

COMPENSATION COMMITTEE CHARTER

Adopted by the Board of Directors of Depomed, Inc.

(as amended through May 16, 2013)

Purpose

The purpose of the Compensation Committee (the “Committee”) of the board of directors (the “Board”) of Depomed, Inc. (the “Company”) is to discharge the Board’s responsibilities relating to compensation of the Company’s directors and executive officers. The Committee has overall responsibility for evaluating and approving incentive, equity-based and other compensatory plans, policies, practices and programs (“Compensation Programs”) of the Company applicable to directors and executive officers.

Composition

The Committee shall be composed of at least two directors, each of whom shall satisfy the independence requirements of Nasdaq (subject to any applicable transitional period or other exceptions permitted under Nasdaq requirements) and any other standards of independence as may be prescribed for purposes of any federal securities, tax or other laws relating to the Committee’s duties and responsibilities (including Rule 16b-3 under the Securities Exchange Act of 1934 and Section 162(m) of the Internal Revenue Code).

Members shall be appointed to, and removed from, the Committee by the Board. The Chair of the Committee shall be appointed by the Board.

Duties and Responsibilities¹

1. The Committee shall develop and periodically review Compensation Programs applicable to directors and executive officers.
2. The Committee shall: (i) evaluate the performance of the Company against corporate goals and objectives relevant to executive officer compensation approved by the Board, and recommend to the Board for its determination the level of achievement of those goals and objectives; (ii) in consultation with the Chair of the Board, evaluate the CEO’s performance in light of corporate goals and objectives and any individual goals and objectives; (iii) evaluate the performance of executive officers other than the CEO in light of corporate and individual goals and objectives; and (iv) set executive officer and CEO compensation based on its evaluation. In setting executive compensation, the Committee shall consider factors it believes appropriate, including without

¹ *The duties and responsibilities set forth in this Charter are provided as guidelines from which the Committee may diverge as it deems appropriate, subject to compliance with applicable Nasdaq, securities, tax and other legal and self-regulatory requirements.*

limitation performance against corporate and individual goals and objectives, the impact or performance on the outlook for the Company, absolute and relative shareholder return, executive compensation at peer companies, and compensation provided to executive officers in past years. The CEO may not be present during voting or deliberations on his or her compensation.

3. The Committee shall oversee, review and approve any analysis or report on executive compensation included in the Company's proxy statement or periodic reports pursuant to applicable securities rules and regulations.
4. The Committee shall provide general oversight of the Company's Compensation Programs and benefit plans that pertain to all employees. That oversight may include: (i) periodically reviewing and making recommendations to the Board with respect to the adoption of, or material changes in, such Compensation Programs; and (ii) reviewing with the CEO and the head of Human Resources the material criteria used by management in evaluating employee performance throughout the Company, and in establishing appropriate Compensation Programs.
5. The Committee shall periodically review the Company's Compensation Programs as they relate to the Company's risk management, determine whether and to what extent risks arising from the Company's Compensation Programs are reasonably likely to have a material adverse effect on the Company, and consider methods of mitigating any such risk.
6. The Committee shall report to the Board on any significant matters arising from the Committee's work.
7. The Committee shall from time to time review, and recommend to the Board for its determination, the compensation of the members of the Board, based on director compensation at peer companies and other factors the Committee deems appropriate.
8. The Committee shall review and reassess this Charter annually and, if appropriate, recommend changes to the Board.
9. The Committee shall perform such other duties and responsibilities as may be assigned to the Committee by the Board or as designated in plan documents.

Authority

By adopting this Charter, the Board delegates to the Committee full authority to:

1. Perform each of the duties and responsibilities of the Committee described above.
2. Delegate such of its authority and responsibilities to one or more members of the Committee as the Committee deems proper and consistent with applicable legal requirements.

3. In its sole discretion, appoint, engage and terminate compensation consultants, independent counsel and such other advisers as the Committee determines necessary or advisable to carry out its responsibilities (after taking into consideration independence standards applicable to engagements of any such consultant, counsel or adviser under federal securities and other laws, and Nasdaq listing standards); and approve reasonable fees and other terms of retention of any such consultant, counsel or adviser, and cause the officers of the Company to provide funding to pay such fees. The Committee shall be directly responsible for the oversight of any such consultant, counsel or adviser.

General

1. In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by: (i) officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented; and (ii) consultants, counsel, independent auditors or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person.
2. This Charter may be amended only by the Board.