

VIVUS

January 2019

Reinvigorate, Deliver and
Innovate

Nasdaq: VVUS

Forward Looking Statements

Non-GAAP Financial Measures

Forward Looking Statements

Certain statements in this presentation are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks, uncertainties and other factors, including risks and uncertainties related to potential change in our business strategies for the Company and for each of our products; risks and uncertainties related to size and growth of the applicable markets, our expected future revenues, operations and expenditures; risks and uncertainties related to our history of losses and variable quarterly results; risks and uncertainties related to the timing, strategy, tactics and success of the marketing and sales of PANCREAZE; risks and uncertainties related to our, or our partner's, ability to successfully commercialize Qsymia; risks and uncertainties related to our ability to identify and acquire cash flow generating assets; risks and uncertainties related to our ability to successfully complete on acceptable terms, and on a timely basis, avanafil partnering discussions for unpartnered territories under our license with MTPC; risks and uncertainties related to our ability to successfully develop or acquire a proprietary formulation of tacrolimus as a precursor to the clinical development process; risks and uncertainties related to our ability to address or potentially reduce our outstanding balance of the convertible notes due in 2020; risks and uncertainties related to our, or our current or potential partners', ability to gain approval for Qsymia in territories outside the U.S.; risks and uncertainties related to our ability to work with FDA to significantly reduce or remove the requirements of the clinical post-approval cardiovascular outcomes trial, or CVOT; risks and uncertainties related to the impact of the indicated uses and contraindications contained in the Qsymia label and the Risk Evaluation and Mitigation Strategy, or REMS, requirements; and risks and uncertainties related to our discussions with the European Medicines Agency, or EMA, relating to the resubmission of the marketing authorization application for Qsymia, and the assessment by the EMA of the marketing authorization application. These risks and uncertainties could cause actual results to differ materially from those referred to in these forward-looking statements. The reader is cautioned not to rely on these forward-looking statements. Investors should read the risk factors set forth in VIVUS' Form 10-K for the year ended December 31, 2017 as filed on March 14, 2018, and as amended by the Form 10-K/A filed on April 26, 2018, and periodic reports filed with the Securities and Exchange Commission. VIVUS does not undertake an obligation to update or revise any forward-looking statements.

Use of Non-GAAP Financial Measures

We supplement our condensed consolidated financial statements presented on a GAAP basis by providing additional measures which are considered non-GAAP under applicable SEC rules, such as EBITDA and Enterprise Value. We believe that the disclosure of these non-GAAP measures provides investors with additional information that reflects the basis upon which our management assesses and operates our business. These non-GAAP financial measures are not in accordance with GAAP and should not be viewed in isolation or as a substitute for GAAP net loss and are not a substitute for, or superior to, measures of financial performance performed in conformity with GAAP.

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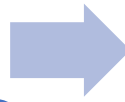
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Brief Overview of Company

HISTORY

1991 – Apr 30th, 2018

- Founded as sexual health biopharmaceutical and device company
- IPO'ed in 1993
- Company had four products approved
- Multiple CEO's
- Activist Shareholders
- 2 Commercial Products
- 1 Development Asset



RESET

May 1st, 2018 – June 30th, 2018 – Hard Reset

- New Management Team
- Acquired PANCREAZE and Developed a Growth Strategy
- Developed QSYMIA Growth Plan
- Continued Licensing Strategy for STENDRA and QYSMIA
- Progressed Development Asset VI-0106
- \$115M Cash
- \$300M Debt
- TEV ~\$230M



GROWTH

July 1st, 2018 – Future

- Grow revenue and EBITDA for PANCREAZE and QSYMIA
- License STENDRA and QSYMIA in available territories
- Seek Acquisitions \$25M to \$40M of EBITDA
- Restructure and Pay Down Debt
- Continue Development of VI-0106
- Maintain Financial Discipline

Investment Highlights

- Generated recurring positive non-GAAP EBITDA of \$4.8M in Q3 2018. This is the first quarter VIVUS generated positive EBITDA based on recurring revenue in the last 10 years
- Repurchased/restructured \$68.6M of the May 2020 \$250M convertible bond almost two years ahead of schedule
- Between cash on hand and debt capacity from forecasted EBITDA performance, VIVUS expects to be able to address the remaining \$181.4M of debt due May 2020
- Building sales force to launch PANCREAZE in Q1 2019
- Completed pilot programs for QSYMIA relaunch coupled with a newly structured sales force
- Active discussion with additional partners on STENDRA/SPEDRA and QYSMIA
- Continued progress on VI-0106 PAH development program

Management Focus Next 24 Months

- Drive Qsymia revenue and profitability with the Transformative Pharmaceutical Operating Model
- Re-launch PANCREAZE in Q1 2019
 - New sales team and excellent market insights
 - Leverage the Transformative Pharmaceutical Operating Model
- Continue addressing the \$181.4M of convertible notes due in May 2020 by driving operating performance and maintaining financial discipline while carefully considering our financing alternatives
- Accelerate development of VI-0106
- Obtain additional regulatory approvals and partners in open territories for STENDRA/SPEDRA and certain strategic territories for Qsymia
- Acquire additional cash flow positive healthcare/pharmaceutical assets
- Launch VIVUS HEALTH PLATFORM

Management Team

Name /Role	Experience
John Amos Chief Executive Officer	<ul style="list-style-type: none"> • 24+ years in Healthcare as CEO, Investor, Board Member and Executive • McKesson, BMS, OTN, BVCF, ORIX, Willow
Ken Suh President	<ul style="list-style-type: none"> • 20+ years in Healthcare as CEO and Executive • Johnson & Johnson, Novartis, KRIM, Willow
Mark Oki Chief Financial Officer	<ul style="list-style-type: none"> • 20+ years in Healthcare as CFO and Finance Executive • Deloitte and Touche, Alexza Pharmaceuticals, Pharmacyclics, Incyte,
John Slebir General Counsel / SVP Business Development	<ul style="list-style-type: none"> • 25+ years in Healthcare as GC, Business Development, Corporate Secretary • Wilson, Sonsini, Goodrich and Rosati P.C.
Deborah Larsen Chief Strategy Officer (Commercial Ops)	<ul style="list-style-type: none"> • 25+ years in Global Marketing Roles • Glaxo Smith Kline, ICC, Novartis
Santosh Varghese, M.D. Chief Medical Officer	<ul style="list-style-type: none"> • 20+ years in Healthcare as Senior Executive • Elan, Merck, Schering Plough, Sanofi Aventis
Scott Oehrlein Chief Operations Officer	<ul style="list-style-type: none"> • 30+ years in Healthcare as Senior Executive • The Upjohn, Sanofi, Novartis, Willow

Pharmaceutical Assets

	Pre-Clinical	Phase 1	Phase 2	Phase 3	Approved
PANCREAZE®					
-EPI due to Cystic Fibrosis + other conditions					
Qsymia®					
-Obesity (Planned EU refiling based on real world data)					
-Obstructive Sleep Apnea					
-NASH					
Avanafil (STENDRA®/SPEDRA®)					
-Erectile Dysfunction (Marketing authorization ongoing in MENA and Russia/CIS)					
VI-0106					
-Pulmonary Arterial Hypertension			Orphan Status Granted; VIVUS is seeking Fast Track and Breakthrough Therapy designation		



Qsymia is a safe and effective therapy for body mass index management

Proprietary extended-release formulation combining low doses of active ingredients from two previously approved compounds, phentermine and topiramate

We believe the 3-month data from our CONQUER study supports short-term use, demonstrating weight loss reductions of 15-19 pounds and reductions of 2-3 inches from waist

<p>93.3M Americans are living with a BMI greater than 30 according to CDC</p>	<p>Approximately 10-17% of the 93.3M Americans are willing to take a daily pill to help manage their weight</p>	<p>In 2011, the American Board of Obesity Medicine (ABOM) was established</p>	<p>In 2013, 587 Physicians were certified as ABOM Physicians, by 2018 2,656 Physicians have been certified as ABOM Physicians https://www.abom.org/stats-data/</p>
<p>All States have populations with 20% or greater with >30 BMI 7 states have a populations with 35% or greater with >=30 BMI</p>		<p>Based on 2008 dollars, the cost of obesity in the American Healthcare system is \$147B per annum</p>	<p>In 2017, the total weight loss market was \$66B, a combination of OTC diet pills, diet foods, counseling centers and pharmaceuticals</p>
<p>To address this market, VIVUS has reorganized the sales team of 18 reps to focus on high value territories and modified the sales compensation model, additionally we are now employing a call center model</p>	<p>We are streamlining the product acquisition process for the patient based on results of two successful pilot program that we ran in Texas and Georgia</p>	<p>We intend to integrate wearables technology, nutritional science, on-line prescribing and VIVUS pharmaceutical technology to create the Transformation Pharmaceutical Operating Model</p>	<p>Qsymia has been used to treat over 600K Americans. We believe with the changes that we are making we will be able to treat closer to 6M to 11M Americans generating revenue in the \$50M to \$120M range per annum</p>



- PANCREAZE is indicated for exocrine pancreatic insufficiency (EPI) due to cystic fibrosis or other conditions
 Pancreatic enzyme preparation consisting of pancrelipase, an extract derived from porcine pancreas glands
 Provides proven benefits to EPI patients
 Indicated for both pediatric and adult EPI patients

<p>Approximately \$1B market place in the US and Canada for therapies that treat EPI and growing at 6% per annum</p>	<p>20% of the market is generated by Cystic Fibrosis patients</p>	<p>51% of the market is generated by acute pancreatitis patients</p>	<p>11% of the market is generated by pancreatic cancer patients</p>
<p>VIVUS is providing support for investigator sponsored trials in pancreatic cancer</p>	<p>Q1 2019 the new PANCREAZE focused sales force will address the top 1500 prescribers. These prescribers represent 35% of the total Market</p>	<p>We believe our 2600 unit dose is optimal size for the pediatric Cystic Fibrosis patient</p>	<p>Due to the FDA requirements for the approval of animal based EPI products, we believe the entire EPI class has a significant barrier to entry</p>
<p>We intend to support our patient support program with a best in class nutritional supplements program</p>	<p>Our comprehensive patient centered EPI patient experience is being developed to be unique in the EPI market place</p>	<p>We intend to integrate wearables technology, nutritional science, on-line prescribing and VIVUS pharmaceutical technology to create the Transformation Pharmaceutical Operating Model</p>	<p>We believe that our sales and marketing programs related to PANCREAZE will allow us to grow share in the EPI space to \$60M - \$90M per annum</p>



- STENDRA is a phosphodiesterase 5 (PDE5) inhibitor indicated for the treatment of erectile dysfunction

<p>Generics Market Due to Viagra and Cialis going off Patent</p>	<p>US, South America, Canada and India Rights were sold to Metuchen Pharmaceuticals</p>	<p>European Rights were licensed exclusively to Menarini Group</p>	<p>Our BD team is continuing to explore licensing in new territories</p>
<p>Recent Approvals Saudi Arabia Jordan</p>	<p>Pending Approvals UAE Russia</p>	<p>Discussions MENA Russia/CIS Mexico/Central America Israel/Turkey</p>	<p>Continue to drive licensing opportunities Not a significant driver of long-term financial performance</p>

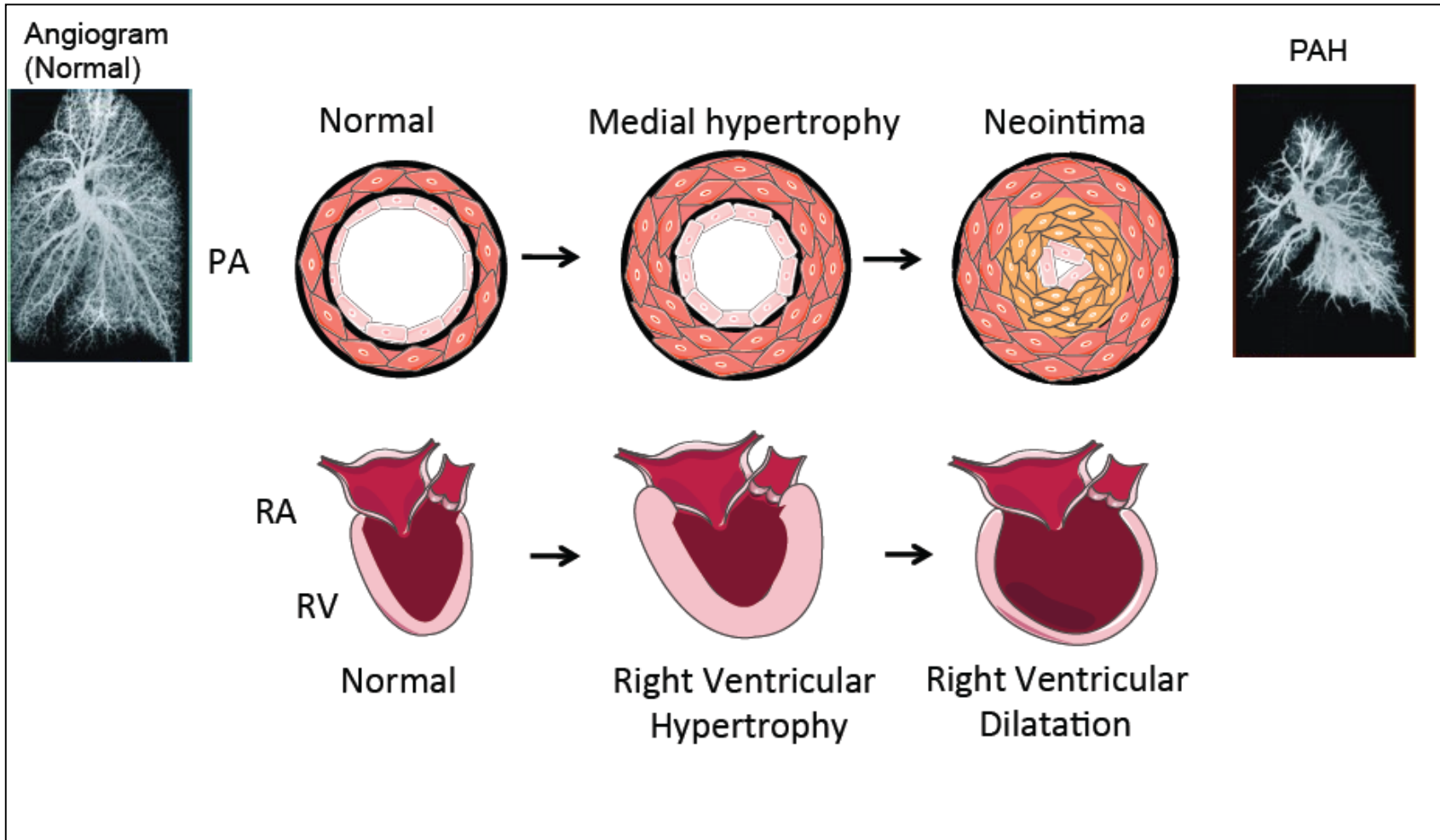
VI-0106 PAH

- Tacrolimus for the Treatment of Pulmonary Arterial Hypertension (PAH)

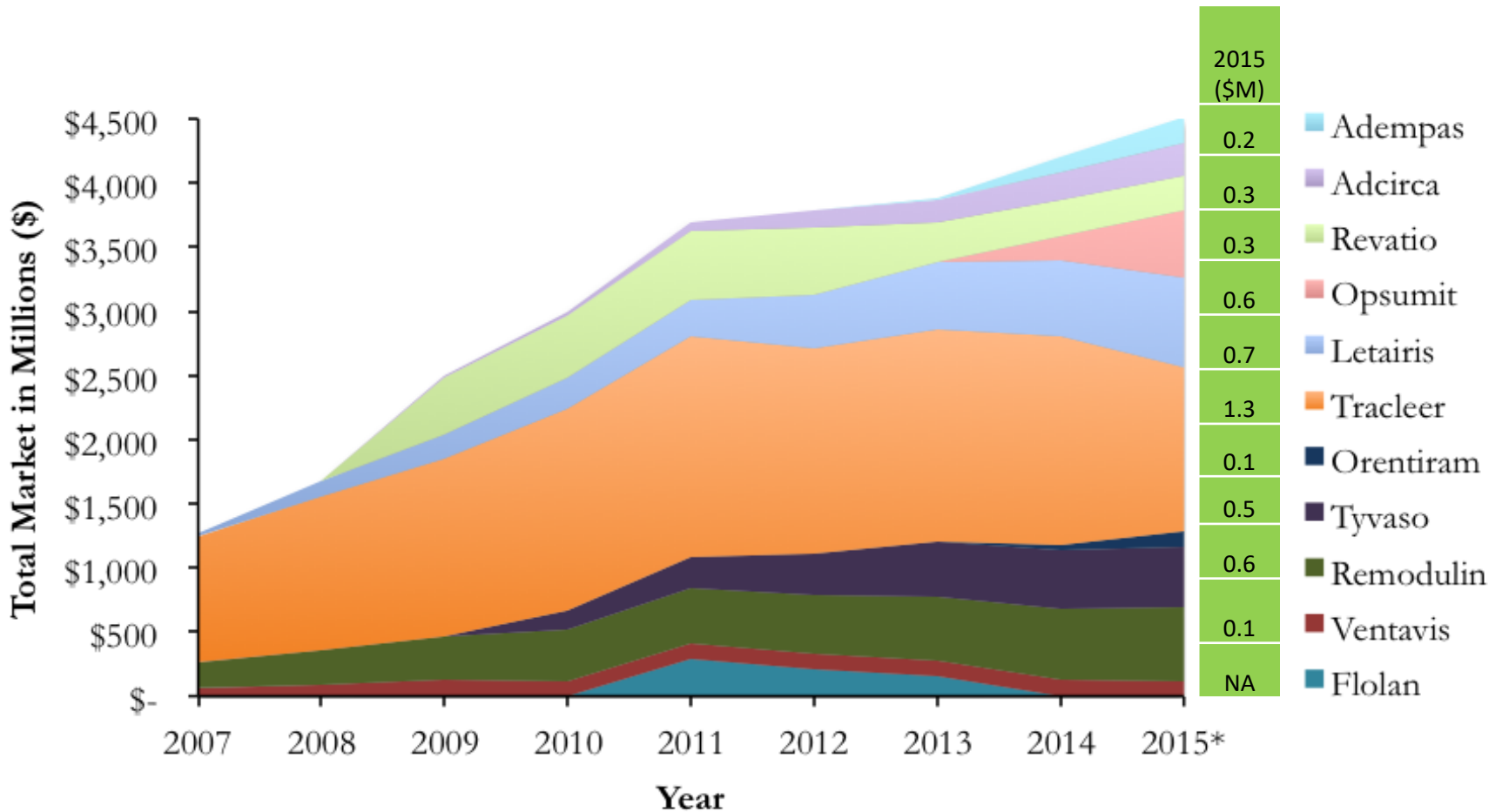
<p>PAH is a serious, rare, and progressive disease</p>	<p>Progressive narrowing in pulmonary arteries, resulting in right heart failure and ultimately death</p>	<p>5 Year survival rate is ~22.8% assuming WHO class III/IV patients</p>	<p>Existing drug therapies ONLY target symptoms and slow progression of disease, while failing to substantially modify the disease course</p>
<p>Tacrolimus, a drug approved in multiple organ transplant settings, has demonstrated efficacy in PAH and could be an important new class of therapy that addresses the underlying cause of disease</p>	<p>Large growth market: ~\$4.5B worldwide ~\$2.7B U.S. in 2015</p>	<p>Potential for “Fast Track” and/or “Breakthrough Therapy” designation</p>	<p>Potentially class/disease modifying, extending life expectancy</p>
<p>Approximately 217K Patients are currently living with PAH, 70% to 80% of these patients are female</p>	<p>Assuming Clinical Breakthrough designation VI-0106 could be approved in 2021</p>	<p>VIVUS is exploring opportunities to advance the development of VI-0106, a proprietary formulation of tacrolimus, in a manner consistent with its capital objectives</p>	<p>Based on compassionate use data, our UK based Phase 1 trial and Investigator led Phase 2 data, we remain bullish on this program and technology</p>

PAH Clinical Overview

The progressive narrowing in pulmonary arteries leading to heart failure



Worldwide Market for PAH Therapies



VI-0106 Revenue Potential \$750M to \$1B Globally

Graph: LifeSci Capital, Sector Analysis, Feb 4, 2016

Tacrolimus Experience in PAH patients

- **Compassionate use**
 - 3 end-stage patients, WHO functional class 3 and 4
 - Positive impact on clinical outcomes
 - Dramatically reduced rate of hospitalizations
 - Functional class improvements observed
- **Phase 2a study**
 - Randomized, double-blind study
 - 23 WHO functional class 1 and 2 patients titrated to target blood levels
 - All target blood levels well tolerated
 - No drug-related SAEs, nephrotoxicity or incident diabetes
 - GI complaints (nausea, diarrhea) may provide a useful tolerability marker
 - Study population precluded useful efficacy assessments
- **Phase 1 PK Study**
 - Evaluate the pharmacokinetic (PK) profile of VI-0106 in healthy volunteers
 - Results showed prototype formulations had PK profiles consistent with earlier in-vitro evaluations, namely an extended Tmax, a lowered Cmax, and an increased AUC (Area Under the Curve) compared to available immediate release tacrolimus.

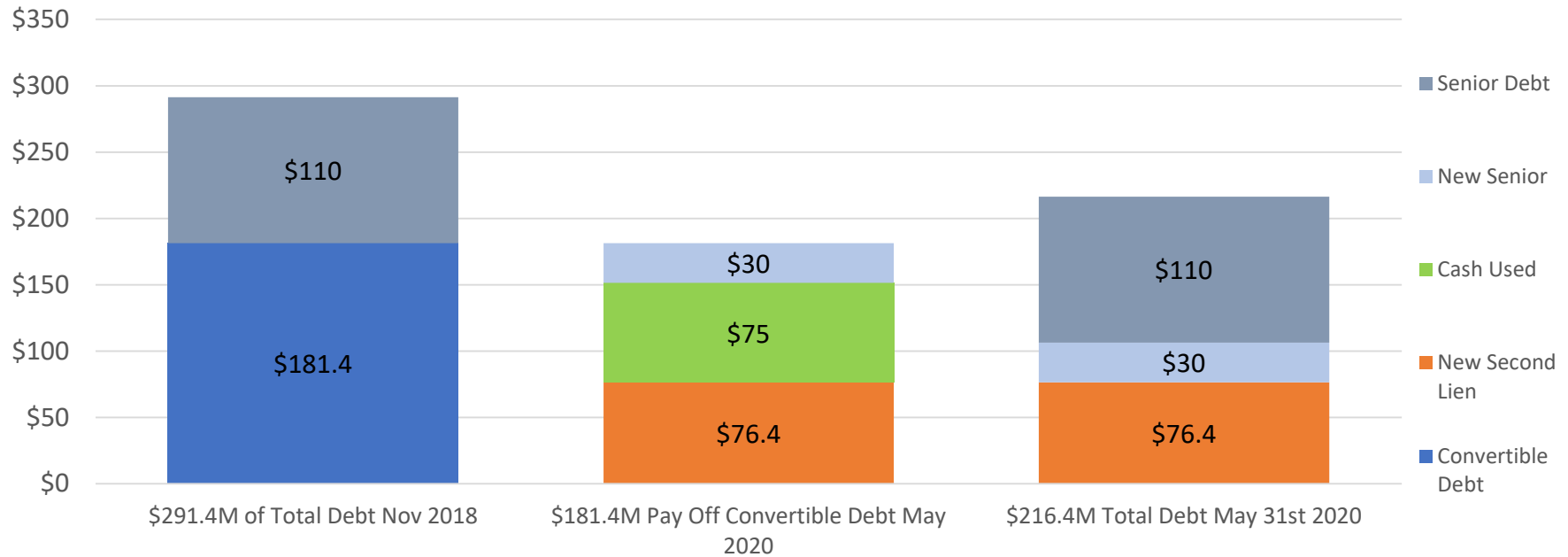
Asset Acquisition Philosophy

- As a core VIVUS activity, we are evaluating additional in-licensing and acquisition candidates that would meet our goals of meeting patients' needs while working toward profitability and creating stockholder value.
- Our approach to evaluating these opportunities
 - The price of the target asset has to be defined early in the process as being in a range that would generate acceptable returns on invested capital.
 - While we utilize financial leverage, we will not financially engineer returns.
 - We need to see that the product has some market barriers to entry for at least a defined period of time, or that the market has flushed through a number of competitors.
 - Identify products that have a significant clinical following and are important in the treatment of the medical condition(s) for which the product is indicated.
 - Acquire assets that don't require heroic or large number of strategies to achieve our performance targets. Turnaround assets can become cash flow positive, but there are limits to the activities and initiatives we will undertake in the pursuit of value creation around an acquired product.

Corporate Debt Alternatives

	In order of current preference
1	Improve operating performance to generate enough recurring cash flow to pay down and refinance debt
2	Acquire asset(s) that generate \$25M - \$40M of annual non-GAAP EBITDA and refinance entire debt balance along with financing for acquisition
3	Borrow high yield debt / Raise cash through a preferred non-voting stock instrument
4	Raise cash through issuance of common equity

Debt Bridge January 2019 to May 2020



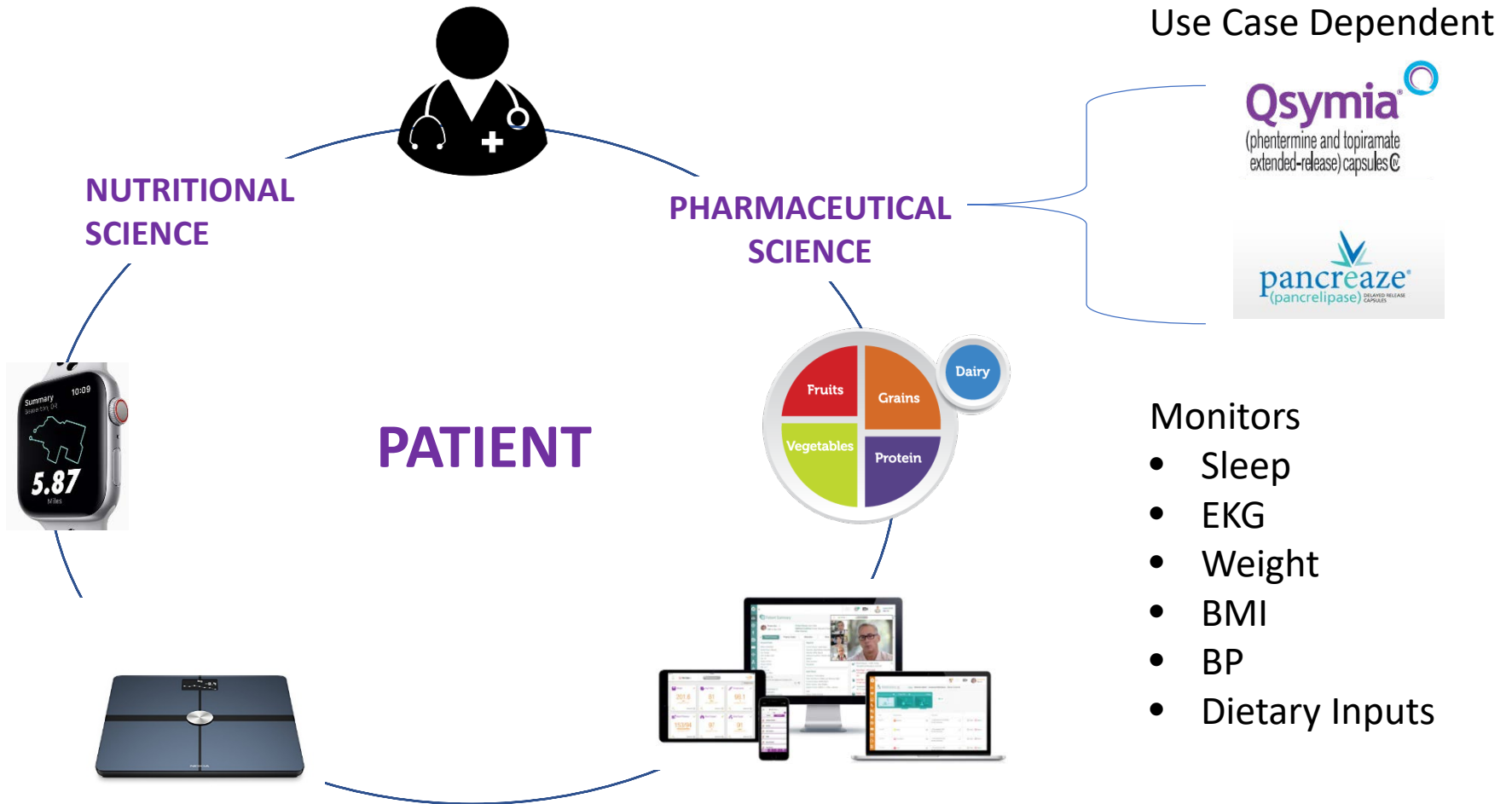
<ul style="list-style-type: none"> • Total Debt as of Nov 2018 • \$181.4M of Convertible Debt at 4.5% Interest Rate • \$110M of Senior Debt at 10.375% Interest Rate with Athrium Capital • Total Annual Interest Expense of \$19.6M 	<ul style="list-style-type: none"> • Use \$75M of \$115M of VIVUS Cash • Borrow \$30M of Senior Debt Pari Passu to Athrium Capital Terms • Raise \$76.4M of Second Lien at ~12% 	<ul style="list-style-type: none"> • Total Debt as of May 31st, 2020 • \$140M of Senior Debt at 10.375% Interest Rate • Raise \$76.4M of Second Lien at ~12% per annum • Total Annual Interest Expense of \$23.48M
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- As of May 2020, based on current internal projections of EBITDA, VIVUS should be able to support senior secured debt amounts between \$165M and \$210M and support second lien debt in the range of \$75M to \$125M based on industry standard credit metrics as of Nov 2018
- Thus, as of May 2020, VIVUS believes we will have a debt cushion of approximately \$23M to \$118M

VIVUS HEALTH PLATFORM

- As part of the relaunch of Qsymia and PANCREAZE we intend to launch the VIVUS HEALTH PLATFORM
- We believe that an integrated approach to weight management yields a higher percentage of beneficial results
- The planned platform integrates medical, pharmaceutical, nutritional and information technology to help and patient and their medical care team find their healthy weight

VIVUS HEALTH PLATFORM – Launching Q1 2019



VIVUS HEALTH PLATFORM – WHY?

- The VIVUS HEALTH PLATFORM will allow VIVUS to partner with MD's, Dieticians, Nutritionists, Self Insured Employers, Private and Public Insurers and most importantly Patients to achieve their healthy weight goals
- The VIVUS HEALTH PLATFORM will allow VIVUS to generate revenue on a subscription and per member per month basis while delivering solid economic ROI's to the aforementioned groups

Financial Snapshot

Company Overview	
(in \$MM, except per share data)	
Company Name	Vivus, Inc
Ticker	VVUS
Current Share Price (1/2/2019)	\$ 2.34
52 Week High	\$ 9.90
52 Week Low	\$ 2.52
Market Capitalization	\$ 24.9
Plus: Debt (Principal value)	
Convertible Notes, due 2020	190.0
Senior Secured Notes, due 2024	110.0
Less Cash and Investments	(115.1)
Enterprise value	\$ 209.8

Balance Sheet, September 30, 2018 (in \$MM)			
<u>Assets</u>		<u>Liabilities</u>	
Cash and Investments	\$ 115.1	Accounts Payable	\$ 4.5
Receivables	23.6	Accrued Expenses	31.9
Inventory	21.6	Other Current Liabilities	2.2
Other Current Assets	7.8	Total Current Liabilities	38.6
Total Current Assets	168.1		
Property & Equipment, Net	0.4	Long-Term Debt	300.2
Other Non-Current Assets	137.9	Other Non-Current Liabilities	3.9
Total Other Assets	138.3	Total Liabilities	342.7
		Total Equity	(36.3)
Total Assets	\$ 306.4	Total Liabilities and Equity	306.4

Operating Results

	2017	2017 Q4	2018 Q1	2018 Q2	2018 Q3	LTM
Revenue:						
		(in \$MMs, except per share data)				
Net product revenue	\$ 44,983	\$ 8,934	\$ 9,632	\$ 13,250	\$ 16,484	\$ 48,300
License and milestone revenue	7,500	-	-	-	-	-
Supply revenue	10,407	2,343	1,683	1,042	478	5,546
Royalty revenue	2,483	664	585	668	1,126	3,043
Total revenue	65,373	11,941	11,900	14,960	18,088	56,889
Operating expenses:						
Cost of goods sold, excluding amortization	16,643	3,845	2,630	3,286	3,484	13,245
Amortization of intangible asset	544	91	91	1,273	3,638	5,093
Research and development	5,263	1,204	1,403	2,042	2,102	6,751
Selling and marketing	16,638	2,959	4,279	3,521	3,096	13,855
General and Administrative	23,492	5,722	5,789	8,190	5,360	25,061
Total operating expenses	62,580	13,821	14,192	18,312	17,680	64,005
Income (loss) from operations	2,793	(1,880)	(2,292)	(3,352)	408	(7,116)
Interest and other expense (income):						
Interest expense (income), net	33,231	8,109	7,900	8,696	9,616	34,321
Other expense (income), net	71	81	449	522	(21)	1,031
Total interest expense and other expense (income), net	33,302	8,190	8,349	9,218	9,595	35,352
Income (loss) before income taxes	(30,509)	(10,070)	(10,641)	(12,570)	(9,187)	(42,468)
Provision for (benefit from) income taxes	2	5	12	4	36	57
Net income (loss)	\$ (30,511)	\$ (10,075)	\$ (10,653)	\$ (12,574)	\$ (9,223)	\$ (42,525)
Basic and diluted net loss per share:	\$ (2.89)	\$ (0.95)	\$ (1.00)	\$ (1.18)	\$ (0.87)	\$ (4.01)
EBITDA adjustments to operating income/loss						
Depreciation/amortization	811	155	157	1,338	3,702	5,352
Stock Compensation	2,942	721	925	1,049	676	3,371
EBITDA	6,546	(1,004)	(1,210)	(965)	4,786	1,607
Less non-recurring (revenue)/expenses	(7,500)	-	-	2,034	-	2,034
Change in Accounting Estimate	(6,037)	-	-	-	-	-
Recurring EBITDA	(6,991)	(1,004)	(1,210)	1,069	4,786	3,641

Management Focus Next 24 Months

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- Re-launch PANCREAZE in Q1 2019
 - New sales team and excellent market insights
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Thank You