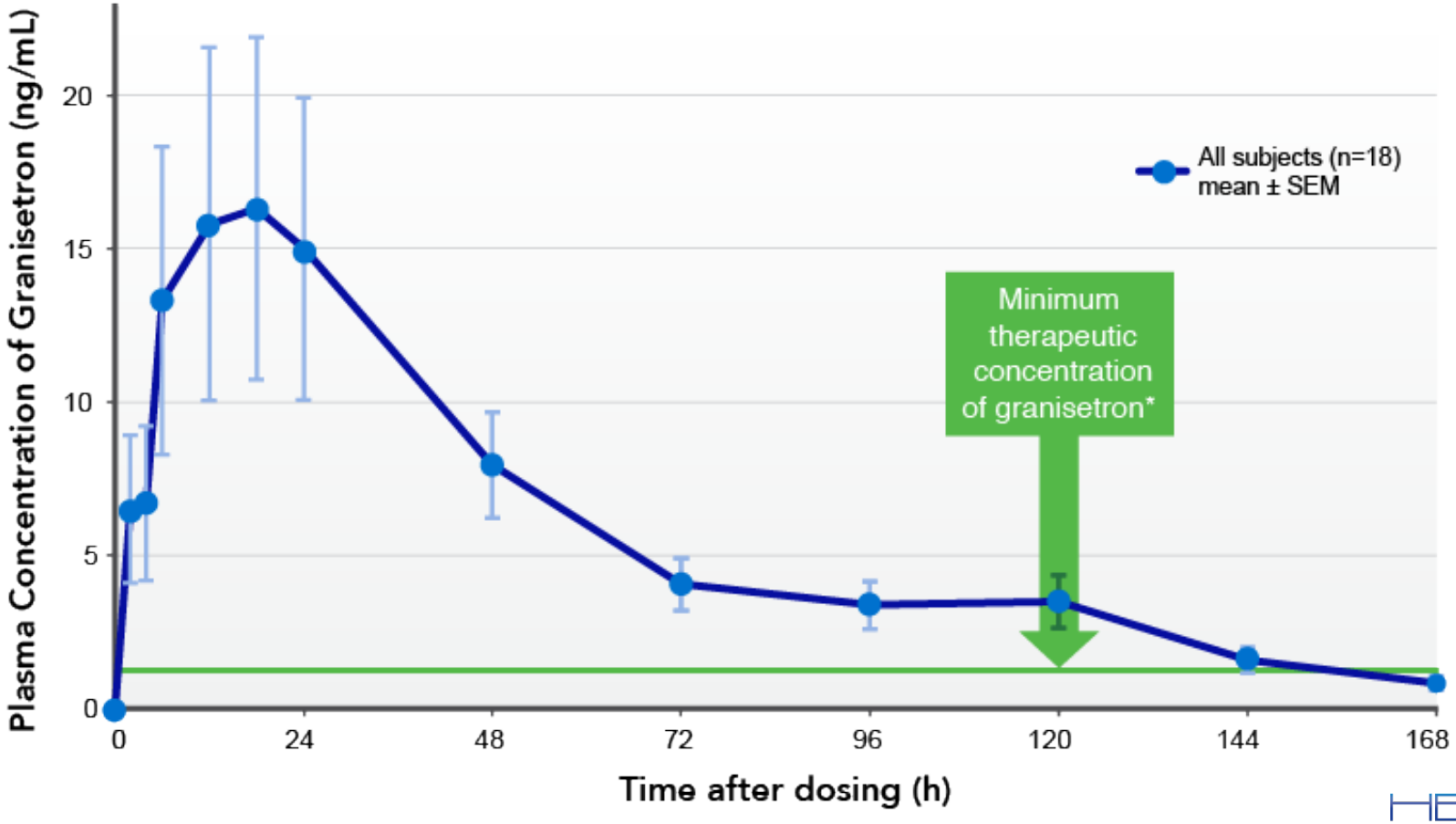
Financial Position

SUSTOL Overview

- Potentially first agent in class for prevention of both acute and delayed CINV associated with both MEC and HEC
  - Utilizes Biochronomer technology to deliver granisetron over 5 days
  - Granisetron, a well-known, short-acting 5-HT_3 receptor antagonist (RA) approved for CINV
- First Phase 3 study successful
- Issues from 2013 Complete Response Letter (CRL) addressed
- Recently reported Phase 3 MAGIC study successful
  - SUSTOL, as part of a three-drug regimen, is the first 5-HT_3 RA to demonstrate superiority to a standard-of-care, three-drug regimen in delayed nausea and vomiting in patients receiving HEC
- NDA resubmitted in July 2015; 6-month review expected

SUSTOL 5-Day Profile: Granisetron Pharmacokinetics

SUSTOL has been shown to maintain therapeutic drug levels of granisetron for ***at least 5 days*** with a ***single*** subcutaneous injection



*Data from patent application 20120258164 for transdermal granisetron.

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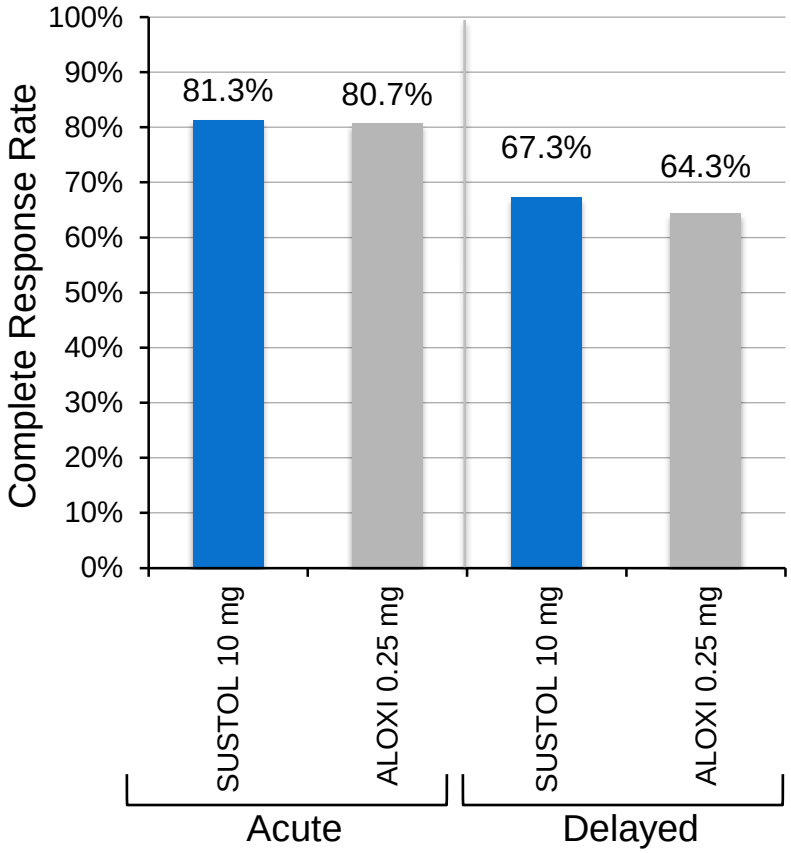
How We Are Addressing the CRL

March 2013 CRL raised three main issues:

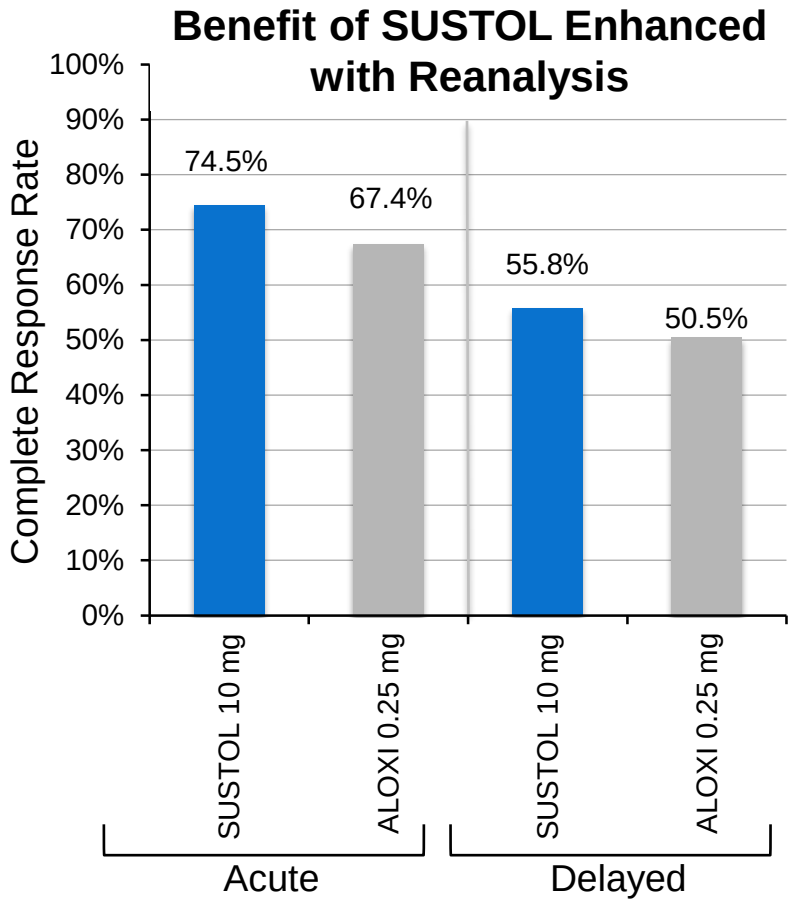
1. Chemistry, Manufacturing, and Controls: correction of pre-approval inspection (PAI) issues and revision of one *in-vitro* release method
   - Sites with PAI issues have been eliminated, with work transferred to a well-established site with no PAI issues
     - Transition complete, with secondary benefit of improvement in COGS
   - New *in-vitro* release method developed and validated
   - Multiple validation batches of finished product now completed
2. Requirement for Human Factors Validation Study with commercial product
   - Successfully completed
3. Re-analysis of first Phase 3 study using ASCO 2011 guidelines for categorization of MEC and HEC
   - Complete dataset and programs supplied to FDA and found acceptable

Reanalysis of First Phase 3 Study Using ASCO 2011 Guidelines

Protocol-Specified HEC Population



ASCO 2011 Guidelines HEC Population



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Delayed CINV Associated with HEC
A Significant Unmet Medical Need

Approved Injectable 5-HT_3 RAs in U.S.

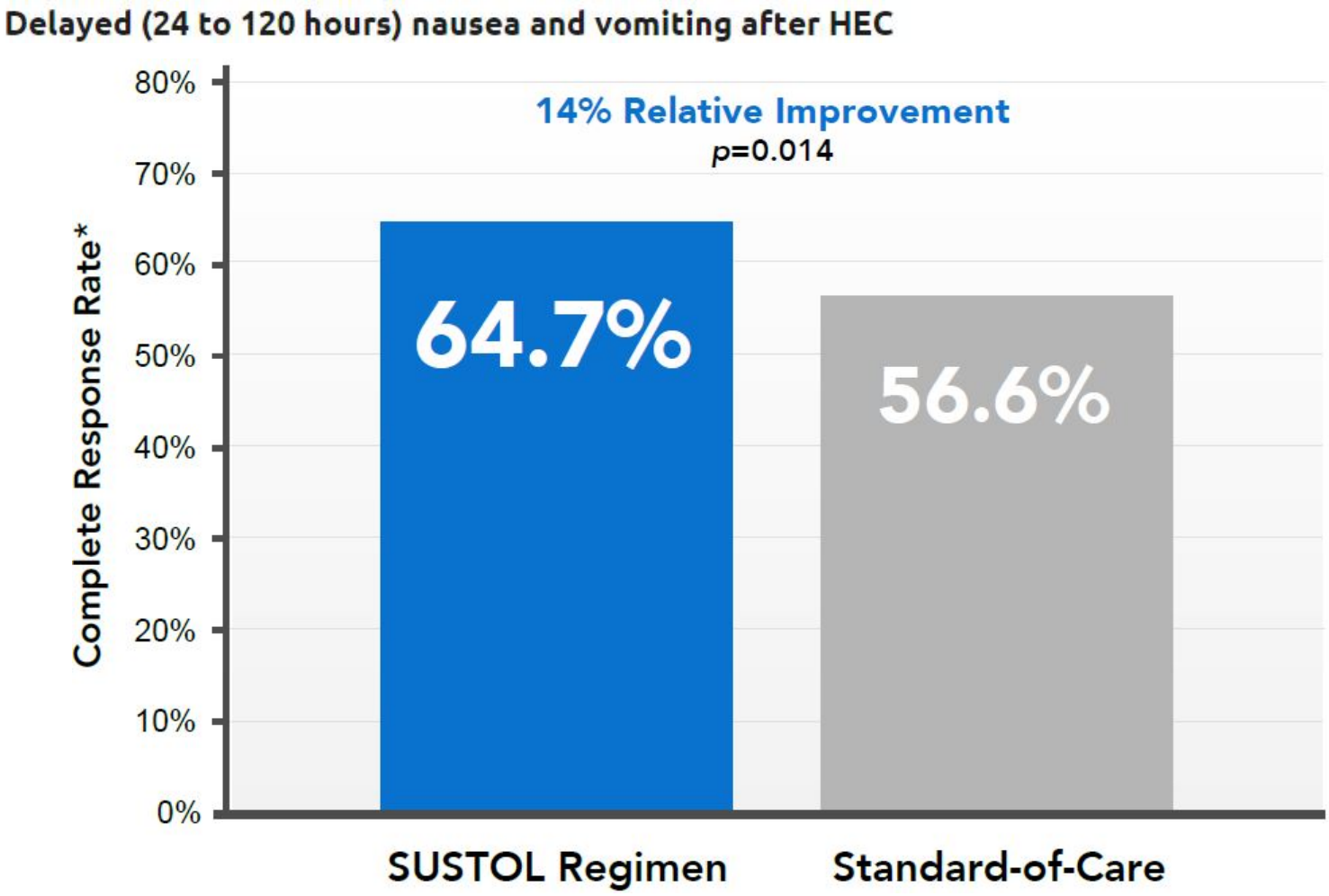
	Moderately Emetogenic Chemotherapy	Highly Emetogenic Chemotherapy
Acute CINV (Day 1)	Kytril® (Granisetron) Zofran® (Ondansetron) Aloxi® (Palonosetron)	Kytril® (Granisetron) Zofran® (Ondansetron) Aloxi® (Palonosetron)
Delayed CINV (Days 2-5)	Aloxi® (Palonosetron)	**NONE**

None of currently available 5-HT_3 RAs have demonstrated sufficient efficacy to gain approval for prevention of delayed CINV associated with HEC

MAGIC (Modified Absorption Granisetron In the Prevention of Chemotherapy Induced Nausea and Vomiting) Trial

- The only Phase 3 study where comparator arm contains currently recommended, standard-of-care, three-drug regimen for prophylaxis in a HEC population (5-HT_3 RA + NK_1 RA + dexamethasone)
  - 942 patients randomized 1:1 to receive either:
    - Ondansetron + fosaprepitant + dexamethesone + placebo
    - SUSTOL + fosaprepitant + dexamethasone + placebo
- Ondansetron selected as comparator because:
  - It has been the most commonly used comparator in CINV trials and viewed as an appropriate comparator by the FDA
  - The three-drug combination of ondansetron, fosaprepitant and dexamethasone was the first combination approved for delayed nausea and vomiting after HEC
  - Before the MAGIC trial, no $5HT_3$ RA, including palonosetron, had shown a significant benefit versus ondansetron in delayed CINV after HEC

MAGIC Primary Analysis: SUSTOL Regimen Statistically Superior to Standard-of-Care



*Complete Response defined as no emesis episodes and no rescue medications

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SUSTOL Provides an Important Benefit in Nausea Reduction and Patient QoL

Results for Delayed Phase (24 to 120 Hours)	p-value[1]
Complete Response	0.014
Complete Control (CR plus no more than mild nausea)	0.022
No or Infrequent Nausea[2]	0.032
Global Satisfaction with Therapy[3]	0.040

1. P-values are based on the Cochran-Mantel-Haenszel chi-square test controlled by use of cisplatin, not adjusted for multiplicity
2. Patients with zero, one or two episodes of nausea
3. Patient quality of life (QoL) question: How satisfied are you with the study medication's ability to control your nausea and vomiting?

MAGIC Safety Summary

- No clinically significant differences between arms on safety
  - No significant differences in SAEs
  - No significant differences in discontinuations, or discontinuations due to adverse events
- Consistent with previous trials, injection site reactions were relatively common, but generally mild and usually resolved prior to the next cycle of chemotherapy
  - Not an impediment to treatment as evidenced by the significant improvement in patient satisfaction with SUSTOL therapy, with more than 80% of patients either very satisfied or satisfied with SUSTOL treatment

SUSTOL - Conclusion

SUSTOL, as part of a three-drug regimen, is the first 5-HT_3 RA to demonstrate superiority to a standard-of-care, three-drug regimen in delayed nausea and vomiting in patients receiving HEC

NDA resubmitted in July 2015

6-month review expected

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- HTX-003 (buprenorphine, extended release)

Financial Position

HTX-019 Overview

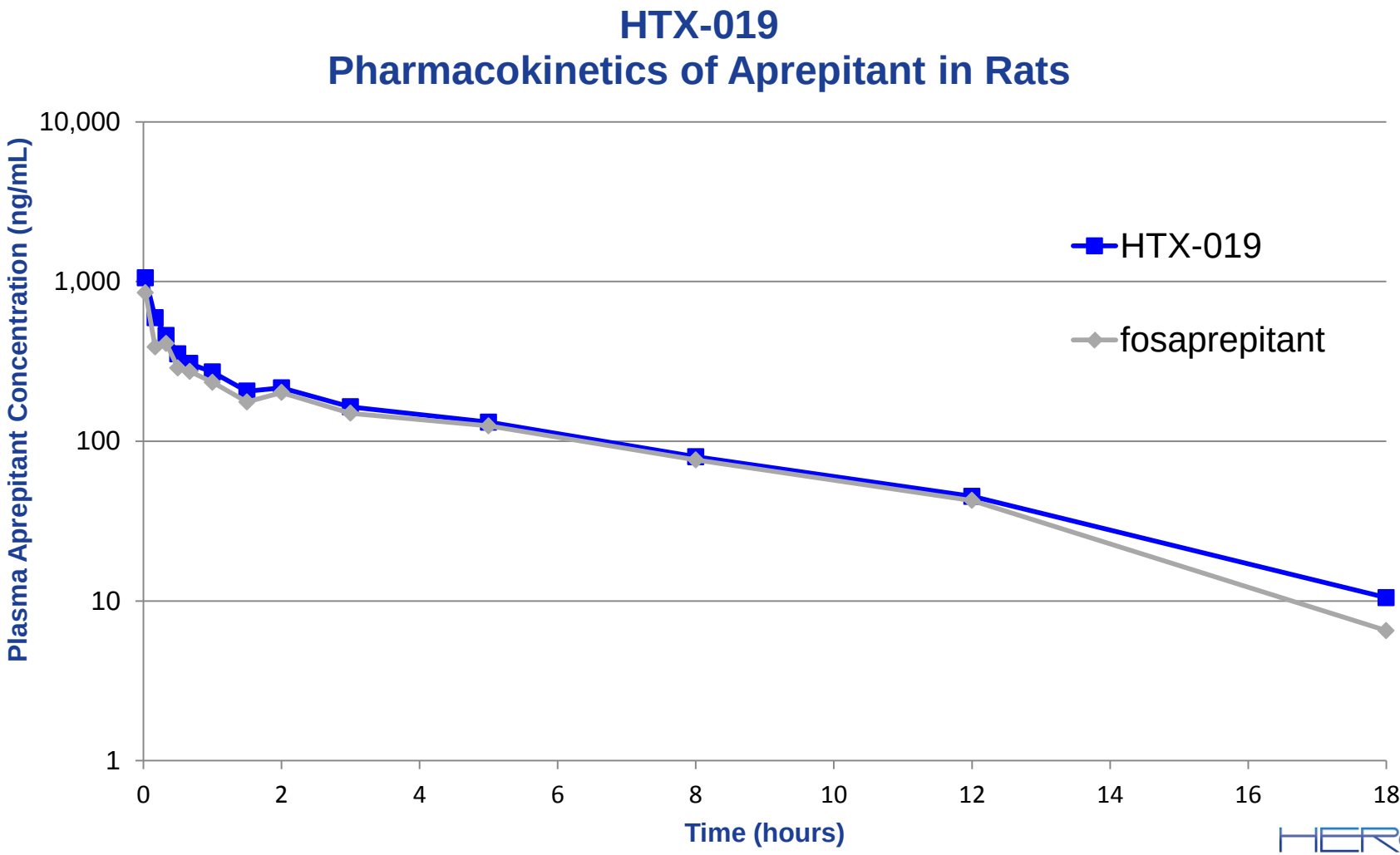
- HTX-019 is a proprietary formulation of aprepitant that has the potential to be the ***first*** polysorbate 80-free, intravenous formulation of this widely used pharmaceutical agent
- Aprepitant (and its prodrug, fosaprepitant) is the most widely used NK_1 receptor antagonist (RA) for the prevention of CINV
- Primary composition of matter patent of aprepitant expired April 2015
- NK_1 RAs are used in combination with 5-HT_3 RAs for prevention of CINV (not sufficiently active on their own)
- In preclinical studies, HTX-019 resulted in blood levels of aprepitant that were bioequivalent to those delivered with fosaprepitant
- FDA accepted proposal to use 505(b)(2) regulatory pathway for HTX-019
- NDA filing under 505(b)(2) expected in 2H 2016

HTX-019 Potential Tolerability Benefit

- Fosaprepitant is currently the only injectable NK_1 RA approved in the U.S.
- Fosaprepitant contains polysorbate 80, which may cause:
  - Hypersensitivity reactions, including flushing, itching or shortness of breath, and has the potential to cause severe anaphylaxis reactions
  - Infusion site reactions, including infusion site pain, erythema, swelling, superficial thrombosis, infusion site hives, and phlebitis/thrombophlebitis
- In review of cancer drugs containing polysorbate 80, hypersensitivity reactions linked to at least 23 deaths in spite of premedication
- HTX-019 does not contain polysorbate 80 and may have a lower incidence of certain adverse reactions than reported with fosaprepitant

Sources: Leal et al, Support Care Cancer, 22:1313–1317, 2014; Norris et al, Community Oncology, 7:425-428, 2010

HTX-019 Demonstrated Bioequivalence to Fosaprepitant



CINV
COMMERCIAL OPPORTUNITY

CINV: Commercial Opportunity

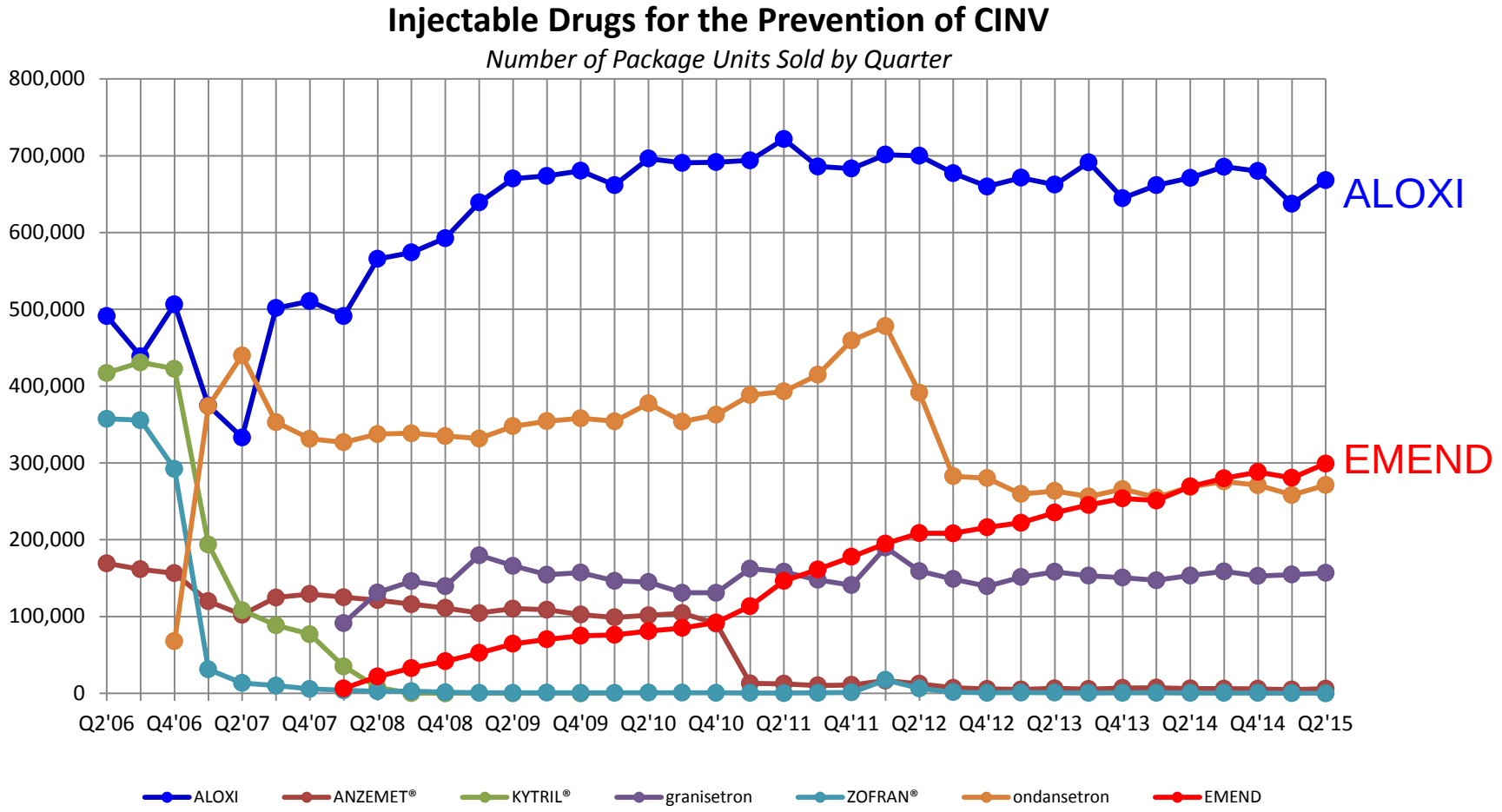
Market	• **Heron has opportunity to establish a long-term, dominant position in CINV market by targeting 3.8 million units of IV 5-HT_3 RAs and NK_1 RAs annually** • **Injectable NK_1 RA market grew 14% YOY in 2014 with significant opportunity for increased penetration into MEC regimens**

Competitive Landscape	• **New branded, injectable agents will be well-positioned to gain significant market share as current market leaders (ALOXI®, EMEND®) lose patent protection**
	  • SUSTOL positioned to be the only branded, injectable 5-HT_3 RA on the market following ALOXI potential loss of exclusivity in 2015
	  • HTX-019 anticipated to be similarly positioned following EMEND patent expiry in 2019

Go-to-Market Strategies	• **Differentiate SUSTOL and HTX-019 clinically to drive uptake**
	  • SUSTOL targeted to be the first and only injectable 5-HT_3 RA indicated for the prevention of acute and delayed CINV in *both* MEC and HEC
	  • HTX-019 has potential to differentiate vs. IV EMEND based on polysorbate 80-free formulation
	• **Leverage a highly synergistic CINV portfolio to maximize return on investment**
	  • ~600 practices account for ~90% of both ALOXI and IV EMEND use in clinic segment
	  • SUSTOL-targeted practices are the highest users of IV EMEND
	  • Highly leveraged, cost-effective commercial footprint

Source: Symphony Health Solutions data, 2015

3.8 Million Penetrable Units
ALOXI® & EMEND® Current Market Leaders



Data is Package Units; ondansetron units reflect only 2 mg/ml and 32mg/50 ml sizes

Source: Symphony Health Solutions data, 2015

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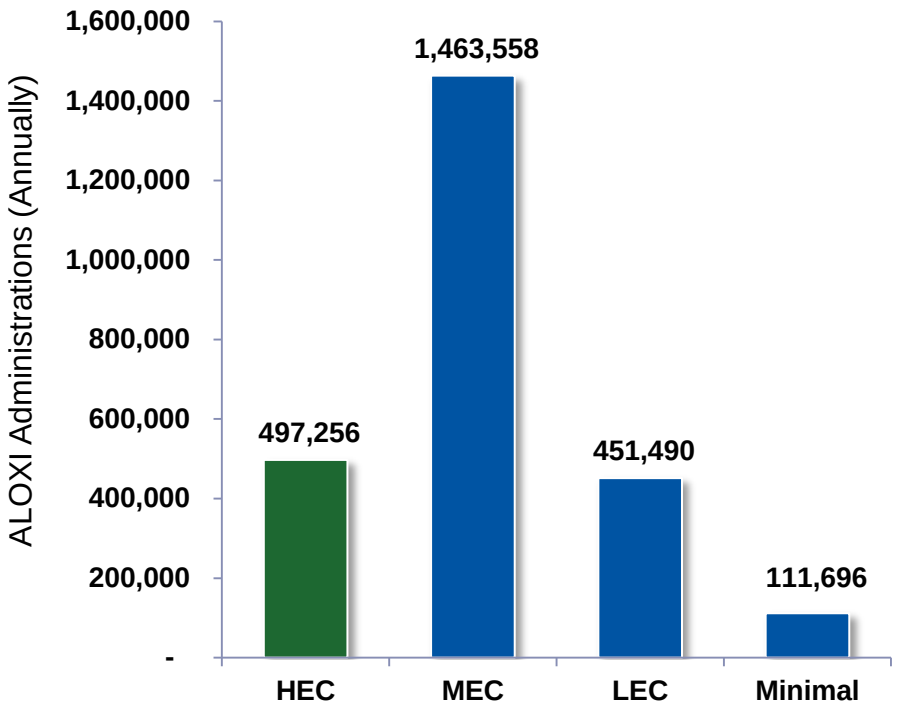
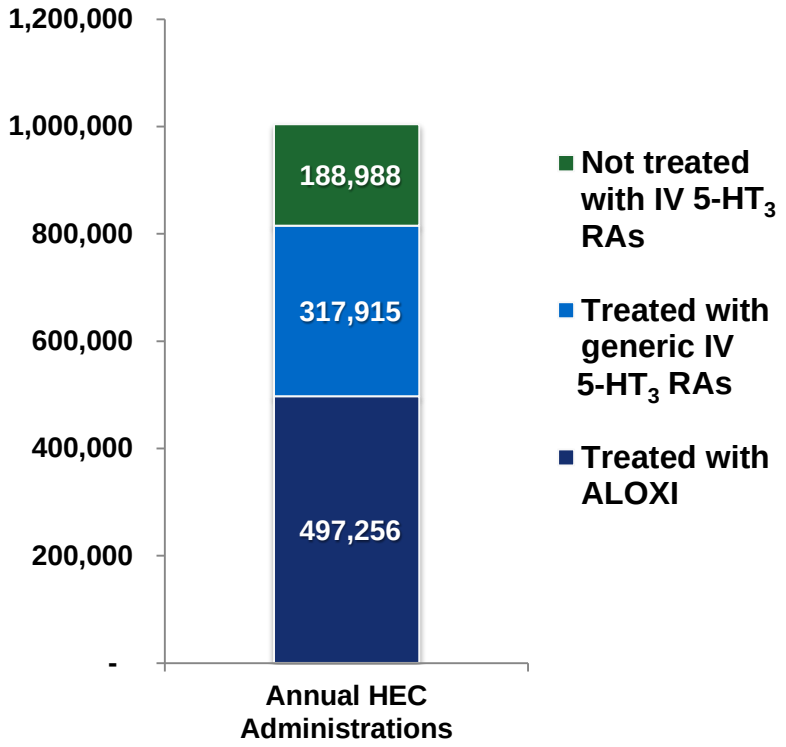
HEC Regimens Represent a Significant Market Opportunity for SUSTOL & HTX-019

HEC Regimens Account For ~20% of ALOXI Administrations



Inconsistent with Clinical Guidelines, ~20% of HEC Administrations Are Given Without Concomitant IV 5-HT$_3$ RAs



Source: IntrinsiQ data, July 2012–June 2013

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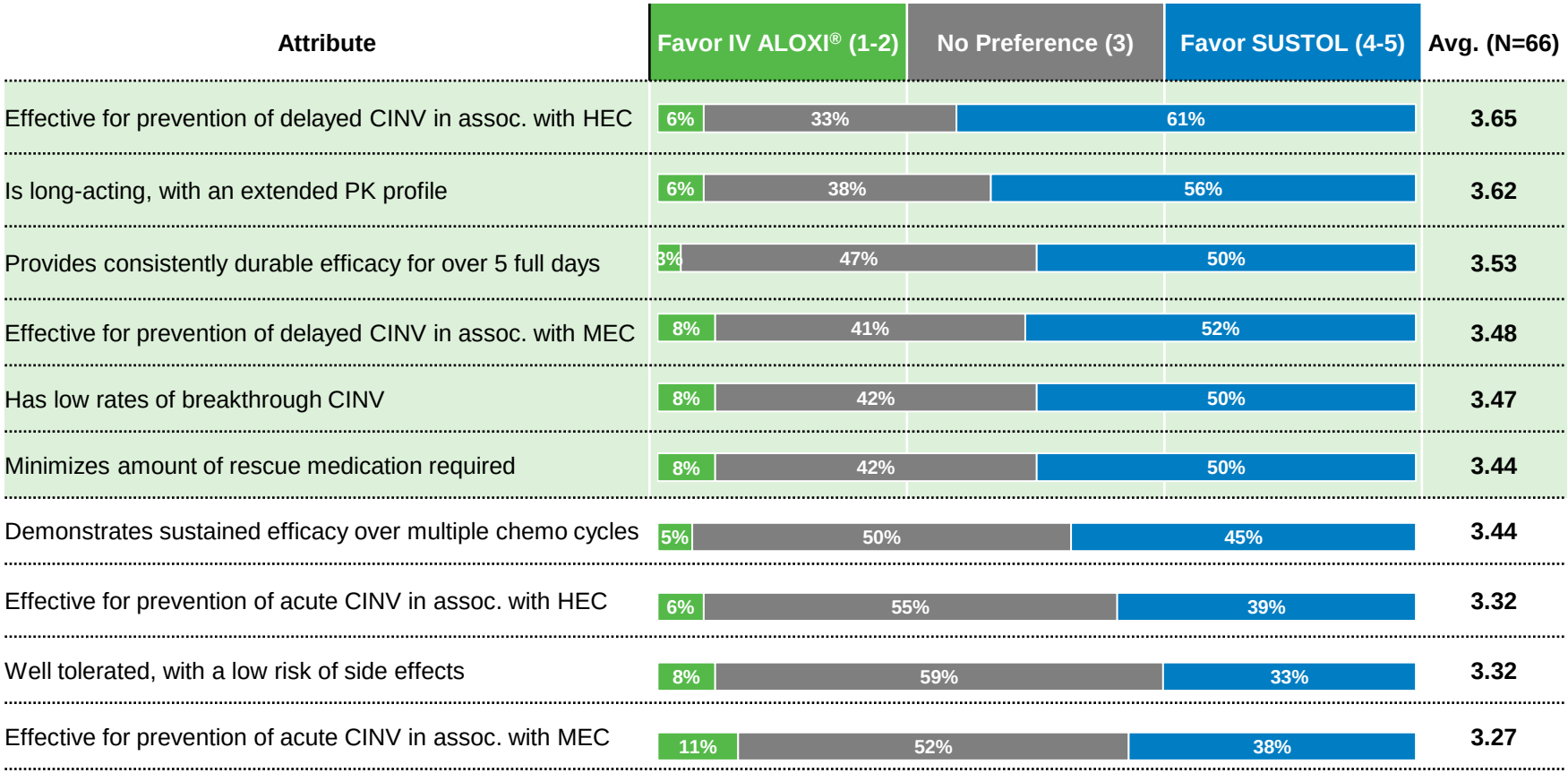
Oncologists Favorably View SUSTOL's Profile of Activity in Acute and Delayed CINV after Both MEC and HEC



MD PMR Q29: Please rate the extent to which you favor SUSTOL versus IV ALOXI® (palonosetron) on each of the following attributes using a 5-point scale, where 1= Strongly favor IV ALOXI® (palonosetron) over SUSTOL and 5 = Strongly favor SUSTOL over IV ALOXI® (palonosetron)

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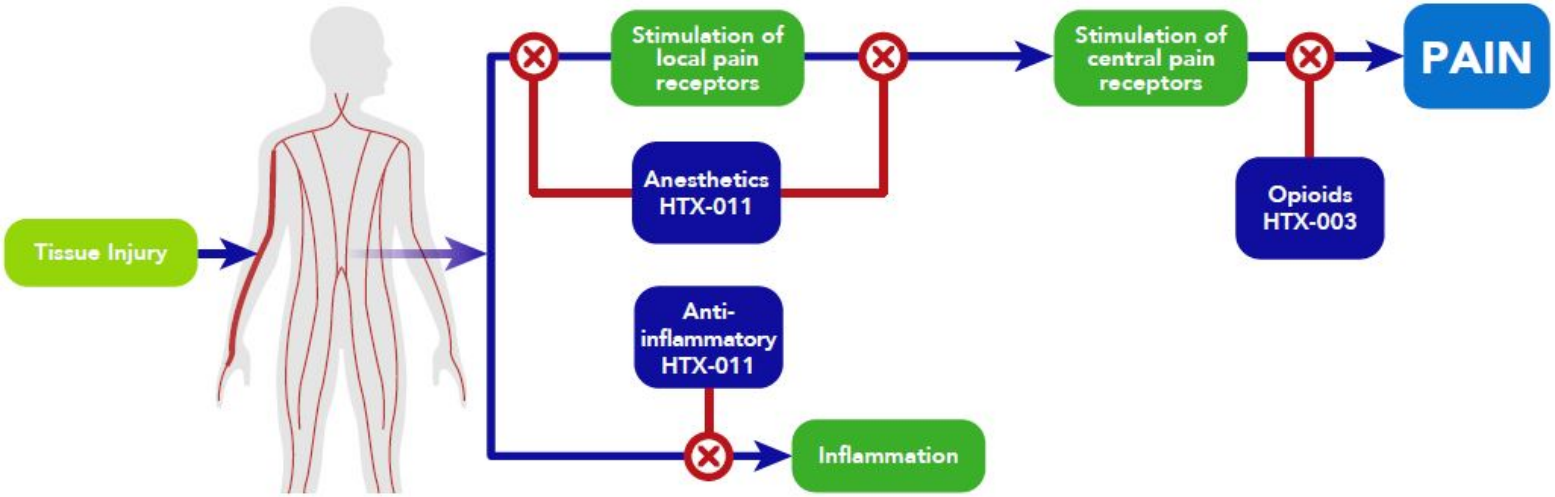
Financial Position

Pain Management

- Opioids are cornerstone of pain management, but high need for non-narcotic pain alternatives exists
  - ~28-38 million people worldwide use as an illicit drug

- **Acute pain:** Mediated through two basic systems
- **Chronic pain:** Ultimately mediated by the brain



Sources: Centers for Disease Control and Prevention, 2015; Weiser et al, Lancet, 12;372(9633):139-44, 2008; Coley et al, J Clin Anesth, 14(5):349-53, 2002; Global Industry Analytics, 2012; Institute of Medicine of the National Academies, 2012; United Nations Office on Drugs and Crime, 2015

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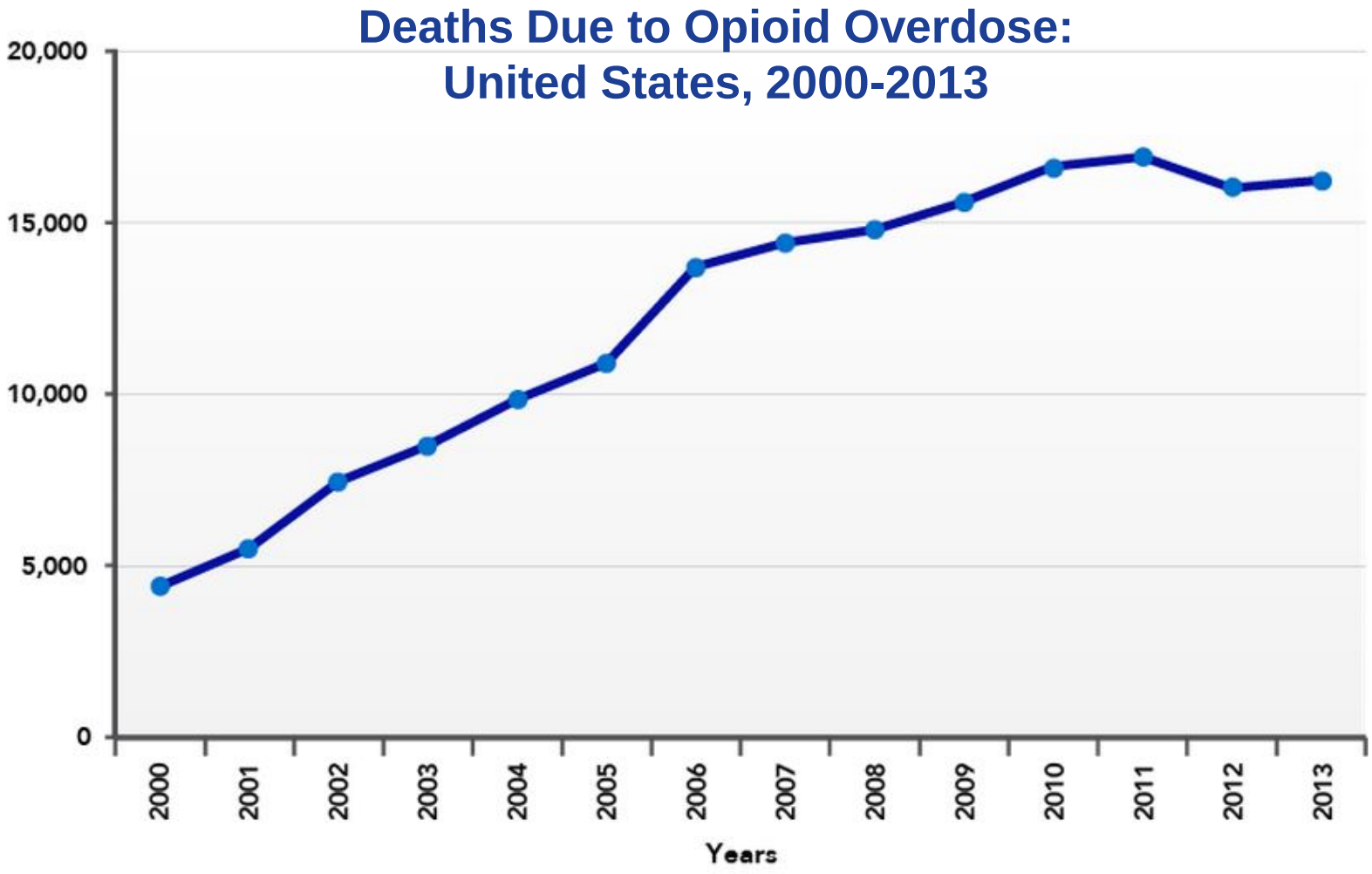
Opioids: Most Common Drug Class Implicated in Deaths Due to Overdose



Source: United Nations Office on Drugs and Crime, 2015

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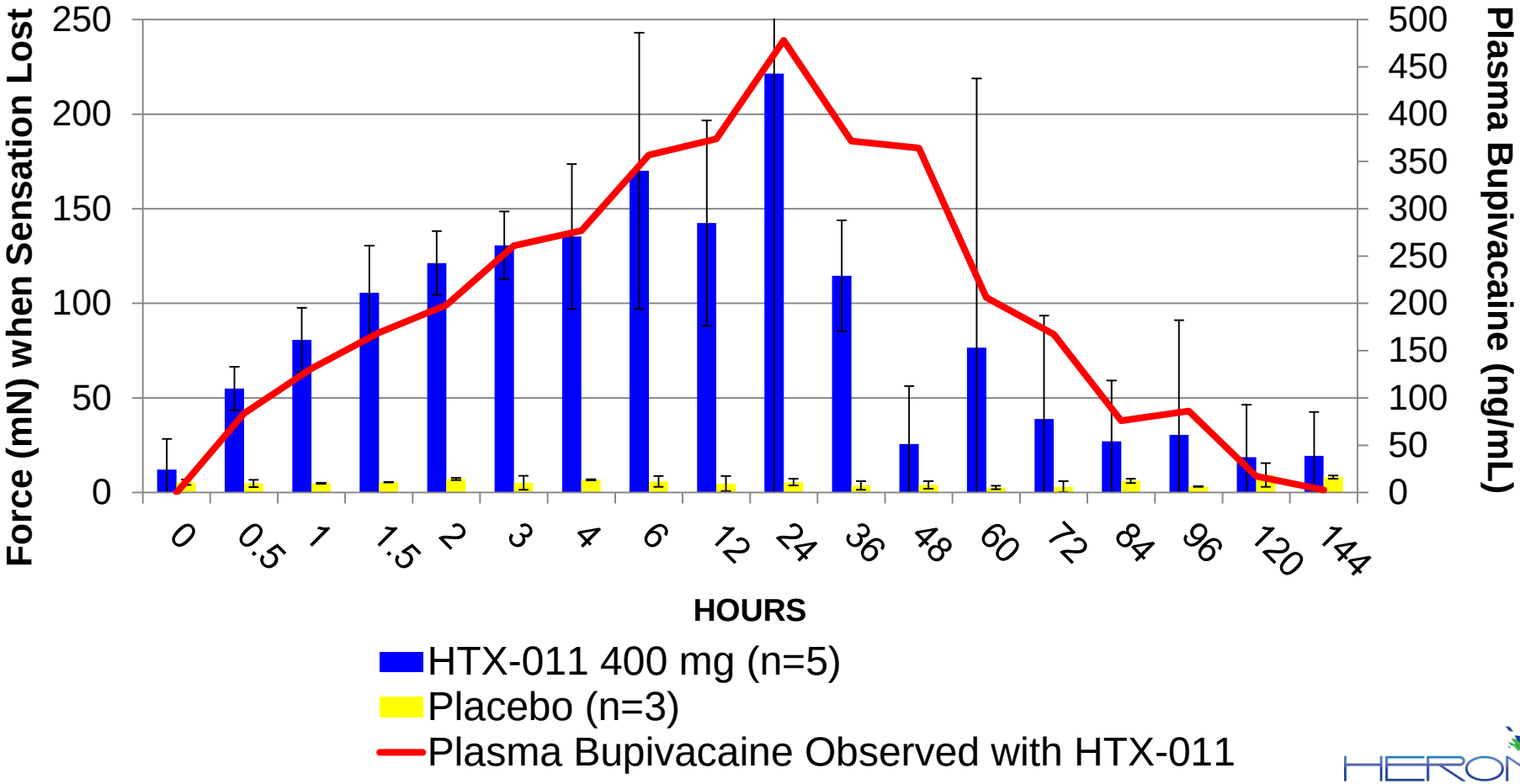
Financial Position

HTX-011 Overview

- HTX-011 is a long-acting, Biochronomer formulation of the local anesthetic bupivacaine in a fixed-dose combination with the anti-inflammatory meloxicam
- Goal is to substantially reduce need for opioids after surgery
- Phase 1 study demonstrated desired pharmacokinetic profile for both bupivacaine and meloxicam
  - Anesthetic effects persisted for approximately 3 days, closely correlating with plasma bupivacaine concentrations
  - A full 2-3 days of anesthetic activity would be a significant advantage relative to competitors and meet patient and physician needs for optimal duration of pain relief
  - Well-tolerated: no SAEs or premature discontinuations, no clinically relevant ECG changes and no clinically relevant laboratory changes
- Currently conducting two Phase 2 trials for treatment of post-operative pain
  - Results expected from both trials in 2H 2015

Reduction in Pain Sensation Correlates with Pharmacokinetic Profile of HTX-011



*Combined placebo data from all cohorts

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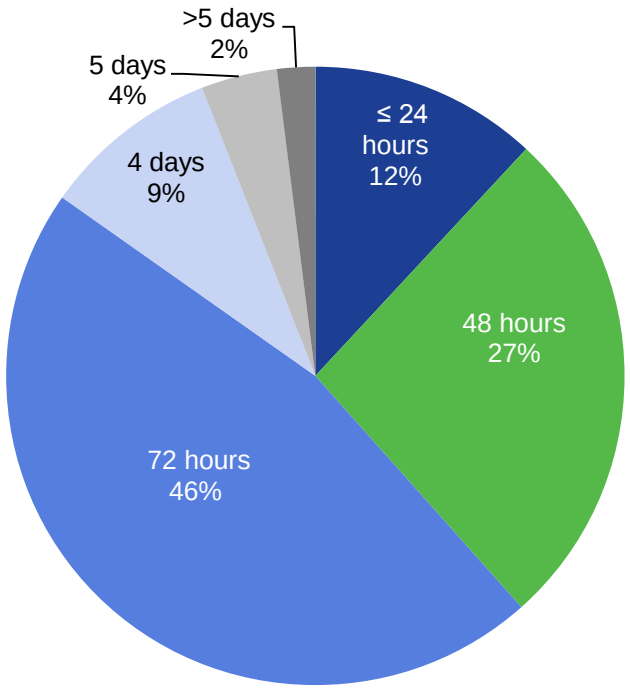
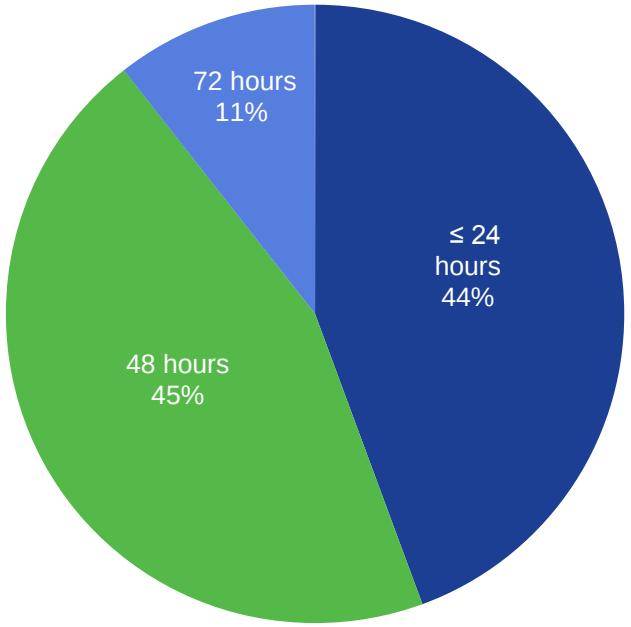
≥ 72 Hour Duration of Efficacy Seen as "Ideal" by Physicians; 48 Hours Minimally Acceptable

Ideal Duration of Efficacy for Long-Acting Local Anesthetic



Minimally Acceptable Duration of Efficacy for Long-Acting Local Anesthetic



Source: Decision Resources Group Post-Operative Pain Physician Research Initiative, 2014
(N=30 qualitative interviews; N=184 quantitative survey)

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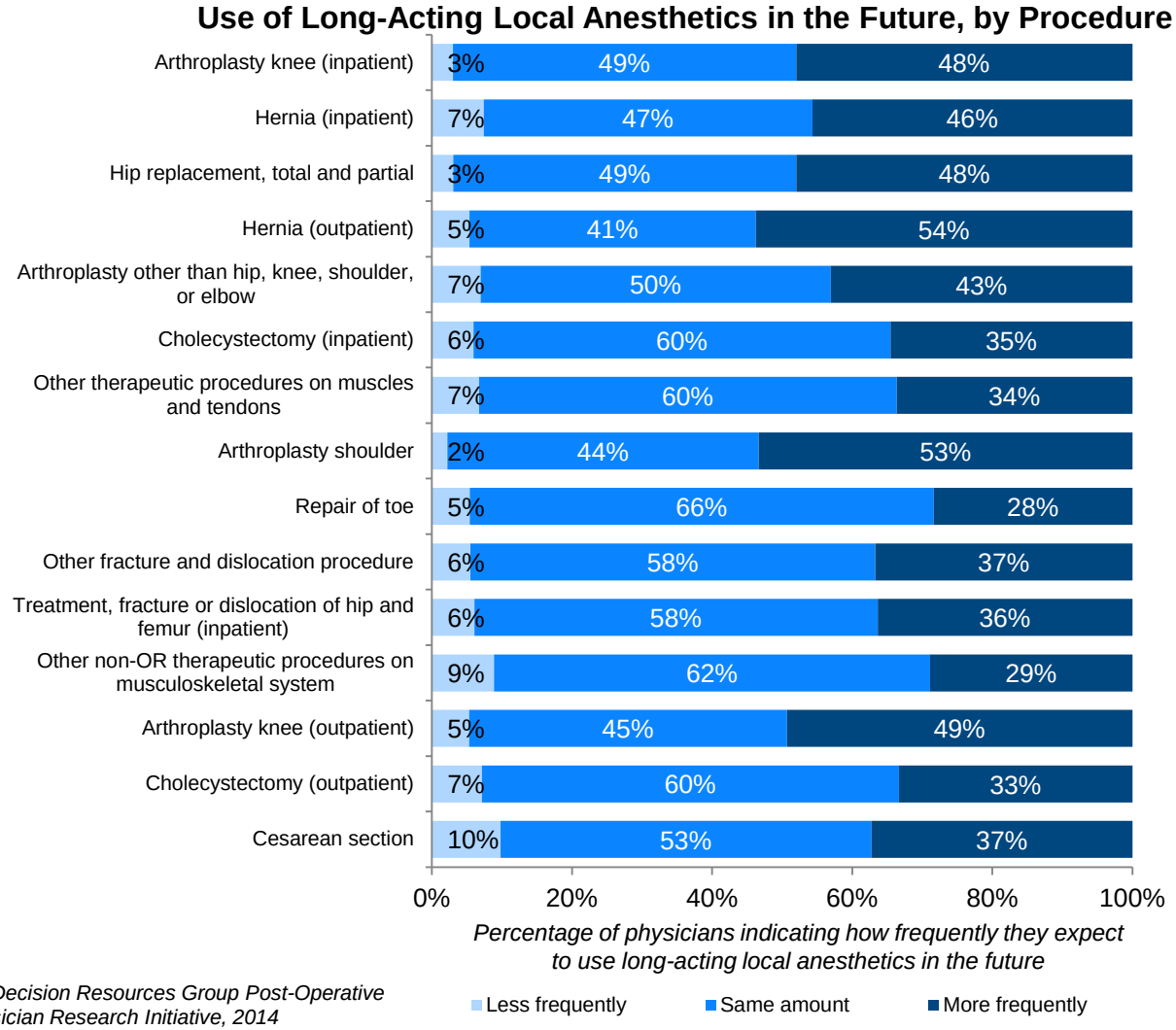
Across Procedures, Many MDs Expect the Use of Long-Acting Local Anesthetics to Increase



"Minimizing opioid use by using long-acting local anesthetics is the trend. I think the long-acting local anesthetics have great promise in the future."
– General surgeon

Source: Decision Resources Group Post-Operative Pain Physician Research Initiative, 2014 (N=30 qualitative interviews; N=184 quantitative survey)

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HTX-011 Next Steps

- Conducting two placebo-controlled, dose-finding, Phase 2 trials for treatment of post-operative pain
  - Bunionectomy study
  - Inguinal hernia repair study
  - Results expected from both trials in 2H 2015
- Initiating Phase 2 studies for other surgical models in 2H 2015
- Completing toxicology for nerve-block and orthopedic indications

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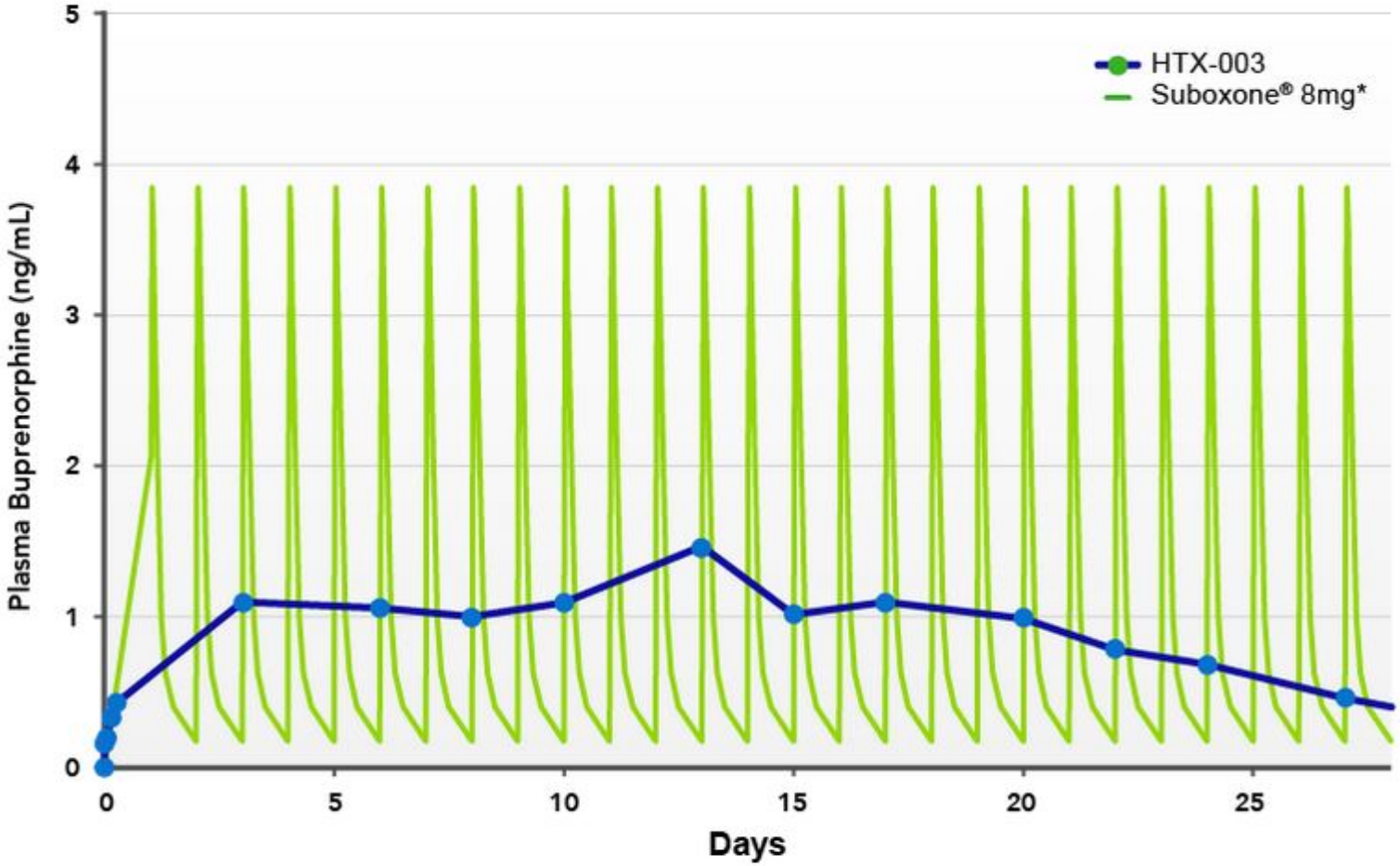
Financial Position

HTX-003 Overview

- HTX-003 is a long-acting, Biochronomer formulation of buprenorphine
  - Designed to maintain therapeutic drug levels of buprenorphine for 30 days following a single subcutaneous injection
  - Potential to deliver long-lasting relief from chronic pain and management of opioid addiction while replacing use of orally administered opioid drugs
- HTX-003's advantages based on both choice of therapeutic agent (buprenorphine) and sustained release, injectable formulation
  - Buprenorphine chemically related to morphine but has lower risk of respiratory side effects, physical dependence and abuse
  - Buprenorphine is a Schedule III drug, compared to Schedule II opioids like morphine and oxycodone, which allows physicians to prescribe with fewer restrictions for pain relief, addiction management
  - Physician-delivered injection further lowers the risk of diversion and abuse

HTX-003 Provides Controlled, Sustained Release of Buprenorphine

30-Day Buprenorphine[1] Compared to Daily Oral Suboxone®



*U.S. Patent #2013/0190341.

1 *Plasma buprenorphine levels in sheep*

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Overview of Heron

CINV Programs

- SUSTOL (granisetron) Injection, extended release
- HTX-019 (aprepitant injection, polysorbate 80 free)

Pain Management Programs

- HTX-011 (bupivacaine and meloxicam, extended release)
- HTX-003 (buprenorphine, extended release)

Financial Position

Financial Position

Condensed Balance Sheet Data	As of June 30, 2015 (In thousands)
Cash and cash equivalents	$ 171,526
Total assets	$ 176,456
Total liabilities	$ 16,590
Total stockholders' equity	$ 159,866

Cash resources expected to fund operations through at least 2016

Includes pursuing regulatory approval for SUSTOL in the U.S. and commercial launch, if approved

Heron Corporate Highlights

- Four product candidates for patients suffering from cancer or pain
- SUSTOL® (granisetron) Injection, extended release for the prevention of chemotherapy-induced nausea and vomiting (CINV)
  - Positive, topline results from Phase 3 MAGIC study
  - First 5-HT_3 receptor antagonist (RA) to show efficacy in delayed CINV associated with highly emetogenic chemotherapy (HEC)
- HTX-019 for CINV
  - Potentially first polysorbate 80-free, intravenous formulation of aprepitant
- HTX-011 for post-operative pain
  - Locally delivered, long-acting formulation of bupivacaine with meloxicam designed to deliver superior pain relief while significantly reducing the need for opioids
- HTX-003 for chronic pain and opioid addiction
  - Long-acting injectable opioid with lower potential risk of harmful side effects, abuse and addiction

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