UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☒ Soliciting Material Pursuant to §240.14a-12

CAPNIA, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CAPNIA

Corporate Presentation

January 2017

NASDAQ: CAPN

www.capnia.com

Certain Notices and Disclaimers

Forward-Looking Statements

This presentation contains forward-looking statements that are subject to many risks and uncertainties. Forward looking statements appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things, our ongoing and planned product development and clinical trials; the timing of, and our ability to make, regulatory filings and obtain and maintain regulatory approvals for our product candidates; our intellectual property position; the degree of clinical utility of our products, particularly in specific patient populations; our ability to develop commercial functions; expectations regarding product launch and revenue; our results of operations, cash needs, and spending of the proceeds from this offering; financial condition, liquidity, prospects, growth and strategies; the industry in which we operate; and the trends that may affect the industry or us.

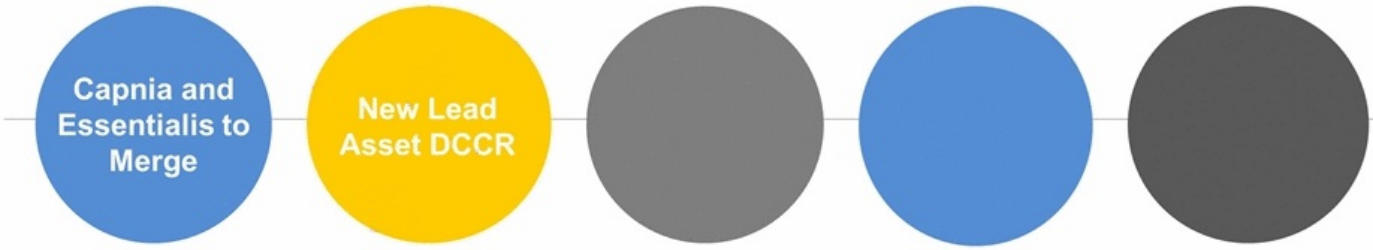
We may, in some cases, use terms such as "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "approximately" or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this presentation, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this presentation.

You should also read carefully the factors described in the "Risk Factors" section and other parts of our Annual Report on Form 10-K, available at www.sec.gov, in order to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this presentation will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. Any forward-looking statements that we make in this presentation speak only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

Participants in the Solicitation

Capnia and its executive officers and directors may be deemed to be participants in the solicitation of proxies from its stockholders with respect to the transactions contemplated by that certain agreement and plan of merger by and between Capnia, Company E Merger Sub, Inc., Esentialis, Inc. and Neil Cowen, solely in his capacity as Stockholders Representative, dated as of December 22, 2016 (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into Essentialis, and Essentialis will become a wholly-owned subsidiary of Capnia. Information regarding the persons who may, under the rules of the Securities and Exchange Commission (the "SEC"), be deemed participants in the solicitation of Capnia stockholders in connection with the proposed issuance of shares of Capnia Common Stock under the Merger and the Financing is further described in Capnia's preliminary proxy statement filed with the SEC on January 5, 2017. Information regarding Capnia's executive officers and directors is included in Capnia's Proxy Statement for its 2016 Annual Meeting of Stockholders, filed with the SEC on July 18, 2016. Copies of the foregoing documents may be obtained as provided above. Additional information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of proxies in connection with the proposed issuance of shares of Capnia Common Stock under the Merger and the Financing, and a description of their direct and indirect interests in the proposed merger, which may differ from the interests of Capnia stockholders generally, is set forth in the preliminary proxy statement filed with the SEC on January 5, 2017.

Highlights



Creating a rare disease therapeutics company

Initial focus on PWS, a high unmet need indication with no approved treatments

Compelling product profile

Addresses hallmark symptoms of PWS, including hyperphagia

Phase 2/3 ready

Established, decades-long safety profile

Strong IP

Financing concurrent with planned merger

Adequate to advance DCCR through top-line data

Highly experienced management team

Expertise in drug development for rare and orphan diseases

Multiple downstream orphan indications

Hypothalamic obesity, Smith-Magenis syndrome

Post Merger Leadership Team

- **Anish Bhatnagar, M.D.**
  Chief Executive Officer
- **David O'Toole**
  Chief Financial Officer
- **Neil Cowen, Ph.D.[1]**
  Senior VP of Drug Development
- **Kristen Yen, M.S.**
  VP of Clinical Operations
- **Patricia Hirano, M.P.H.**
  Regulatory Affairs

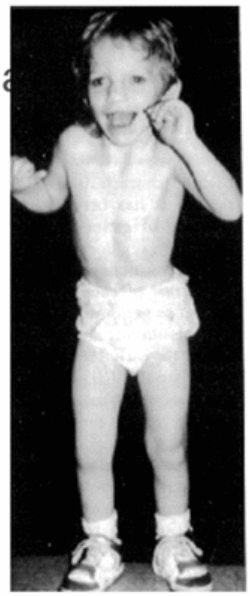
[1] Currently serves as Chief Scientific Officer of Essentialis

Prader-Willi Syndrome (PWS)

- Complex genetic neurobehavioral/metabolic disorder due to the loss or lack of expression of a set of genes on chromosome 15
- Afflicts about 1:15,000-1:25,000 individua
- Elevated mortality rates
- Highest unmet needs
  - hyperphagia
  - aggressive behaviors
  - body composition
- PWS families have low QOL - normal siblings show high rates of PTSD

"Addressing these behavioral needs will be life-changing for PWS families"

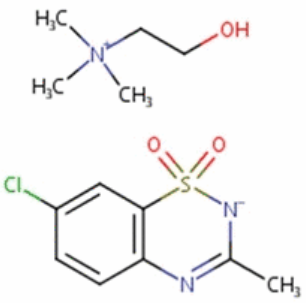
- Dr. Jennifer Miller, University of Florida



Diazoxide – Long History of Safe Use
DCCR – Extensive Pre-Clinical and Clinical Data

- Diazoxide I.V., Oral Capsule, and Oral Suspension
  - K_{ATP} channel agonist approved in 1976
  - Previously used as IV treatment for malignant hypertension
  - BID/TID oral suspension for the treatment of hypoglycemia due to hyperinsulinism in infants, children and adults - remains global standard of care
- Diazoxide Choline Controlled-Release (DCCR) Tablet
  - QD tablet formulation of choline salt of diazoxide
  - Characterized in 5 Phase I and 3 Phase II studies in obese, dyslipidemic and PWS subjects
  - More than 210 treated subjects
  - Protected by multiple issued patents, including composition of matter

Diazoxide Choline

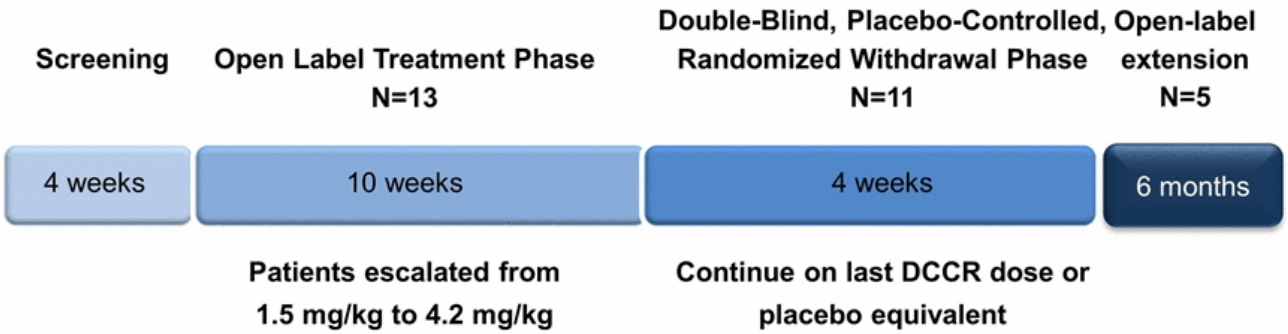


Potential DCCR Modes of Action

Target	Action	Outcome
Hypothalamus	Restores insulin and leptin sensitivity to POMC and NPY/AgRP neurons normalizing their regulation	Blunts central starvation signal
Adipocytes	Down-regulates de-novo fatty acid biosynthesis and upregulates β-oxidation of fat	Reduces fat mass
CNS	In the context of low GABA and low GABA receptor numbers, amplifies GABA signaling	Reduces aggressive and impulsive behaviors
Muscle	Limits excess atrophy and improves impaired mitochondrial function and energetic	Reduces hypotonia and increases muscle mass

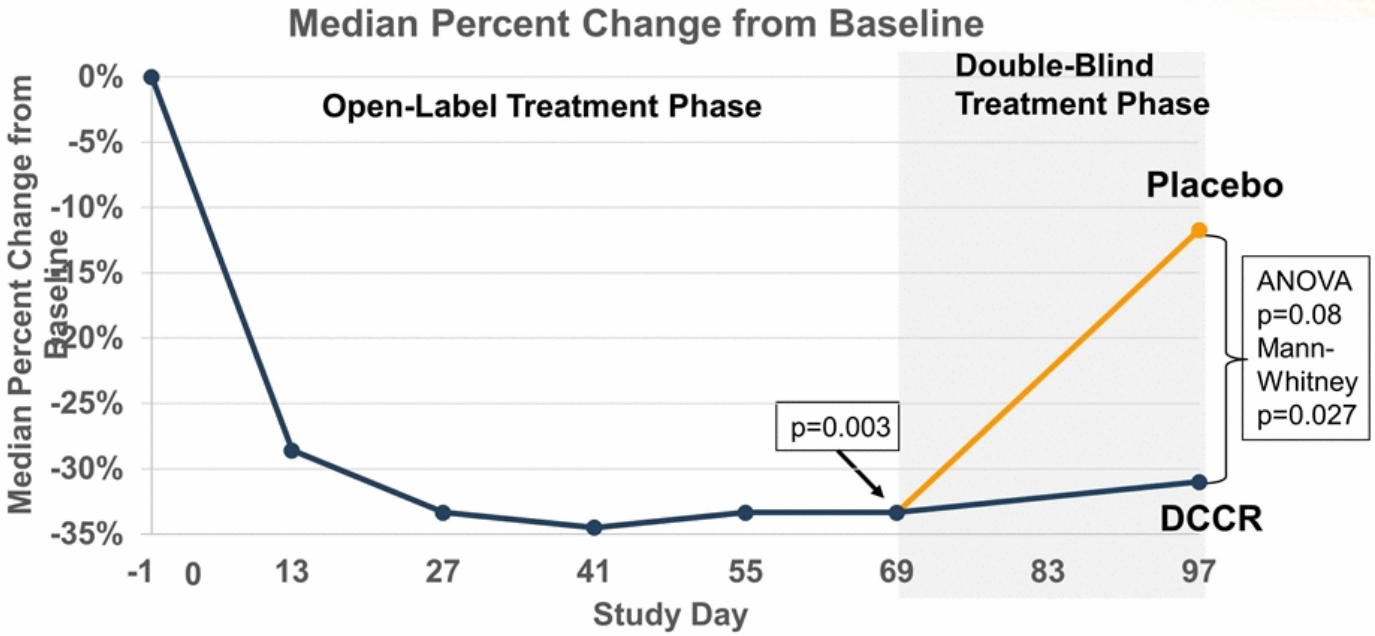
PC025 Pilot Study in PWS

- Randomized, Withdrawal, Single Center Trial of DCCR in overweight or obese, genetically-confirmed PWS patients between 10 and 22 years



The safety and efficacy results from the study were reviewed with a panel of PWS experts

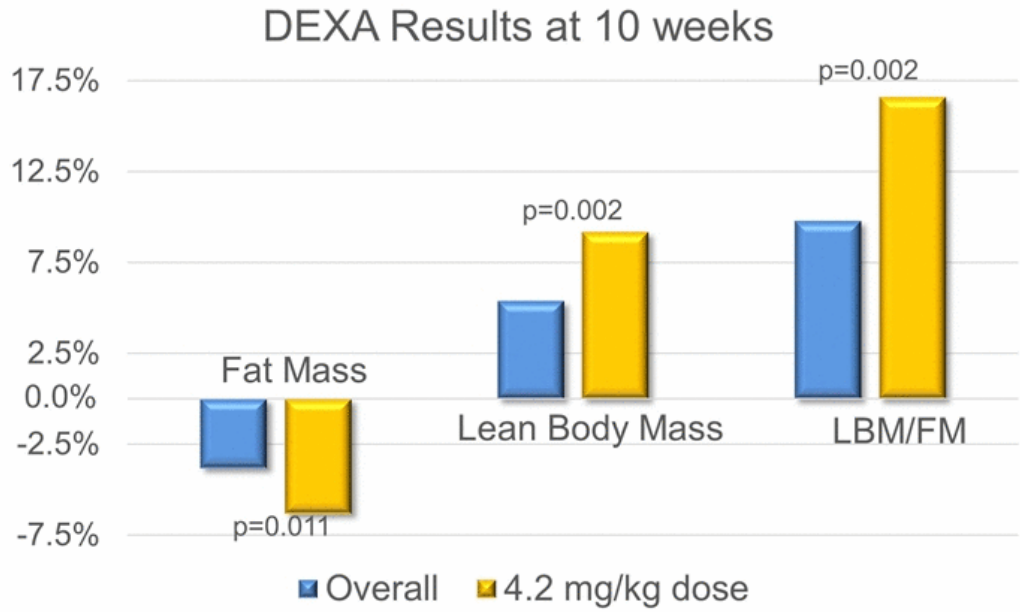
DCCR: Significant Hyperphagia Response



Hyperphagia was measured using a modified Dykens hyperphagia questionnaire, which assesses a range of PWS-specific food-related behaviors

Presented by Essentialis at the Annual Meeting of the Foundation for Prader-Willi Research on October 29, 2016

DCCR Impacts Fat/Lean Body Mass



"The impact on fat mass and lean body mass are huge, especially in the context of improvements in hyperphagia"

- Dr. Jennifer Miller, University of Florida

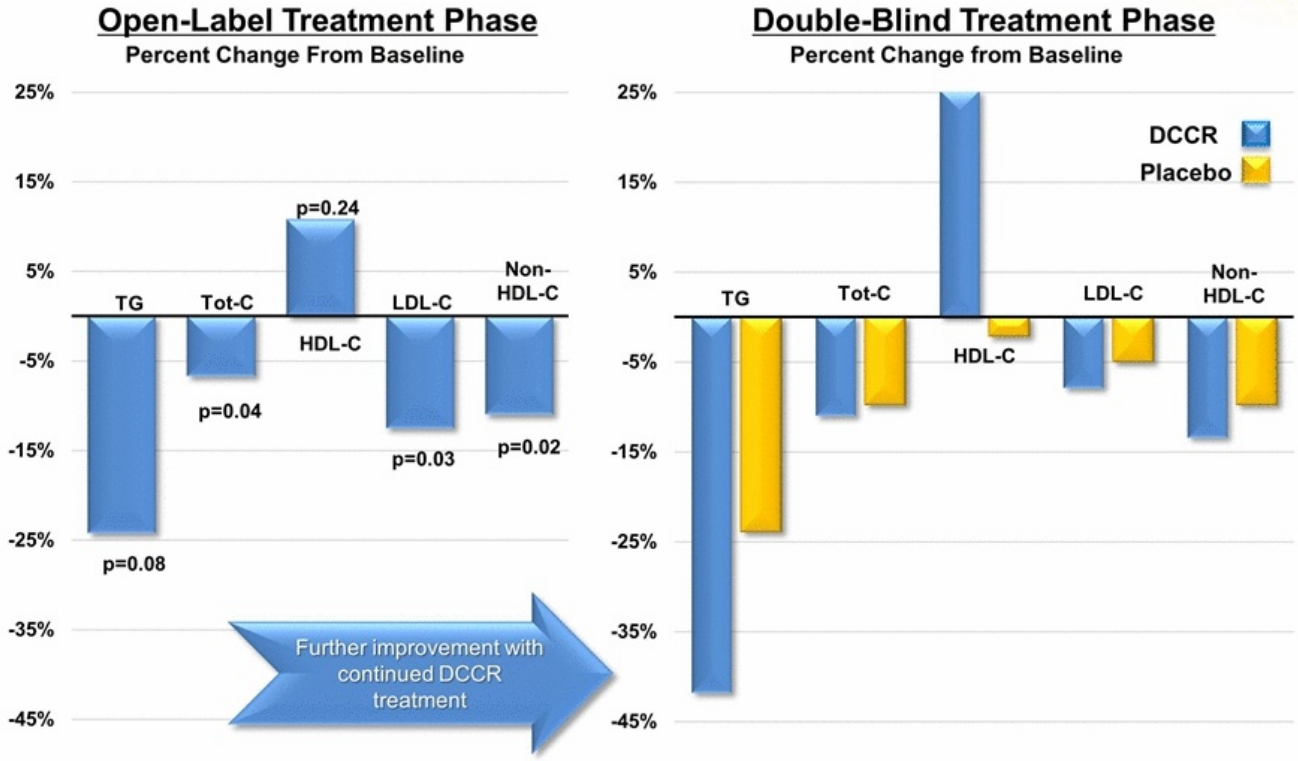
DCCR Reduces Aggressive Behaviors

- Based on the Behavioral Assessment Questionnaire from the Prader-Willi Syndrome Natural History Study
- DCCR improved a range of behaviors that are characteristic of PWS
  - Throwing objects
  - Foul language
  - Destructive behavior

"From a family standpoint, the behavioral changes are huge. Aggression takes kids out of the home."
- Dr. Theresa Strong, FPWR

"These behavioral changes can be life-changing for the family"
- Dr. Jennifer Miller, University of Florida

DCCR Impacts CV Risk Factors



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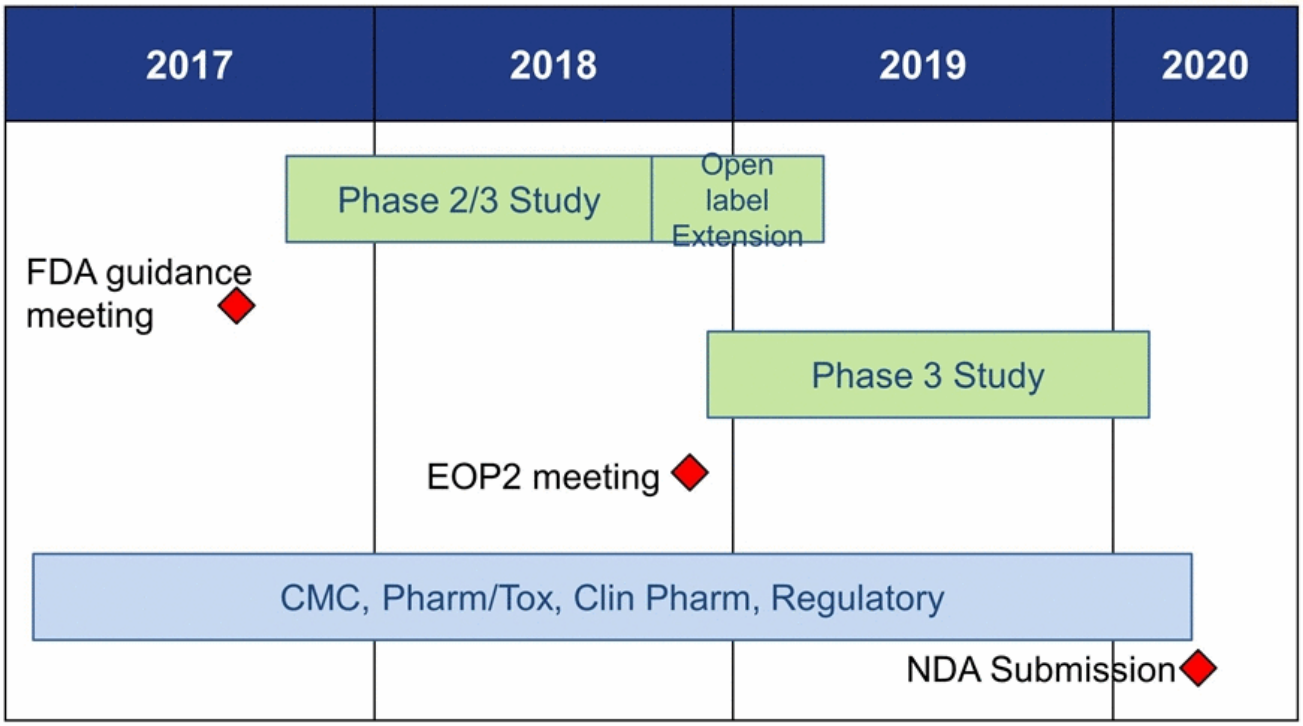
Diazoxide – Long History of Safe Use
DCCR – Extensive Pre-Clinical and Clinical Data

- The safety profile of Proglycem in chronic use is well-known
- In the development of DCCR, there have been no new safety findings
- The doses of DCCR that will continue in development are at the low end or below the labeled range for Proglycem
- More than 120,000 patient years of chronic use

"The medication's safety profile is well known. It's a benign medication"

- Dr. Jennifer Miller, University of Florida

DCCR Estimated Development Timeline



Extensive IP Protection

- Issued/Granted Patents
  - US: 3; EU: 3; JP: 1;
  - Also in China, Canada and Australia
  - Several pending applications
  - Expire in 2026 to 2028
  - Covers composition of matter, formulations, combinations, method of use and method of manufacture
- Protection in PWS
  - In addition to the protection of the product, our filings cover method of use of any K_{ATP} channel activator, diazoxide and DCCR in PWS
  - New filing based on data from PC025 could extend protection to 2035

Pipeline – Multiple Orphan Opportunities

Product	Indication	US Patient Population Estimate	Timing to NDA
DCCR	Prader-Willi Syndrome	12,500 - 21,000	2020
Upside opportunities for DCCR			
DCCR	Hypothalamic Obesity	3,750 – 9,700	2022
DCCR	Smith-Magenis Syndrome	12,500 – 21,000	2022

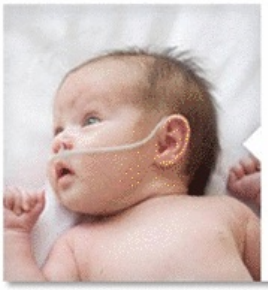
- Orphan drug designation has been granted for PWS

Capnia Product Portfolio

Diversified, Revenue Generating Product Portfolio

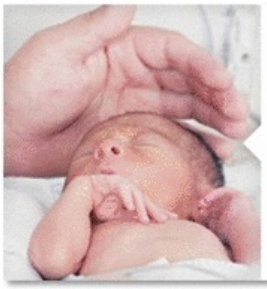
Serenz® Allergy Relief

Serenz is a hand-held device that is designed to provide rapid relief from the symptoms related to allergies.



CoSense® ETCO Monitor

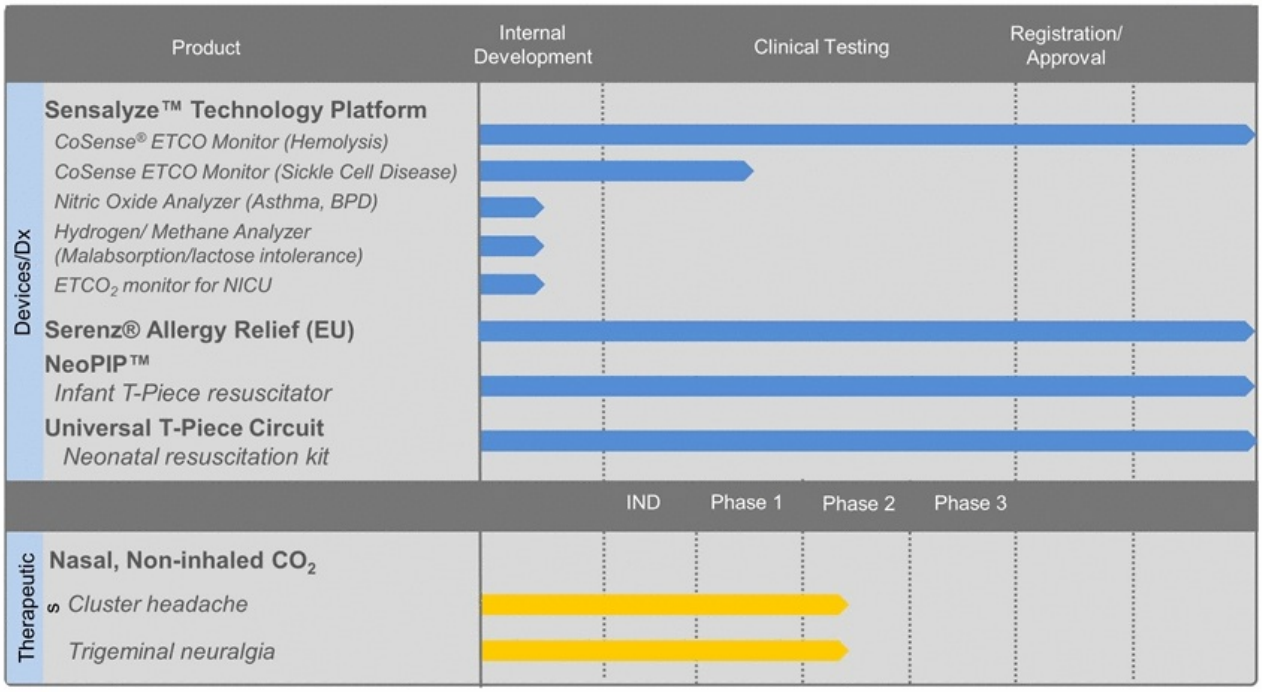
The *CoSense* ETCO Monitor measures carbon monoxide levels in exhaled breath, which may be used to detect the rate of hemolysis.



Infant Solutions

NeoForce is a portfolio of innovative pulmonary resuscitation solutions in the neonatal market.

Device and Therapeutic Assets



2017 Priorities and Milestones

- **1Q17** – Close merger transaction with Essentialis; complete concurrent $8M financing
- **Mid-2017** – Complete FDA guidance meeting for DCCR
- **2H17** – Initiate Phase 2/3 clinical study evaluating DCCR for the treatment of PWS
- **2017** – Explore strategic alternatives for legacy marketed products and product candidates
- **2017** – Secure orphan drug designation for DCCR in additional indications beyond PWS

Financial Highlights

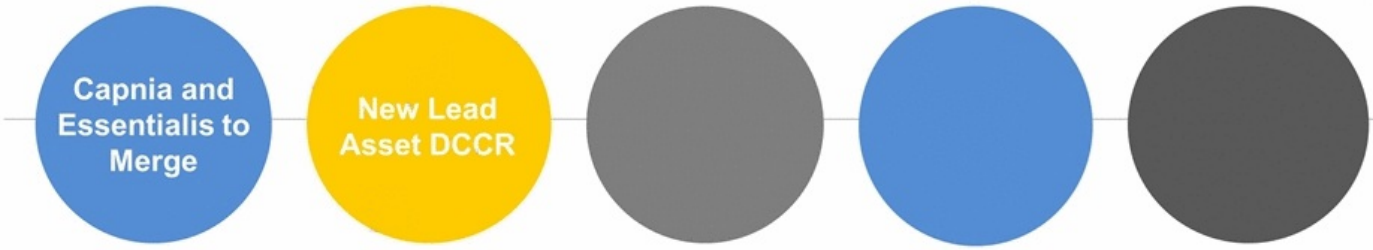
Cash runway to value creating milestones

(millions)

	Current[1]	Post-Merger[2]
Cash	$5.4	$11.0
Debt	$0	$0
Shares outstanding:		
Common	16.0	58.0 to 69.8
Fully Diluted	39.0	67.5 to 79.2

1. *As of September 30, 2016*
2. *Assumes an $8 million equity financing completed at the close of the merger transaction. Additional $2.7 million is possible.*

Highlights



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