

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 22, 2011

VENTRUS BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware

001-35005

20-8729264

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer ID Number)

99 Hudson Street, 5th Floor, New York, New York

10013

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(646) 706-5208

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On August 24, 2011, Ventrus Biosciences, Inc. entered into an employment agreement with Thomas Rowland that will become effective on September 1, 2011 and pursuant to which Mr. Rowland will serve as our Chief Business Officer. The agreement will continue until December 31, 2013. The employment agreement provides for base salary of \$250,000 per year and an annual performance-based bonus in the discretion of Ventrus' Compensation Committee of up to 20% of his base salary. Under the employment agreement, Mr. Rowland is prohibited for six months after termination, increasing to one year in the event he voluntarily resigns without good reason (as defined in the agreement), from (a) engaging in any business within a restricted territory that develops or commercializes prescription drugs for the specific disease treatment of hemorrhoids, anal fissures, and fecal incontinence or other products that compete with products we are developing or selling at the time of his termination, (b) soliciting or working within a restricted territory with our competitors or any other entity that could benefit from Mr. Rowland's use of our confidential information, (c) becoming financially interested with one of our competitors within a restricted territory, (d) soliciting or accepting business from our competitors, and (e) inducing any employee or consultant of ours to terminate employment or a contractual relationship with us.

If Mr. Rowland's employment is terminated as a result of his death, disability or change of control, we must pay him or his estate, as applicable, his then current base salary for a period of six months following the date of termination and any earned but unpaid incentive bonus and expense reimbursement through the date of his death or disability. All stock options that are scheduled to vest on the next succeeding anniversary of the effective date of the agreement will be accelerated and deemed to have vested as of the termination date. All stock options that have not vested or been deemed to have vested as of the date of termination will be forfeited. Stock options that have vested as of Mr. Rowland's termination will remain exercisable for 360 days following his termination.

If we terminate Mr. Rowland for cause (as defined in the agreement) or if he terminates without good reason (as defined in the agreement), we must pay his then current base salary through the date of his termination and any expense reimbursement amounts owed through the date of termination.

If Mr. Rowland's employment is terminated (i) by us other than for cause or (ii) by Mr. Rowland for good reason (as defined in the agreement), then we must (1) continue to pay Mr. Rowland his then current base salary and all fringe benefits for a period of six months following such termination, (2) any expense reimbursement amounts owed through the date of termination, (3) pay any accrued but unpaid bonus and (4) all stock options granted to Mr. Rowland that are scheduled to vest by the end of the term of the employment agreement shall be accelerated and deemed to have vested as of the termination date. Stock options that have vested as of Mr. Rowland's termination will remain exercisable for 360 days following his termination.

The description of Mr. Rowland's employment agreement set forth above is not complete and is qualified in its entirety by reference to the agreement, which is attached as Exhibit 10.17 to this report and is incorporated herein by reference.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On August 24, 2011, Ventrus entered into amendments to the existing employment agreements between Ventrus and each of Dr. Russell H. Ellison, our Chief Executive Officer, and David. J. Barrett, our Chief Financial Officer. Prior to amendment, each agreement provided that each of Dr. Ellison and Mr. Barrett is entitled to a first incentive bonus of \$250,000 in the event that our market capitalization exceeds \$100 million for a period of 30 consecutive trading days with an average trading volume of the common stock during such period of at least 100,000 shares per trading day and a second incentive bonus of \$500,000 in the event that our market capitalization exceeds \$250 million for a period of 30 consecutive trading days with an average trading volume of the common stock during such period of at least 100,000 shares per trading day. The amendments to their employment agreements provide that if the second market capitalization threshold is attained, the second market capitalization bonus will be paid in a combination of shares of our common stock worth \$300,000 and \$200,000 in cash. The valuation of the shares of common stock was determined by the closing price of our common stock as reported on NASDAQ on August 24, 2011 (\$9.85), and resulted in a share amount to which each of Dr. Ellison and Mr. Barrett is entitled if the market capitalization threshold is attained of 30,457 shares of our common stock.

In addition, the amendment to Mr. Barrett's agreement provides that he will be eligible for an incentive cash bonus in the discretion of Ventrus' Compensation Committee of up to 25% of his base salary.

The amendments to Dr. Ellison's and Mr. Barrett's employment agreements are attached as Exhibits 10.18 and 10.19, respectively, to this report and are incorporated herein by reference.

Item 8.01. Other Events.

On August 22, 2011, patient dosing began in the first pivotal Phase III trial being conducted by Ventrus for iferanserin (VEN 309) for the treatment of asymptomatic hemorrhoids.

Item 9.01. Financial Statements and Exhibits.

(d)	Exhibits	
10.17		Employment Agreement effective as of September 1, 2011 between Ventrus Biosciences, Inc. and Thomas Rowland
10.18		Amendment No. 1 dated August 24, 2011 to Amended and Restated Employment Agreement effective as of December 22, 2010 between Ventrus Biosciences, Inc. and Russell H. Ellison
10.19		Amendment No. 1 dated August 24, 2011 to Employment Agreement effective as of December 22, 2010 between Ventrus Biosciences, Inc. and David J. Barrett

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VENTRUS BIOSCIENCES, INC.

Date: August 25, 2011

/s/ David J. Barrett

David J. Barrett, Chief Financial Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "**Agreement**"), is entered into as of the Commencement Date (defined below) by and between Ventrus BioSciences, Inc., a Delaware corporation with principal executive offices at 99 Hudson Street, 5th Floor, New York, NY 10013 (the "**Company**"), and Thomas Rowland residing at 2090 Avery Way, Castle Rock, Colorado 80109 (the "**Executive**") and supersedes any prior employment or consulting agreement between the parties.

1. Employment.

(a) Services. The Executive will be employed by the Company as its Chief Business Officer. The Executive will report to the Chief Executive Officer and shall perform such duties as are assigned to him (the "**Services**"). The Executive agrees to perform such duties faithfully, to devote substantially all of his working time, attention and energies to the business of the Company, and while he remains employed and subject to the terms of this Agreement, not to engage in any other business activity that is in conflict with his duties and obligations to the Company.

(b) Acceptance. Executive hereby accepts such employment and agrees to render the Services.

2. Term. The Executive's employment under this Agreement (the "**Initial Term**") shall be deemed to commence on September 1, 2011 (the "**Commencement Date**"), and shall continue until December 31, 2013, unless sooner terminated pursuant to Section 9 of this Agreement. Notwithstanding anything to the contrary contained herein, the provisions of this Agreement governing protection of Confidential Information shall continue in effect as specified in Section 6 hereof and survive the expiration or termination hereof. This Agreement may be extended for additional one (1) year periods (each an "**Additional Term**" and, together with the Initial Term, the "**Term**") if the Company and the Executive agree in writing on the terms of such renewal.

3. Best Efforts; Place of Performance.

(a) The Executive shall devote substantially all of his business time, attention and energies to the business and affairs of the Company and shall use his best efforts to advance the best interests of the Company and shall not during the Term be actively engaged in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage, that will interfere with the performance by the Executive of his duties hereunder or the Executive's availability to perform such duties or that will adversely affect, or negatively reflect upon, the Company.

(b) The duties to be performed by the Executive hereunder shall be performed at the principal executive offices of the Company during the Term.

4. Compensation. As full compensation for the performance by the Executive of his duties under this Agreement, the Company shall pay the Executive as follows:

(a) Base Salary. Throughout the Term, the Company shall pay Executive an annual salary (the “**Base Salary**”) equal to two hundred and fifty thousand dollars (\$250,000) per year. Payment shall be made in accordance with the Company’s normal payroll practices. The Base Salary will be reviewed by the Chief Executive Officer and the Company’s Compensation Committee no less frequently than annually, and may be increased (but not decreased).

(b) Incentive Bonus. The Executive will be eligible for an incentive bonus in the discretion of the Compensation Committee of up to twenty percent (20%) of the Base Salary per annum.

(c) Withholding. The Company shall withhold all applicable federal, state and local taxes and social security and such other amounts as may be required by law from all amounts payable to the Executive under this Section 5.

(d) Expenses. The Company shall provide Executive with a corporate credit card for business use, and shall reimburse the Executive for all normal, usual and necessary expenses incurred by the Executive in furtherance of the business and affairs of the Company, including reasonable travel and entertainment, upon timely receipt by the Company of appropriate vouchers or other proof of the Executive’s expenditures and otherwise in accordance with any expense reimbursement policy as may from time to time be adopted by the Company.

(e) Other Benefits. The Executive shall be entitled to all rights and benefits for which he shall be eligible under any benefit or other plans (including, without limitation, dental, medical, medical reimbursement and hospital plans, pension plans, employee stock purchase plans, profit sharing plans, bonus plans and other so-called “**Fringe Benefits**”) as the Company shall make available to its senior executives from time to time.

(f) Vacation. The Executive shall, during the Term, be entitled to a vacation of three (3) nonconsecutive weeks per annum, in addition to holidays observed by the Company. The Executive shall not be entitled to carry any vacation forward to the next year of employment without the written consent of the Chief Executive Officer and shall not receive any compensation for unused vacation days.

6. Confidential Information and Inventions.

(a) The Executive recognizes and acknowledges that in the course of his duties he is likely to receive confidential or proprietary information owned by the Company or third parties with whom the Company has an obligation of confidentiality. Accordingly, during and after the Term, the Executive agrees to keep confidential and not disclose or make accessible to any other person or use for any other purpose other than in connection with the fulfillment of his duties under this Agreement, any Confidential and Proprietary Information (as defined below) owned by, or received by or on behalf of, the Company. “**Confidential and Proprietary Information**” shall include, but shall not be limited to, confidential or proprietary scientific or technical information, data, formulas and related concepts, business plans (both current and under development), client lists, promotion and marketing programs, trade secrets, or any other confidential or proprietary business information relating to development programs, costs, revenues, marketing, investments, sales activities, promotions, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Company or of any affiliate or client of the Company. The Executive expressly acknowledges the trade secret status of the Confidential and Proprietary Information and that the Confidential and Proprietary Information constitutes a protectable business interest of the Company. The Executive agrees: (i) not to use any such Confidential and Proprietary Information for himself or others; and (ii) not to take any Company Confidential and Proprietary Information (including but not limited to writings, correspondence, notes, drafts, records, invoices, technical and business policies, computer programs or disks) from the Company’s offices at any time during his employment by the Company, except as required in the execution of the Executive’s duties to the Company. The Executive agrees to return immediately all Company material and reproductions (including but not limited, to writings, correspondence, notes, drafts, records, invoices, technical and business policies, computer programs or disks) thereof in his possession to the Company upon request, upon termination of employment.

(b) Except with prior written authorization by the Company, the Executive agrees not to disclose or publish any of the Confidential and Proprietary Information, or any confidential, scientific, technical or business information of any other party to whom the Company owes an obligation of confidence, at any time during or after his employment with the Company.

(c) The Executive agrees that all inventions, discoveries, improvements and patentable or copyrightable works (“**Inventions**”) initiated, conceived or made by him, either alone or in conjunction with others, during the Term shall be the sole property of the Company to the maximum extent permitted by applicable law and, to the extent permitted by law, shall be “works made for hire” as that term is defined in the United States Copyright Act (17 U.S.C.A., Section 101). The Company shall be the sole owner of all patents, copyrights, trade secret rights, and other intellectual property or other rights in connection therewith. The Executive hereby assigns to the Company all right, title and interest he may have or acquire in all such Inventions; provided, however, that the Board may in its sole discretion agree to waive the Company’s rights pursuant to this Section 6(c) with respect to any Invention that is not directly or indirectly related to the Company’s business. The Executive further agrees to assist the Company in every proper way (but at the Company’s expense) to obtain and from time to time enforce patents, copyrights or other rights on such Inventions in any and all countries, and to that end the Executive will execute all documents necessary:

(i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(ii) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection.

(d) The Executive acknowledges that, while performing the services under this Agreement the Executive may locate, identify and/or evaluate patented or patentable inventions having commercial potential in the fields of pharmacy, pharmaceutical, biotechnology, healthcare, technology and other fields which may be of potential interest to the Company (the “**Third Party Inventions**”). The Executive understands, acknowledges and agrees that all rights to, interests in or opportunities regarding, all Third-Party Inventions identified by the Company or either of the foregoing persons’ officers, directors, employees (including the Executive), agents or consultants during the Employment Term shall be and remain the sole and exclusive property of the Company or such affiliate and the Executive shall have no rights whatsoever to such Third-Party Inventions and will not pursue for himself or for others any transaction relating to the Third-Party Inventions which is not on behalf of the Company.

(e) The provisions of this Section 6 shall survive any termination of this Agreement.

7. Non-Competition, Non-Solicitation and Non-Disparagement

(a) The Executive understands and recognizes that his services to the Company are special and unique and that in the course of performing such services the Executive will have access to and knowledge of Confidential and Proprietary Information (as defined in Section 6). As a result of such access, the Executive agrees that during the Term and for a period of 6 months thereafter (the “**Restricted Period**”), he shall not in any manner, directly or indirectly, on behalf of himself or any person, firm, partnership, joint venture, corporation or other business entity (“**Person**”), enter into or engage in any business that is directly competitive with the Business of the Company, either as an individual for his own account, or as a partner, joint venturer, owner, executive, employee, independent contractor, principal, agent, consultant, salesperson, officer, director or shareholder of a Person in a business competitive with the Company within the geographic area of the Company’s Business (each, a “**Restricted Activity**”), which is deemed by the parties hereto to be in the United States and European Union; provided however that if the Executive’s employment hereunder is terminated by the Executive without Good Reason (defined below), the Restricted Period shall be extended by an additional 6 months. The Executive acknowledges that, due to the unique nature of the Company’s business, the loss of any of its clients or business flow or the improper use of its Confidential and Proprietary Information could create significant instability and cause substantial damage to the Company and therefore the Company has a strong legitimate business interest in protecting the continuity of its business interests and the restriction herein agreed to by the Executive narrowly and fairly serves such an important and critical business interest of the Company. For purposes of this Agreement, the “**Business**” of the Company and its affiliates shall mean the following: the development of novel prescription drugs for the specific disease treatment of hemorrhoids, anal fissures, and fecal incontinence. Notwithstanding the foregoing, nothing contained in this Section 7(a) shall be deemed to prohibit the Executive from (i) acquiring or holding, solely for investment, publicly traded securities of any corporation, some or all of the activities of which are competitive with the business of the Company so long as such securities do not, in the aggregate, constitute more than five percent (5%) of any class or series of outstanding securities of such corporation, or (ii) engaging in a Restricted Activity for or with respect to any subsidiary, division or affiliate or unit (each, a “**Unit**”) of a Person if that Unit is not engaged in business which is directly competitive with the Business of the Company, irrespective of whether some other Unit of such Person engages in such competition (as long as the Executive does not engage in a Restricted Activity for such other Unit).

(b) During the Restricted Period, the Executive shall not, directly or indirectly, without the prior written consent of the Company:

(i) solicit or induce any employee of the Company to leave the employ of the Company or any such affiliate; or hire for any purpose any employee of the Company or any affiliate, or any employee who has left the employment of the Company or any affiliate, within one year of the termination of such employee's employment with the Company or any such affiliate or at any time if to hire such person would be in violation of such employee's non-competition agreement with the Company or any such affiliate; or

(ii) solicit or accept employment or be retained by any Person who, at any time during the term of this Agreement, was an agent, client or customer of the Company or any of its affiliates where Executive's position will be competitive with or adverse to the business of the Company or any such affiliate or solicit or accept the business of any client or customer of the Company with respect to products, services or investments competitive with those provided by the Company.

(c) The Company and the Executive each agree that both during the Term and at all times thereafter, neither party shall directly or indirectly disparage, whether or not true, the name or reputation of the other party, including but not limited to, any officer, director, employee or shareholder of the Company.

(d) In the event that the Executive breaches any provisions of Section 6 or this Section 7 or there is a threatened breach, then, in addition to any other rights which the Company may have, the Company shall (i) be entitled, without the posting of bond or other security, to seek injunctive relief to enforce the restrictions contained in such Sections and (ii) have the right to require the Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments and other benefits (collectively "**Benefits**") derived or received by the Executive as a result of any transaction constituting a breach of any of the provisions of Sections 6 or 7.

(e) Each of the rights and remedies enumerated in Section 7(d) shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company at law or in equity. The Employee hereby acknowledges and agrees that the covenant against competition provided for pursuant to Section 7(a) is reasonable with respect to its duration, geographic area and scope. If, at the time of enforcement of this Section 7, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Parties hereto agree that the maximum duration, scope or geographic area legally permissible under such circumstances will be substituted for the duration, scope or area state herein. If any of the covenants contained in this Section 7, or any part of any of them, is hereafter construed or adjudicated to be invalid or unenforceable, the same shall not affect the remainder of the covenant or covenants or rights or remedies which shall be given full effect without regard to the invalid portions. No such holding of invalidity or unenforceability in one jurisdiction shall bar or in any way affect the Company's right to the relief provided in this Section 7 or otherwise in the courts of any other state or jurisdiction within the geographical scope of such covenants as to breaches of such covenants in such other respective states or jurisdictions, such covenants being, for this purpose, severable into diverse and independent covenants.

(f) In the event that an actual proceeding is brought in equity to enforce the provisions of Section 6 or this Section 7, the Executive shall not urge as a defense that there is an adequate remedy at law nor shall the Company be prevented from seeking any other remedies which may be available. The Executive agrees that he shall not raise in any proceeding brought to enforce the provisions of Section 6 or this Section 7 that the covenants contained in such Sections limit his ability to earn a living.

(g) The provisions of this Section 7 shall survive any termination of this Agreement.

8. Representations and Warranties.

(a) The Executive hereby represents and warrants to the Company as follows:

(i) Neither the execution or delivery of this Agreement nor the performance by the Executive of his duties and other obligations hereunder violate or will violate any statute, law, determination or award, or conflict with or constitute a default or breach of any covenant or obligation under (whether immediately, upon the giving of notice or lapse of time or both) any prior employment agreement, contract, or other instrument to which the Executive is a party or by which he is bound.

(ii) The Executive has the full right, power and legal capacity to enter and deliver this Agreement and to perform his duties and other obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of the Executive enforceable against him in accordance with its terms. No approvals or consents of any persons or entities are required for the Executive to execute and deliver this Agreement or perform his duties and other obligations hereunder.

(b) The Company hereby represents and warrants to the Executive that this Agreement, the employment of the Executive hereunder and the grant of the Options have been duly authorized by and on behalf of the Company, including, without limitation, by all required action by the Board.

9. Termination. The Executive's employment hereunder shall be terminated upon the Executive's death and may be otherwise terminated as follows:

(a) The Executive's employment hereunder may be terminated by the Company for Cause. Any of the following actions by the Executive shall constitute "**Cause**":

(i) The willful failure, disregard or continuing refusal by the Executive to perform his duties hereunder;

(ii) Any act of willful or intentional misconduct, or a grossly negligent act by the Executive having the effect of injuring, in a material way (as determined in good-faith by the Company), the business or reputation of the Company, including but not limited to, any officer, director, or executive of the Company;

(iii) Willful misconduct by the Executive in carrying out his duties or obligations under this Agreement, including, without limitation, insubordination with respect to lawful directions received by the Executive from Chief Executive Officer or from the Board;

(iv) The Executive's indictment of any felony or a misdemeanor involving moral turpitude (including entry of a nolo contendere plea);

(v) The determination by the Company, based upon clear and convincing evidence, after a reasonable and good-faith investigation by the Company following a written allegation by another employee of the Company, that the Executive engaged in some form of harassment prohibited by law (including, without limitation, age, sex or race discrimination), unless the Executive's actions were specifically directed by the Board;

(vi) Any intentional misappropriation of the property of the Company, or embezzlement of its funds or assets (whether or not a misdemeanor or felony);

(vii) Breach by the Executive of any of the provisions of Sections 6, 7 or 8 of this Agreement; and

(viii) Breach by the Executive of any provision of this Agreement other than those contained in Sections 6, 7 or 8 which is not cured by the Executive within thirty (30) business days after notice thereof is given to the Executive by the Company.

(b) The Executive's employment hereunder may be terminated by the Board due to the Executive's Disability. For purposes of this Agreement, a termination for "**Disability**" shall occur (i) when the Board has provided a written termination notice to the Executive supported by a written statement from a reputable independent physician mutually selected by the Company and the Executive, or the Executive's legal representatives in the event he is unable to make such selection due to mental incapacity, to the effect that the Executive shall have become so physically or mentally incapacitated as to be unable to resume, even with reasonable accommodation as may be required under the Americans With Disabilities Act, within the ensuing twelve (12) months, his employment hereunder by reason of physical or mental illness or injury, or (ii) upon rendering of a written termination notice by the Company after the Executive has been unable to substantially perform his duties hereunder, even with reasonable accommodation as may be required under the Americans With Disabilities Act, for 120 or more consecutive days, or more than 180 days in any consecutive twelve month period, by reason of any physical or mental illness or injury. For purposes of this Section 9(b), the Executive agrees to make himself available and to cooperate in any reasonable examination by a reputable independent physician mutually selected by the Company and the Executive, and paid for by the Company. The Company shall provide salary continuation (through insurance or otherwise) at the rate of 100% of salary and continuation of Fringe Benefits set forth in this Agreement during the first six months Executive is unable to perform his duties by reason of disability. The Company shall reimburse Executive for his actual cost of maintaining a supplementary long-term disability insurance policy during the Term up to a maximum reimbursement of \$10,000 per year.

(c) The Executive's employment hereunder may be terminated by the Company (or its successor) by written notice to the Executive upon the occurrence of a Change of Control. For purposes of this Agreement, "**Change of Control**" means (i) the acquisition, directly or indirectly, following the date hereof by any person (as such term is defined in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended), in one transaction or a series of related transactions, of securities of the Company representing in excess of fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities if such person or his or its affiliate(s) do not own in excess of 50% of such voting power on the date of this Agreement, or (ii) the future disposition by the Company (whether direct or indirect, by sale of assets or stock, merger, consolidation or otherwise) of all or substantially all of its business and/or assets in one transaction or series of related transactions other than a merger (1) effected exclusively for the purpose of changing the domicile of the Company or (2) effected for the purpose of obtaining a public listing and/or publicly traded securities.

(d) The Executive's employment hereunder may be terminated by the Executive for Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean any of the following: (i) any material reduction by the Corporation of the Executive's duties, responsibilities, or authority which causes his position with the Company to become of less responsibility or authority than his position as of immediately following the Effective Date; (ii) any reduction by the Corporation of the Executive's compensation or benefits payable hereunder (it being understood that a reduction of benefits applicable to all employees of the Corporation, including the Executive, shall not be deemed a reduction of the Executive's compensation package for purposes of this definition); (iii) a material breach by the Company of Section 7(c) or 8(b) of this Agreement which is not cured by the Company within 30 days after written notice thereof is given to the Company by the Executive, or (iv) a change in the lines of reporting such that the Executive no longer reports directly to the Chief Executive Officer.

(e) The Executive's employment may be terminated by the Company without Cause by delivery of written notice to the Executive effective the date of delivery of such notice.

(f) The Executive's employment may be terminated by the Executive in the absence of Good Reason by delivery of written notice to the Company effective fifteen (15) days after the date of delivery of such notice.

10. Compensation upon Termination.

(a) If the Executive's employment is terminated as a result of his death or Disability or upon a Change of Control, the Company shall pay to the Executive or to the Executive's estate, as applicable, his Base Salary for a period of six (6) months following the date of termination and any accrued but unpaid Bonus and expense reimbursement amounts through the date of his Death or Disability. All Stock Options that are scheduled to vest on the next succeeding anniversary of the Commencement Date shall be accelerated and deemed to have vested as of the termination date. All Stock Options that have not vested (or been deemed pursuant to the immediately preceding sentence to have vested) as of the date of termination shall be forfeited to the Company as of such date. Stock Options that have vested as of the Executive's termination shall remain exercisable for 360 days following such termination.

(b) If the Executive's employment is terminated either (i) by the Company for Cause, or (ii) by the Executive in the absence of Good Reason, then the Company shall promptly pay to the Executive his Base Salary through the date of his termination and any expense reimbursement amounts owed through the date of termination. The Executive shall have no further entitlement to any other compensation or benefits from the Company. All Stock Options that have not vested as of the date of termination shall be forfeited to the Company as of such date. Stock Options that have vested as of the Executive's termination shall remain exercisable for 90 days following such termination.

(c) If the Executive's employment is terminated by the Company other than as a result of the Executive's death or Disability and other than for reasons specified in Section 10(b) then the Company shall (i) continue to pay to the Executive his Base Salary and all Fringe Benefits for a period of six (6) months following such termination, (ii) pay any expense reimbursement amounts owed through the date of termination, (iii) pay any accrued but unpaid Bonus and (iv) all Stock Options that are scheduled to vest during the Term shall be accelerated and deemed to have vested as of the termination date. Any Stock Options that have vested as of the date of the Executive's termination shall remain exercisable for a period of 360 days.

(d) This Section 10 sets forth the only obligations of the Company with respect to the termination of the Executive's employment with the Company, and the Executive acknowledges that, upon the termination of his employment, he shall not be entitled to any payments or benefits which are not explicitly provided in Section 10.

(e) The provisions of this Section 10 shall survive any termination of this Agreement.

11. Miscellaneous.

(a) This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without giving effect to its principles of conflicts of laws.

(b) In the event of any dispute arising out of, or relating to, this Agreement or the breach thereof (other than Sections 6 or 7 hereof), or regarding the interpretation thereof, the parties agree to submit any differences to nonbinding mediation prior to pursuing resolution through the courts. The parties hereby submit to the exclusive jurisdiction of the Courts of the County of New York, or the United States District Court for the Southern District of New York, and agree that service of process in such court proceedings shall be satisfactorily made upon each other if sent by registered mail addressed to the recipient at the address referred to in Section 11(g) below.

(c) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and permitted assigns.

(d) This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company, including any successors or assigns in connection with any sale, transfer or other disposition of all or substantially all of its business or assets.

(e) This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the parties hereto.

(f) The failure of either party to insist upon the strict performance of any of the terms, conditions and provisions of this Agreement shall not be construed as a waiver or relinquishment of future compliance therewith, and such terms, conditions and provisions shall remain in full force and effect. No waiver of any term or condition of this Agreement on the part of either party shall be effective for any purpose whatsoever unless such waiver is in writing and signed by such party.

(g) All notices, requests, consents and other communications, required or permitted to be given hereunder, shall be in writing and shall be delivered personally or by an overnight courier service or sent by registered or certified mail, postage prepaid, return receipt requested, to the parties at the addresses set forth on the first page of this Agreement, and shall be deemed given when so delivered personally or by overnight courier, or, if mailed, five days after the date of deposit in the United States mails. Either party may designate another address, for receipt of notices hereunder by giving notice to the other party in accordance with this Section 11 (g).

(h) This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof. No representation, promise or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

(i) As used in this Agreement, "affiliate" of a specified person or entity shall mean and include any person or entity controlling, controlled by or under common control with the specified person or entity.

(j) The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(k) This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank – Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and intend it to be effective as of the Commencement Date by proper person thereunto duly authorized.

VENTRUS BIOSCIENCES, INC.

By: /s/ Russell H. Ellison
Name: Russell H. Ellison, MD
Title: Chief Executive Officer

/s/ Thomas Rowland
Thomas Rowland

AMENDMENT NO. 1 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDMENT NO. 1 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated August 24, 2011 (this "Amendment"), between VENTRUS BIOSCIENCES, INC., a Delaware corporation ("Company"), and Russell Ellison ("Executive").

WHEREAS, the Company and Executive have entered into that certain Amended and Restated Employment Agreement, dated as of July 19, 2010 (as so amended, the "Employment Agreement");

WHEREAS, the parties hereto desire to further amend the Employment Agreement in order to retain the services of the Executive.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the sufficiency and receipt of which is hereby acknowledged by the parties, it is hereby agreed by and between the parties as follows.

1. **Capitalized Terms.** Terms used herein but not otherwise defined shall have the meaning ascribed thereto in the Employment Agreement.
2. **Amendment.** Effective as of the date hereof, the Employment Agreement is hereby amended as follows:

Section 5 (d) (ii) is hereby deleted from the Employment Agreement in its entirety and replaced with the following:

In the event that the Market Capitalization of the Company shall exceed Two Hundred Fifty Million Dollars (US\$250,000,000) for a period of thirty (30) consecutive trading days during the Term, and the average trading volume of the Common Stock during such period is at least One Hundred Thousand (100,000) shares per trading day (the "**Second Capitalization Milestone**"), then the Company shall pay to the Executive a bonus of Five Hundred Thousand Dollars (\$500,000), payable within 10 days of the occurrence of the Second Capitalization Milestone. The bonus shall be paid as follows: \$300,000 in the form of Company common stock, using the closing price on the date of this Amendment as the price per share and the remainder in cash.

3. **Headings.** The headings used herein are for convenience of reference only and shall not affect the construction of, nor shall they be taken into consideration in interpreting, this Amendment.
 4. **Counterparts.** This Amendment may be executed in any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterpart signatures to this Amendment shall be acceptable and binding.
-

5. **Applicable Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

6. **No Other Amendments.** Except as expressly set forth herein, the Employment Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Employment Agreement.

7. **Effectiveness.** This Amendment shall become effective immediately upon the date hereof.

8. **References to the Employment Agreement.** From and after the date hereof, all references in the Employment Agreement and any other documents to the Employment Agreement shall be deemed to be references to the Employment Agreement after giving effect to this Amendment.

* * * * *

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 1 as of the date first above written.

VENTRUS BIOSCIENCES, INC.

By: /s/ Myron Holubiak
Name: Myron Holubiak
Title: Director

/s/ Russell Ellison
Russell Ellison

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT, dated August 24, 2011 (this "Amendment"), between VENTRUS BIOSCIENCES, INC., a Delaware corporation ("Company"), and David Barrett ("Executive").

WHEREAS, the Company and Executive have entered into that certain Employment Agreement, dated as of November 11, 2010 (the "Employment Agreement");

WHEREAS, the parties hereto desire to further amend the Employment Agreement in order to retain the services of the Executive.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the sufficiency and receipt of which is hereby acknowledged by the parties, it is hereby agreed by and between the parties as follows.

1. **Capitalized Terms.** Terms used herein but not otherwise defined shall have the meaning ascribed thereto in the Employment Agreement.

2. **Amendment.** Effective as of the date hereof, the Employment Agreement is hereby amended as follows:

A. Section 4 (b) (ii) is hereby deleted from the Employment Agreement in its entirety and replaced with the following:

"In the event that the Market Capitalization of the Company shall exceed Two Hundred Fifty Million Dollars (US\$250,000,000) for a period of thirty (30) consecutive trading days during the Term, and the average trading volume of the Common Stock during such period is at least One Hundred Thousand (100,000) shares per trading day (the "**Second Capitalization Milestone**"), then the Company shall pay to the Executive a bonus of Five Hundred Thousand Dollars (\$500,000), payable within 10 days of the occurrence of the Second Capitalization Milestone. The bonus shall be paid as follows: \$300,000 in the form of Company common stock, using the closing price on the date of this Amendment as the price per share and the remainder in cash."

B. The following is added as Section 4 (h) of the Employment Agreement:

"**Discretionary Bonus.** The Executive will be eligible for an incentive bonus in the discretion of the Compensation Committee of up to twenty five percent (25%) of the Base Salary per annum.

3. **Headings.** The headings used herein are for convenience of reference only and shall not affect the construction of, nor shall they be taken into consideration in interpreting, this Amendment.

4. **Counterparts.** This Amendment may be executed in any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterpart signatures to this Amendment shall be acceptable and binding.

5. **Applicable Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

6. **No Other Amendments.** Except as expressly set forth herein, the Employment Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Employment Agreement.

7. **Effectiveness.** This Amendment shall become effective immediately upon the date hereof.

8. **References to the Employment Agreement.** From and after the date hereof, all references in the Employment Agreement and any other documents to the Employment Agreement shall be deemed to be references to the Employment Agreement after giving effect to this Amendment.

* * * * *

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 1 as of the date first above written.

VENTRUS BIOSCIENCES, INC.

By: /s/ Russell H. Ellison

Name: Russell H. Ellison

Title: President

/s/ David Barrett

David Barrett
