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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 000 -35005

VENTRUS BIOSCIENCES, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**20-8729264**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

99 Hudson Street, 5th Floor, New York, New York 10013
(Address of principal executive offices, including zip code)

(646) 706-5208
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐	
Non-accelerated Filer	☐	(Do not check if smaller reporting company)	Smaller Reporting Company	x

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO x

As of November 8, 2013 there were 20,858,895 shares of registrant's common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

VENTRUS BIOSCIENCES, INC.
A Development Stage Company

CONDENSED BALANCE SHEETS

	September 30, 2013	December 31, 2012
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32,222,910	$ 20,489,219
Other current assets	134,780	59,584
Total current assets	32,357,690	20,548,803
Computer equipment, net	7,632	6,841
Total assets	$ 32,365,322	$ 20,555,644
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,280,245	$ 1,847,245
Accrued expenses	37,415	898,213
Total current liabilities	2,317,660	2,745,458
Commitments		
Stockholders' equity:		
Preferred stock, $.001 par value; 5,000,000 shares authorized; 220,000 and 0 issued and outstanding at September 30, 2013 and December 31, 2012, respectively	220	-
Common stock, $.001 par value; 50,000,000 shares authorized; 20,663,301 and 12,934,350 issued and outstanding at September 30, 2013 and December 31, 2012, respectively	20,663	12,934
Additional paid-in capital	135,334,268	110,116,766
Common stock issuable, 125,000 shares at September 30, 2013	368,750	-
Deficit accumulated during the development stage	(105,676,239)	(92,319,514)
Total stockholders' equity	30,047,662	17,810,186
Total liabilities and stockholders' equity	$ 32,365,322	$ 20,555,644

See Notes to Condensed Financial Statements

VENTRUS BIOSCIENCES, INC.

A Development Stage Company

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September30, 2012	Period from October 7, 2005 (Inception) to September 30, 2013
Operating expenses:					
Research and development	$ 3,753,319	$ 4,188,127	$ 9,870,871	$ 16,772,777	$ 68,914,278
General and administrative	1,179,689	1,182,176	3,639,863	4,265,889	23,226,264
Loss from operations	(4,933,008)	(5,370,303)	(13,510,734)	(21,038,666)	(92,140,542)
Interest income	51,266	14,906	154,009	39,345	315,129
Interest expense:					
Beneficial conversion feature	-	-			(6,001,496)
Amortization of debt discount and warrants	-	-			(2,865,758)
Interest expense	-	-			(4,983,572)
	-	-			(13,850,826)
Net loss	$ (4,881,742)	$ (5,355,397)	$ (13,356,725)	(20,999,321)	$ (105,676,239)
Basic and diluted net loss per common share	$ (0.25)	$ (0.41)	$ (0.71)	$ (1.66)	
Weighted average common shares outstanding - basic and diluted	19,894,525	12,933,340	18,901,717	12,657,538	

See Notes to Condensed Financial Statements

VENTRUS BIOSCIENCES, INC.
A Development Stage Company

CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
For the Nine Months Ended September 30, 2013

	Stock			Additional Paid-in Capital	Common Stock Issuable	Deficit Accumulated During the Development Stage	Total
	Common Shares	Preferred Shares	Amount				
Balance at January 1, 2013	12,934,350		$ 12,934	$ 110,116,766		$ (92,319,514)	$ 17,810,186
Proceeds from the sale of preferred stock sold at $25.00 per share and common stock at $2.50 per share, net of offering costs	6,670,000	220,000	6,890	20,747,528	-	-	20,754,418
Proceeds from the sale of common stock at $3.30 per share, net of offering costs	1,058,951	-	1,059	3,387,036	-	-	3,388,095
Stock-based compensation to employees and directors for the period from January 1, 2013 to September 30, 2013	-		-	935,736	-	-	935,736
Stock-based payments to consultants for the period from January 1, 2013 to September 30, 2013	-		-	29,317	-	-	29,317
Common stock issuable for compensation (125,000 shares)	-		-	-	368,750	-	368,750
Stock-based compensation related to the restricted stock grant	-		-	117,885	-	-	117,885
Net loss for the period						(13,356,725)	(13,356,725)
Balance at September 30, 2013	20,663,301	220,000	$ 20,883	$ 135,334,268	$ 368,750	$ (105,676,239)	$ 30,047,662

For changes in the Statement of Stockholders' Equity from October 7, 2005 (inception) to December 31, 2012, refer to the Annual Report on Form 10-K for the year ended December 31, 2012 filed on March 18, 2013.

See Notes to Condensed Financial Statements

VENTRUS BIOSCIENCES, INC.
A Development Stage Company

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Period from October 7, 2005 (Inception) to September 30, 2013
Cash flows from operating activities:			
Net loss	$ (13,356,725)	$ (20,999,321)	$ (105,676,239)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation	1,422,371	2,241,659	10,194,293
Stock-based payments to consultants	29,317	326,313	4,359,576,449
Depreciation	4,375	3,351	39,998
Stock issued in connection with license agreement	-	-	414,825
Charge resulting from beneficial note conversion	-	-	6,001,496
Stock issued to vendor		-	5,000
Warrants issued in connection with related party note conversion	-	-	1,255,978
Amortization of deferred financing costs and debt discount		-	3,466,010
Non-cash research and development	-	-	1,087,876
Interest payable - notes	-	-	2,139,909
Expenses paid on behalf of the Company satisfied through the issuance of notes	-	-	227,910
Interest payable - related parties		-	266,279
	-		
Changes in operating assets and liabilities:			
Other current assets	(75,196)	(49,055)	(134,780)
Accounts payable and accrued expenses	(427,798)	168,122	2,130,123
Net cash used in operating activities	(12,403,656)	(18,308,931)	(74,221,746)
Cash flows from investing activities:			
Purchase of office and computer equipment	(5,166)	(3,240)	(47,630)
Net cash used in investing activities	(5,166)	(3,240)	(47,630)
Cash flows from financing activities:			
Net proceeds from sale of common and preferred stock	24,142,513	4,166,494	93,482,174
Proceeds from notes payable	-	-	11,522,380
Proceeds from notes payable to related parties	-	-	5,041,953
Payment for deferred financing costs	-	-	(1,431,603)

VENTRUS BIOSCIENCES, INC.
A Development Stage Company

CONDENSED STATEMENTS OF CASH FLOWS (continued)

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Period from October 7, 2005 (Inception) to September 30, 2013
Repayment of notes	-	-	(2,719,380)
Repayment of notes payable - related party	-	-	(1,573,000)
Proceeds from the exercise of warrants and options	-	730,322	2,169,762
Net cash provided by financing activities	24,142,513	4,896,816	106,492,286
Net increase (decrease) in cash and cash equivalents	11,733,691	(13,415,355)	32,222,910
Beginning of period	20,489,219	36,975,434	-
End of period	32,222,910	23,560,079	32,222,910
Supplemental schedule of non-cash financing activities:			
Warrants issued to placement agent	$ -	$ -	$ 341,334
Warrants issued to investors in connection with convertible notes	$ -	$ -	$ 1,166,989
Debt discount on Paramount Credit Partners, LLC notes	$ -	$ -	$ 782,376
Related party notes and accrued interest converted to 2010 Senior convertible notes	$ -	$ -	$ 3,995,667
Debt discount on 2010 senior convertible notes	$ -	$ -	$ 1,468,254
Notes and accrued interest converted to common stock	$ -	$ -	$ 14,003,158
Supplemental disclosure - cash paid for interest	$ -	$ -	$ 685,397

See Notes to Condensed Financial Statements

VENTRUS BIOSCIENCES, INC.
(A Development Stage Company)

Notes to Condensed Financial Statements
(September 30, 2013)

Note 1 - Organization, Business and Basis of Presentation:

Organization and business:

Ventrus BioSciences Inc. (“Ventrus” or the “Company”) is a specialty pharmaceutical company primarily focused on the development and commercialization of prescription drugs addressing gastrointestinal problems. Ventrus was incorporated in the State of Delaware on October 7, 2005 (date of inception) and commenced operations in April 2007.

Basis of presentation:

The accompanying condensed balance sheet as of December 31, 2012, which has been derived from the Company’s audited financial statements, and the unaudited interim condensed financial statements, have been prepared in accordance with U.S. generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission (“SEC”) related to a quarterly report on Form 10-Q. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading. The unaudited interim condensed financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal and recurring nature. These unaudited condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012 filed on March 18, 2013. The operating results presented in these unaudited condensed financial statements are not necessarily indicative of the results that may be expected for any future periods.

Capital Resources:

The Company has not derived any revenue from product sales to date as its products have not been approved for sale by the U.S. Food and Drug Administration (“FDA”) or any foreign regulatory agency. Since inception, the Company’s operations have been financed primarily through the sale of equity securities, the proceeds from the exercise of warrants and stock options and issuance of debt. The Company has incurred losses from operations and negative cash flows since inception and expects to continue to incur substantial losses over the next 18 to 24 months as it continues the development and commercialization of its product, diltiazem ("VEN 307") and thereafter if approval is not received or VEN 307 is not successfully launched. As a result, the Company may need to obtain additional funds to finance its operations in the future. In February 2013, the Company raised approximately $20,800,000 in net proceeds in a public offering of its common stock and Series A non-voting convertible preferred stock. In September and October 2013, the Company raised approximately $3,400,000 and $200,000 respectively, in net proceeds under an at-the-market company equity sales program. Management believes the Company currently has sufficient funds to meet its operating requirements and scheduled regulatory and development activities through FDA approval, launch and initial commercialization of diltiazem. Assuming such approval and launch, thereafter, if the Company cannot generate significant cash from its operations, it intends to obtain any additional funding it requires through strategic relationships, public or private equity or debt financings, or other arrangements and it cannot assure such funding will be available on reasonable terms, or at all.

Note 2 - Summary of Significant Accounting Policies:

Cash and Cash Equivalents:

All highly liquid investments with maturities of three months or less at the time of purchase are considered to be cash equivalents. All of the Company’s cash equivalents have liquid markets and high credit ratings. The Company maintains its cash in bank deposit and other accounts, the balances of which, at times and at September 30, 2013, exceed federally insured limits.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates inherent in the preparation of the accompanying financial statements include the fair value of stock options and warrants granted to employees, consultants, directors, investors, licensors, placement agents and underwriters.

Additionally, the Company provides a valuation allowance for deferred income tax assets when it is considered more likely than not that all or a portion of such deferred income tax assets will not be realized.

Stock-based compensation:

The Company's share-based compensation cost is measured at grant date, using the Black-Scholes option pricing model to estimate the fair value of the award, and is recognized as expense over the employee's or director's requisite service period on a straight-line basis. The Company accounts for stock options and warrants granted to non-employees on a fair value basis which is estimated using the Black-Scholes option pricing model. The initial non-cash charge to operations for non-employee options and warrants with vesting are revalued at the end of each reporting period until vested and recognized as consulting expense over the related vesting period.

Research and development:

Research and development expenses include personnel and facility-related expenses, third party contracted services including clinical trial costs, manufacturing and process development costs, research costs and other consulting services. Research and development costs are expensed as incurred. In instances where the Company enters into agreements with third parties for clinical trials, manufacturing and process development, research and other consulting activities, costs are expensed as services are performed. Amounts due under such arrangements may be either fixed fee or fee for service, and may include upfront payments, monthly payments, and payments upon the completion of milestones or receipt of deliverables.

The Company's accruals for clinical trials are based on estimates of the services received and pursuant to contracts with the respective clinical trial centers and clinical research organizations. In the normal course of business, the Company contracts with third parties to perform various clinical trial activities in the ongoing development of potential products. The financial terms of these agreements are subject to negotiation and variation from contract to contract and may result in uneven payment flows. Payments under the contracts depend on factors such as the achievement of certain events, the successful enrollment of patients, and the completion of portions of the clinical trial or similar conditions. The objective of the Company's accrual policy is to match the recording of expenses in its financial statements to the actual services received. As such, expense accruals related to clinical trials are recognized based on an estimate of the degree of completion of the event or events specified in the specific clinical study or trial contract.

Income taxes:

The Company's income tax expense consists of current and deferred income tax expense or benefit. Current income tax expense or benefit is the amount of income taxes expected to be payable or refundable for the current year. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

Loss per common share:

Basic net loss per common share excludes dilution and is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity unless inclusion of such shares would be anti-dilutive. Since the Company has only incurred losses, basic and diluted net loss per share is the same. The number of potentially dilutive securities (options, warrants, restricted stock units and preferred stock) excluded from the diluted loss per share calculation for the nine-month periods ended September 30, 2013 and 2012 was 5,594,521, and 3,133,606, respectively.

Note 3 - Commitments:

Employment agreements:

The Company has employment agreements with the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") which provide for aggregate base salaries of $650,000 per year, a guaranteed bonus of $75,000 per year for the CEO and annual performance-based bonuses of up to 50% and 25%, respectively, of their base salaries. The agreements for the CEO and CFO also provide an incentive bonus of $500,000 for each in the event that the Company's market capitalization exceeds a specified level. The incentive bonus, if attained, will be paid in a combination of shares of the Company's common stock worth $300,000 and $200,000 in cash. The number of the shares of common stock each was determined by the closing price of the Company's common stock as reported on NASDAQ on August 24, 2011 ($9.85), which results in 30,457 shares to be issued to each of the CEO and the CFO. As of September 30, 2013, the market capitalization threshold had not been attained.

The term of both the CEO's and CFO's employment agreement end in December 2013. The Board has notified the CEO and CFO that the Board intends to re-new each agreement and is in the process of developing these. It is expected that the new agreements will be in place by the end of December.

Note 4 - Stockholders' Equity:

Common Stock Transactions:

On January 31, 2012, the Company filed a shelf registration statement with the SEC under which it may offer shares of its common stock and preferred stock, various series of debt securities and/or warrants to purchase any of such securities, either individually or in units, in one or more offerings, up to a total dollar amount of $100,000,000. The registration statement became effective as of February 10, 2012. During 2012, the Company raised net proceeds of $4,200,000 from the sale of shares under this registration statement. In February 2013, the Company sold an aggregate of 6,670,000 shares of common stock for $2.50 per share, resulting in net proceeds of approximately $15,600,000, and 220,000 shares of Series A non-voting convertible preferred stock for $25.00 per share, resulting in net proceeds of approximately $5,200,000. In September 2013, the Company raised $3,388,095 in net proceeds under an at-the-market common equity sales program. Pursuant to General Instruction I.B.6. of Form S-3, based on the market value of the Company's outstanding common stock held by non-affiliates, the Company is only able to use the shelf registration statement up to an amount equal to one-third of the market value of the Company's outstanding common stock held by non-affiliates less any dollar amount sold under the shelf registration statement in the 12 months prior to the Company's next sale of securities under the registration statement. As of September 30, 2013, the Company had $18,028,686. of availability under the shelf registration statement pursuant to General Instruction I.B.6. of Form S-3.

Preferred Stock Transactions:

The Series A non-voting convertible preferred shares have a liquidation preference of $0.001 per share and each share of Series A preferred stock is convertible into 10 common shares of the Company's common stock at any time at the holder's option.

Common Stock Options and Warrants:

Warrants

In connection with the Company's financing from 2007 to 2010, the Company issued warrants to investors and/or placement agents to purchase shares of common stock as well as certain consultants.

A summary of the Company's warrant activity and related information is as follows:

	Nine Months Ended September 30, 2013	
	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	874,651	$ 7.67
Granted	-	$ -
Exercised	-	$ -
Expired	13,605	$ 1.24
Outstanding at end of period	861,046	$ 7.77
Warrants exercisable at end of period	861,046	$ 7.77

All outstanding warrants have vested and no additional expense is expected to be recorded in the future years.

Common Stock

On April 5, 2013, the Company granted restricted stock units to four employees under the 2010 Plan for an aggregate of 500,000 shares of common stock. Of these units, 25% vested immediately at the grant date. The remaining 75% of the units will vest in equal 25% tranches if the 20 trading day volume-weighted average price of our common stock as reported on the NASDAQ Capital Market is at least $4.15, $5.15 and $6.15, respectively. The performance period for the unvested restricted stock units ends on June 30, 2016; if one or more of the stock price thresholds are not met by that date the unvested units will expire. Each employee elected to defer receipt of all shares issuable under the units, including the immediately vested shares, until the earliest of termination of employment, a change in control of Ventrus, or April 1, 2015. The restricted stock units were issued to employees and officers at a price equal to the market price of the Company's stock at the date of grant. The Company estimated the fair value of the restricted stock units using the Monte Carlo valuation model with the following assumptions; volatility of 56.10% , risk free interest rate of 1.934%, and dividend rate of 0%. The total estimated fair value of the restricted stock units is approximately $1,135,000. Compensation costs for restricted stock award are being recognized on a straight-line basis over the performance period. The first 25% of restricted stock was immediately expensed.

A summary of the status of our restricted stock units as of September 30, 2013 is as follows:

	Nine Months Ended September 30, 2013	
	Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock units as of January 1, 2013	0	$ -
Granted April 5, 2013	500,000	$ 2.27
Shares vested and issuable	(125,000)	$ 2.95
Restricted stock units as of September 30, 2013	375,000	$ 2.04

Stock Options

In March 2013, the Company granted options to purchase 30,000 shares under the 2010 Plan to three board members at an exercise price of $3.31 per share.

In May and June 2013, the Company granted options to purchase 125,000 shares and 35,000 shares, respectively, under the 2010 Plan to employees at an exercise price of $2.99 and $2.47, respectively.

In August and September 2013, the Company granted options to purchase 30,000 shares and 60,000 shares, respectively, under the 2010 Plan to employees at an exercise price of $2.51 and $3.15, respectively.

A summary of the Company's option activity and related information is as follows:

	Nine Months Ended September 30, 2013		
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at beginning of period	1,878,475	$ 6.72	$ -
Granted	280,000	$ 2.94	$ -
Exercised	-	-	$ -
Outstanding at end of period	2,158,475	$ 6.23	$ -
Options exercisable at end of period	1,597,449		

The Company expects that all but 30,000 outstanding unvested options will vest.

The fair value of the options granted for the nine-month period ended September 30, 2013, was based on the following assumptions:

	2013
Risk-free interest rate	0.33%-1.31 %
Expected volatility	77.01%-77.34 %
Expected life of options	5 years
Expected dividend yield	0 %

Estimated future stock-based compensation expense relating to unvested stock options is as follows:

Calendar Years Ending December 31,	Future Stock Option Compensation Expense
2013 (October through December)	$ 278,672
2014	625,436
2015	146,908
2016	99,920
	20,239
Total estimated future stock-based compensation expense – stock options	$ 1,171,175

The weighted average remaining contractual life of options outstanding at September 30, 2013 is approximately 7 years.

Stock-based compensation (including payments to consultants) expensed to research and development expense for the nine months ended September 30, 2013 and 2012 was $500,830 and $704,097, respectively. Stock-based compensation (including payments to consultants) expensed to general and administrative expense for the nine months ended September 30, 2013 and 2012 was $950,858 and $1,863,875 respectively.

Note 5 - License Agreements:

Diltiazem (VEN 307) and Phenylepherine (VEN 308)

The Company has an exclusive royalty-bearing license agreement with S.L.A. Pharma, AG ("S.L.A. Pharma") to sell, make and use diltiazem (VEN 307) for treatment, through topical administration, of fissures and phenylepherine (VEN 308) for treatment, through topical administration, of fecal incontinence (referred to collectively as the "Compound Technologies") in the United States, Canada and Mexico. In the event that the Compound Technologies are commercialized, Ventrus is obligated to pay to S.L.A. Pharma annual royalties, based upon net sales of the products. In addition, Ventrus is required to make payments to S.L.A. Pharma up to an aggregate amount of $20 million upon the achievement of various milestones related to regulatory events. On October 9, 2012, Ventrus made a milestone payment of $125,000 to S.L.A. Pharma which was due upon Investigational Review Board approval of a Phase III study of a licensed product incorporating VEN 307.

Should Ventrus make any improvements regarding the Compound Technologies, Ventrus is required to grant S.L.A. Pharma licenses to use such improvements.

As compensation for S.L.A. Pharma's participation in the management and the development of the Compound Technologies, Ventrus is required to make separate payments to S.L.A. Pharma equal to $41,500 per month for each of diltiazem and phenylephrine. Per the agreement, Ventrus' obligation to make these monthly payments was to terminate upon a new drug application ("NDA") filing. Pursuant to amendments to the license agreement, the Company, as of September 30, 2010, was no longer required to make the $41,500 monthly payments for phenylephrine. Management anticipates the $41,500 per month management fee for diltiazem will cease by the end of 2013.

Ventrus is also required to reimburse S.L.A. Pharma for clinical development costs associated with the technology development of both diltiazem and phenylephrine. Ventrus' total payment obligation for the diltiazem project was limited to $4,200,000, and these payments were made from August 2007 through December 31, 2011. On June 6, 2011, Ventrus further amended the Exclusive License Agreement with S.L.A. Pharma. The amendment added additional services outside the scope of the agreement for which Ventrus was required to pay S.L.A. Pharma $400,000. The report generated by these services was provided by S.L.A. Pharma during the first quarter of 2013 and Ventrus made the payment in February 2013. S.L.A. Pharma has been paid an additional $600,000 for services for the phenylephrine project through September 30, 2013. S.L.A. Pharma did not provide Ventrus with any services for the phenylephrine project in 2011 and 2012, and management does not expect any services from S.L.A. Pharma for the phenylephrine project in the foreseeable future.

As of September 30, 2013, Ventrus' does not expect to pay S.L.A. Pharma additional development costs.

Iferanserin (VEN 309)

In March 2008, Ventrus entered into an exclusive worldwide license agreement with Sam Amer & Co., Inc. ("Amer") whereby Ventrus acquired certain patent rights to iferanserin (VEN 309) for the topical treatment of any anorectal disorders. On June 5, 2011, the Company entered into an agreement with Amer to acquire all rights, title and interest to iferanserin, which acquisition closed on November 14, 2011. On June 25, 2012, based on the results of the Phase III clinical trial, the Company ceased all research and development activity related to iferanserin and therefore does not expect any additional development costs.

New Product Candidates

On November 8, 2013, Ventrus entered into a License and Collaboration Agreement with Therabiome, LLC, for all intellectual property and know-how owned or controlled by Therabiome relating to the oral delivery of pharmaceutical drugs to specific sites in the intestine, using a pH sensitive controlled release platform technology. Under the agreement, Therabiome granted to Ventrus the exclusive worldwide license, with rights to sublicense, to develop the intellectual property for commercialization (a) in the use of bacteria, viruses, proteins and small molecules by oral delivery in (i) gastro-intestinal dysbiosis, including but not limited to C. difficile, irritable bowel syndrome-constipation and inflammatory bowel disease, (ii) auto-immune disorders and autism, including but not limited to as controlled by bacteria or virus, and (iii) orally delivered vaccines, including viral and bacterial, and (b) any oral delivery of small molecules using the licensed intellectual property. Ventrus will be solely responsible for all research and development activities with respect to any product it develops under the license.

For the license, Ventrus paid Therabiome an upfront non-refundable license fee of $300,000. Ventrus must pay Therabiome clinical and regulatory milestones for each product or therapy advanced from the platform for U.S. regulatory milestones. Ventrus also must pay Therabiome lesser amounts for foreign regulatory milestones, which vary by country and region. Ventrus also must pay Therabiome royalties on annual net sales of a product in the low to mid-single digit percentages plus, once annual net sales exceed two certain thresholds, a one-time cash payment upon reaching each threshold.

Therabiome must pay Ventrus royalties on annual net sales of any product it develops, using the intellectual property, in the low double to mid-double percentages, depending on the level of development or involvement Ventrus had in the product.

Note 6 - Legal Proceedings:

In June 2012, the Company announced that is product iferanserin (VEN 309), failed to meet its end point at the completion of its Phase III clinical trial. In May 2013 two purported class action lawsuits alleging violations of the federal securities laws were filed in New York against the Company, two of its executive officers and the lead underwriter of its initial public offering. The lawsuits include allegations that, during the class period between December 17, 2010 and June 25, 2012, the Company and its executive officers and underwriter made various statements related to the Company's product, iferanserin (VEN 309), including but not limited to, the market for the product, the potential competitors, and the results of clinical trials, thereby inflating the price of our common stock. The complaints seek unspecified damages, interest, attorneys' fees, and other costs. On July 23, 2013, the Court consolidated the actions and appointed lead plaintiffs and lead counsel. On September 16, 2013, lead plaintiffs filed a consolidated amended complaint. The Company and its officers intend to vigorously defend against these claims to seek dismissal of the consolidated complaint. Due to the early stage of these proceedings, the Company is unable to predict the outcome or reasonably estimate a range of possible loss relating to these claims.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The interim financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2012, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2012 filed on March 18, 2013. In addition to historical information, this discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to risks and uncertainties, including those set forth under "Part I. Item 1. Business - Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, and elsewhere in this report, that could cause actual results to differ materially from historical results or anticipated results.

Overview

We are a development-stage specialty pharmaceutical company primarily focused on the development and commercialization of late-stage prescription drugs for gastrointestinal disorders, specifically anal disorders. Activities to date include development of key compounds, establishing pre-commercial relationships, hiring qualified personnel and raising capital to fund operations. We continue to report as a development stage enterprise since planned commercial operations have not yet commenced. Since inception, no revenue has been recognized.

Our clinical product candidate portfolio consists of two in-licensed late-stage drugs. Our lead product, VEN 307 (topical diltiazem), is intended to treat pain associated with anal fissures and our secondary product, VEN 308 (topical phenylephrine), is intended to treat fecal incontinence. These candidates are two molecules that were previously approved and are currently marketed for other indications and that have been formulated into our proprietary topical treatments for these new gastrointestinal indications.

VEN 307, which we have in-licensed from S.L.A. Pharma, is a pre-mixed and pre-packaged proprietary topical formulation of the drug diltiazem that we are developing for the treatment of anal fissures. There are approximately 1.1 million office visits per year for anal fissures in the U.S. Despite these figures, we are aware of only one drug that has received FDA approval for the treatment of pain associated with anal fissures.

In addition to our lead product VEN 307, we also have in-licensed VEN 308 (phenylephrine) from S.L.A. Pharma. VEN 308 is intended to treat fecal incontinence associated with ileal pouch anal anastomosis, or IPAA. To our knowledge, there are no FDA-approved drugs for the treatment of fecal incontinence and yet we estimate that approximately 7.0 million Americans suffer from fecal incontinence, based on data from the National Digestive Diseases Information Clearinghouse and the 2012 population estimates of the U.S. Census Bureau. One device (hyaluronic acid, or Solesta™) has been approved by FDA for the treatment of fecal incontinence.

We intend to do technical development to create a twice daily patentable formulation of VEN 308 after which we will determine whether to pursue further development of VEN 308.

In addition, on November 8, 2013, we entered into a License and Collaboration Agreement with Therabiome, LLC, for all intellectual property and know-how owned or controlled by Therabiome relating to the oral delivery of pharmaceutical drugs to specific sites in the intestine, using a pH sensitive controlled release platform technology. Under the agreement, Therabiome granted to us the exclusive worldwide license, with rights to sublicense, to develop the intellectual property for commercialization (a) in the use of bacteria, viruses, proteins and small molecules by oral delivery in (i) gastro-intestinal dysbiosis, including but not limited to C. difficile, irritable bowel syndrome-constipation and inflammatory bowel disease, (ii) auto-immune disorders and autism, including but not limited to as controlled by bacteria or virus, and (iii) orally delivered vaccines, including viral and bacterial, and (b) any oral delivery of small molecules using the licensed intellectual property. To date, no specific clinical development candidates have been identified from this intellectual property.

Since our inception, we have had no revenue from product sales, and have funded our operations principally through debt and equity financings. Our operations to date have been primarily limited to organizing and staffing our company, licensing, developing and conducting clinical trials and establishing manufacturing for our product candidates, maintaining and improving our patent portfolio and raising capital. We have generated significant losses to date, and we expect to continue to generate losses as we progress towards the commercialization of VEN 307. As of September 30, 2013, we had a deficit accumulated during the development stage of $105,676,239. Because we do not generate revenue from any of our product candidates, our losses will continue as we advance our product candidates towards regulatory approval and eventual commercialization. As a result, our operating losses are likely to be substantial over the next several years. We are unable to predict the extent of any future losses or when we will become profitable, if at all.

Our operations are subject to other certain risks and uncertainties, including but not limited to: uncertainty of product candidate development; uncertainty of regulatory approval; unpredictability of the size of the markets for, and market acceptance of, any of our products; our anticipated capital expenditures, our estimates regarding our capital requirements; our ability to retain and hire necessary employees and to staff our operations appropriately; and the possible impairment of, or inability to obtain, intellectual property rights and the costs of obtaining such rights from third parties. Any significant delays in the development or marketing of products could have material adverse effect on our business and financial results.

We believe that our existing cash will be sufficient to fund our projected operating requirements through FDA approval of VEN 307 and its initial launch and commercialization.

Critical Accounting Policies

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. Our significant accounting policies are more fully described in Note 2 to the December 31, 2012 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012. The following accounting policies are critical to fully understanding and evaluating our financial results.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements as well as the reported revenue, if any, and expenses during the reporting periods. On an ongoing basis, management evaluates their estimates and judgments. Management bases estimates on historical experience and on various other factors that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results might differ from these estimates under different assumptions or conditions.

Stock-Based Compensation

We account for stock options granted to employees and directors, measured at grant date, based on the estimated fair value of the award, which is recognized as expense over the employee's or director's requisite service period on a straight-line basis. We account for stock options and warrants granted to non-employees on a fair value basis. The initial non-cash charge to operations for nonemployee options and warrants with vesting are revalued at the end of each reporting period based upon the change in the fair value of the options and recognized as consulting expense over the related service period. For the purpose of valuing options and warrants granted to employees and directors and to non-employees, we use the Black-Scholes option pricing model. To determine the risk-free interest rate, we utilize the U.S. Treasury yield curve in effect at the time of grant with a term consistent with the expected term of the awards. We estimate the expected life of the options granted based on anticipated exercises in the future periods assuming the success of our business model as currently forecasted. For warrants and non-employee options, we use the contractual term of the warrant, the length of the note or option as the expected term. The expected dividend yield reflects our current and expected future policy for dividends on our common stock. The expected stock price volatility for our stock options will be calculated by examining historical volatilities for publicly traded industry peers as we do not now and for the near future will not have any significant trading history for our common stock. Forfeiture rates will be calculated based on the expected service period for our employees.

Research and Development Expense

Research and development expenses consist primarily of costs associated with: (i) internal costs associated with our development activities; (ii) payments we make to third party contract research organizations, contract manufacturers, and consultants; (iii) technology and intellectual property license costs; and (iv) patent reimbursements. All research and development is expensed as incurred. License fees and pre-approved milestone payments due under each research and development arrangement that are paid prior to regulatory approval are expensed when the license is entered into or the milestone is achieved.

Conducting a significant amount of research and development is central to our business model. Since our inception on October 7, 2005 to September 30, 2013, we have incurred $68,914,278 in research and development expenses. Product candidates in later-stage clinical development generally have higher development costs than those in earlier stages of development, primarily due to the significantly increased size and duration of the clinical trials. Included in research and development expense is the purchase price we paid in 2011 for VEN 309.

We plan to continue our research and development expenses for at least the next 18 to 24 months in order to complete development of our most advanced product candidate, VEN 307. On June 25, 2012, we reported that a Phase III, randomized, double-blind, placebo-controlled clinical trial of VEN 309 for the treatment of symptomatic hemorrhoids did not meet its endpoints. Based on the disappointing results of that Phase III trial, we have determined that our resources would be better allocated toward the planned completion of VEN 307 development program in anal fissures. Consequently, we have no immediate plans to continue development of VEN 309 and have ceased all activity related to VEN 309

The following table summarizes the research and development expenses related to our product candidates and other projects. The table reflects expenses directly attributable to each development candidate, which are tracked on a project basis.

	3 Months ended 9/30/2013	3 Months ended 9/30/2012	9 Months ended 9/30/2013	9 Months ended 9/30/2012	Period from October 7, 2005 (inception) to September 30, 2013
VEN 307	$ 4,018,795	1,948,690	$ 9,788,244	$ 2,933,993	$ 21,077,447
VEN 309	$ *(418,202)	$ 2,094,085	$ *(418,202)	$ 13,134,687	$ 43,355,012
Other	$ 152,726	$ 145,352	$ 500,829	$ 704,097	$ 4,481,819

*Credit received from vendor in August 2013 related to the VEN 309 clinical trial which was terminated in June 2012

The process of conducting pre-clinical studies and clinical trials necessary to obtain FDA approval is costly and time consuming. The probability of success for each product candidate and clinical trial may be affected by a variety of factors, including, among others, the quality of the product candidate's early clinical data, investment in the program, competition, manufacturing capabilities and commercial viability. As a result of the uncertainties discussed above, the uncertainty associated with clinical trial enrollments and the risks inherent in the development process, we are unable to determine with certainty the duration and completion costs of current or future clinical stages of our product candidate or when, or to what extent, we will generate revenues from the commercialization and sale of our product candidate. Development timelines, probability of success and development costs vary widely. Based on its current status, we anticipate that to complete the clinical trial process and commercialize our lead product candidate VEN 307 will cost approximately $10.0 million. This estimate could change significantly depending on the progress, timing and results of non-clinical and clinical trials associated with VEN 307. We believe that our existing cash will be sufficient to fund our projected operating requirements through FDA approval of VEN 307 and its launch and initial commercialization.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

Results of Operations

Comparison of the Three Months Ended September 30, 2013 and September 30, 2012

Research and Development Expense

Research and development expense was $3,753,319 for the three months ended September 30, 2013, a decrease of $434,808 or 10.38%, from $4,188,127 for the same period in 2012. The primary reason for the decrease was the costs associated with winding down VEN 309, which the Company has ceased to develop, offset by the increase in costs associated with the development of VEN 307.

General and Administrative Expense

General and administrative, or G&A, expense consists primarily of salaries, consulting fees and other related costs, professional fees for legal services and accounting services, insurance and travel expenses, as well as the option expense associated with the grants of options to our employees, consultants and directors. The termination of the development of VEN 309 did not have a significant effect on our general and administrative expenses.

G&A expense was $1,179,689 for the three months ended September 30, 2013, a decrease of $2,487 or 0.21% from $1,182,176 for the three months ended September 30, 2012.

Interest Income and Expense

Interest income was $51,266 for the three months ended September 30, 2013 compared to $14,906 for the same period in 2012 due to higher cash balances as a result of stock sales in February and September 2013.

Comparison of the Nine Months ended September 30, 2013 and September 30, 2012

Research and Development Expense

Research and development expense was $9,870,871 for the nine months ended September 30, 2013, a decrease of $6,901,906 or 41.1%, from $16,772,777 for the same period in 2012. The primary reason for the decrease was the costs associated with developing VEN 309, which the Company has ceased to develop, offset by the increase in costs associated with the development of VEN 307.

General and Administrative Expense

General and administrative, or G&A, expense consists primarily of salaries, consulting fees and other related costs, professional fees for legal services and accounting services, insurance and travel expenses, as well as the option expense associated with the grants of options to our employees, consultants and directors. The termination of the development of VEN 309 did not have a significant effect on our general and administrative expenses.

G&A expense was $3,639,863 for the nine months ended September 30, 2013, a decrease of $626,026 or 14.7% from $4,265,889 for the nine months ended September 30, 2012. The decrease was primarily due to a decrease in stock based compensation.

Interest Income and Expense

Interest income was $154,009 for the nine months ended September 30, 2013 compared to $39,345 for the same period in 2012 due to higher cash balances as a result of stock sales in February and September 2013.

Liquidity and Capital Resources

Sources of Liquidity

As a result of our significant research and development expenditures and the lack of any FDA-approved products to generate product sales revenue, we have not been profitable and have generated operating losses since we were incorporated in October 2005. We have funded our operations through September 30, 2013 principally with debt (which in connection with our initial public offering, all of the convertible notes, and accrued interest thereon, were converted into common stock or repaid) and equity financing, aggregating to approximately $109.9 million of net proceeds through September 30, 2013.

Net Cash Used in Operating Activities

Net cash used in operating activities was $12,403,657 for the nine months ended September 30, 2013 and funded our research and development program and our general and administrative expenses.

Net Cash Used in Investing Activities

Net cash used in investing activities was $5,166 for the nine months ended September 30, 2013.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $24,142,513 for the nine months ended September 30, 2013, and was from the sale of 220,000 shares of Series A non-voting convertible preferred stock and 7,728,951 shares of common stock.

Funding Requirements

We expect to incur losses for at least the next 18 to 24 months as we develop VEN 307 and thereafter if the FDA does not approve VEN 307 or we do not launch it successfully. We expect to incur increasing research and development expenses for VEN 307. We expect that our general and administrative expenses will also increase as we add infrastructure for the planned commercialization of VEN 307, and continue to incur costs related to being a public company, including increased professional fees. Our future capital requirements will depend on a number of factors, including the timing and outcome of clinical trials and regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing patent claims and other intellectual property rights, the acquisition of licenses to new products or compounds, the status of competitive products, the availability of financing, and our success in developing markets for our product candidates.

We anticipate that to complete the clinical trial process to obtain the approval of VEN 307 will cost approximately $10.0 million. Based on our cash position at September 30, 2013, and our analysis of our future development costs, we believe that our existing cash and cash equivalents will be sufficient to enable us to fund our operating expenses and capital expenditure requirements through the initial launch and commercialization of VEN 307. We have based these estimates on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect, which would cause us to require additional capital earlier. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials.

We do not anticipate that we will generate product revenue for at least the next 18 to 24 months, until and assuming the FDA approves VEN 307 and we successfully launch that product. In the absence of additional funding, we expect our continuing operating losses to result in increases in our cash used in operations over the next 18 to 24 months as we continue the development of VEN 307 and prepare for its commercialization.

We may need to finance our future cash needs through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements, or a bank credit facility or other financing vehicle if one or more of our assumptions prove to be incorrect or if we choose to expand our product development efforts more rapidly than we presently anticipate, and we may decide to raise additional funds even before we need them if the conditions for raising capital are favorable. We do not currently have any commitments for future external funding. The sale of additional equity or debt securities, if convertible, could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also result in covenants that would restrict our operations.

Additional equity or debt financing or corporate collaboration and licensing arrangements may not be available on acceptable terms, if at all. If we need additional capital and adequate funds are not available, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our planned commercialization efforts or obtain funds through arrangements with collaborators or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable**.**

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e),which is designed to provide reasonable assurance that information, which is required to be disclosed in our reports filed pursuant to the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), is accumulated and communicated to management in a timely manner. At the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in the third quarter of 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On May 9 and May 21, 2013, respectively, two purported class action lawsuits were filed in the U.S. District Court for the Southern District of New York against us, two of our executive officers and the lead underwriter of our initial public offering: Ted Davison, William Gould and Ray Lenci, Individually and on Behalf of All Others Similarly Situated , Plaintiffs v. Ventrus Biosciences, Inc., et al, 13CIV 3119; and Michael Bartley, Individually and on Behalf of All Others Similarly Situated , Plaintiffs v. Ventrus Biosciences, Inc., et al, 13CIV 3429.

The complaints have been brought as purported stockholder class actions, and, in general, include allegations that, during the class period between December 17, 2010 and June 25, 2012, we and our two executive officers violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC Rule 10b-5 promulgated thereunder, and our two executive officers and the lead underwriter of our initial public offering violated Section 20(a) of the Exchange Act in making various statements related to our product, iferanserin (VEN 309), a topical treatment for symptomatic hemorrhoids, including but not limited to, the market for the product, the potential competitors, and the results of clinical trials, thereby inflating the price of our common stock. The complaints seek unspecified damages, interest, attorneys' fees, and other costs.

On July 8, 2013, three prospective lead plaintiffs filed motions to consolidate, appoint a lead plaintiff, and appoint lead counsel (the "Motions to Consolidate"). The Court took the Motions to Consolidate under submission on July 17, 2013. On July 23, 2013, the Court consolidated the actions and appointed lead plaintiffs and lead counsel. On September 16, 2013, lead plaintiffs filed a consolidated amended complaint. We and our officers intend to vigorously defend against these claims to seek dismissal of the consolidated complaint. Due to the early stage of these proceedings, we are unable to predict the outcome or reasonably estimate a range of possible loss relating to these claims.

Item 5. Other Information

On November 8, 2013, we entered into a License and Collaboration Agreement with Therabiome, LLC, for all intellectual property and know-how owned or controlled by Therabiome relating to the oral delivery of pharmaceutical drugs to specific sites in the intestine, using a pH sensitive controlled release platform technology. Under the agreement, Therabiome granted to us the exclusive worldwide license, with rights to sublicense, to develop the intellectual property for commercialization (a) in the use of bacteria, viruses, proteins and small molecules by oral delivery in (i) gastro-intestinal dysbiosis, including but not limited to C. difficile, irritable bowel syndrome-constipation and inflammatory bowel disease, (ii) auto-immune disorders and autism, including but not limited to as controlled by bacteria or virus, and (iii) orally delivered vaccines, including viral and bacterial, and (b) any oral delivery of small molecules using the licensed intellectual property. We will be solely responsible for all research and development activities with respect to any product we develop under the license.

For the license, we paid Therabiome an upfront non-refundable license fee of $300,000. We must pay Therabiome clinical and regulatory milestones for each product or therapy advanced from the platform, for U.S. regulatory milestones, depending on whether the milestone occurs before the filing of the first new drug application, or NDA, for a product or after the first, second or third NDA filings, as follows:

Regulatory and Clinical Milestones	
Upon the filing of an IND with the FDA:	$100,000 - $130,000
First dose first patient – human Phase I Clinical Trial	$250,000 - $325,000
First dose first patient – human Phase II Clinical Trial	$500,000 - $650,000
First dose first patient – human Phase III Clinical Trial	$750,000 - $975,000
Upon filing of an NDA or BLA with the FDA	$1,000,000 - $1,300,000
Upon marketing approval by the FDA	$3,000,000
Upon approval of a supplemental NDA (sNDA) for a new Indication, in the U.S	$1,000,000

We also must pay Therabiome lesser amounts for foreign regulatory milestones, which vary by country and region, and depend on whether the milestone occurs before the filing of the first NDA filing for a product or after the first, second or third NDA filings, and which will be: one-third of the U.S. milestones paid upon a foreign equivalent of an investigational new drug application, or IND, and marketing approval for each product in the European Union or Japan; 10% of the U.S. milestones paid upon a foreign equivalent of an IND and marketing approval for each product in China; 10% of the U.S. milestone paid upon marketing approval for each product in India and Brazil; and 1% of the U.S. milestone paid upon marketing approval for each product in all other countries. We also must pay Therabiome royalties on annual net sales of a product in the low to mid-single digit percentages plus, once annual net sales exceed two certain thresholds, a one-time cash payment upon reaching each threshold.

If we choose not to develop a product, Therabiome will have the right to request a limited, exclusive sublicense, with the right to sublicense, for developing the intellectual property for the field, subject to our right to reject the request if we, in our sole discretion, determine that the sublicense would negatively impact our products or prospects. If we agree to the sublicense, the terms relating to Ventrus would be the same as under the license agreement applicable to Therabiome products developed under the license agreement. Therabiome also may request to develop with third parties products in the field that are not competing products, which request we can refuse in our sole discretion. If we agree to the request, the terms relating to Ventrus would be the same as under the license agreement applicable to Therabiome products developed under the license agreement. Therabiome must pay us royalties on annual net sales of any product it develops, using the intellectual property, in the low double to mid-double percentages, depending on the level of development or involvement we had in the product.

The term of the license agreement (and the period during which royalties must be paid under the license agreement) will end, on a product-by-product and country-by-country basis, at the later of: (i) the expiration of the last to expire Therabiome patent containing a valid claim covering the sale of a product in a country; or (ii) receipt by a third party of marketing approval for a generic equivalent of the product in that country. We may terminate the license agreement (i) for any reason its entirety or on a product-by-product basis, (ii) on a product-by-product basis for uncured material breach by Therabiome, (iii) on a product-by-product basis in the event Therabiome challenges the validity or enforceability of any issued patent with the licensed intellectual property, or (iv) upon Therabiome's bankruptcy. Therabiome may terminate the license agreement (i) on a product-by-product basis for uncured material breach by us, (ii) on a product-by-product basis in the event we challenge the validity or enforceability of any issued patent with the licensed intellectual property, or (iii) upon our bankruptcy.

If we terminate because of Therabiome's uncured material breach or its bankruptcy, the license of the intellectual property will remain in effect, but the milestones and royalties due Therabiome will be reduced by a certain percentage. If we terminate without cause or Therabiome terminates because of our uncured material breach or bankruptcy, the license granted under the agreement will terminate and we and Therabiome will cooperate to effect the winding down of the activities under the agreement.

The foregoing description of the license agreement is not complete and is qualified in its entirety by reference to the full text of the agreement, a copy of which will be filed as an exhibit to our Annual Report on Form 10-K for the year ending December 31, 2013.

Item 6. Exhibits

Exhibit Number	Description of Document	Registrant's Form	Dated	Exhibit Number	Filed Herewith
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101	Financials in XBRL format.				X

SIGNATURES

In accordance with the requirements of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ventrus Biosciences, Inc.

Date: November 12, 2013

By: /s/ Russell H. Ellison
Russell H. Ellison
Chief Executive Officer

Date: November 12, 2013

By: /s/ David J. Barrett
David J. Barrett
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION

I, Russell H. Ellison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ventrus Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

By: /s/ Russell H. Ellison
Russell H. Ellison
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, David J. Barrett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ventrus Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

By: /s/ David J. Barrett
David J. Barrett
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ventrus Biosciences, Inc. (the "Company") for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Russell H. Ellison, Chief Executive Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

/s/ Russell H. Ellison
Russell H. Ellison
Chief Executive Officer

November 12, 2013

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ventrus Biosciences, Inc. (the "Company") for the period ended September 30, 2013 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, David J. Barrett, Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

/s/ David J. Barrett
David J. Barrett
Chief Financial Officer

November 12, 2013