November 4, 2015

VIVUS Reports Third Quarter 2015 Financial Results

MOUNTAIN VIEW, CA -- (Marketwired) -- 11/04/15 -- VIVUS, Inc. (NASDAQ: VVUS) (the "Company"), a biopharmaceutical company commercializing and developing innovative, next-generation therapies to address unmet needs in obesity and sexual health, today provided a business update and reported its financial results for the third quarter ended September 30, 2015.

"The U.S. market for branded anti-obesity pharmacotherapeutics continues to develop at a substantially lower rate than expected, held in check by a number of factors," said Seth H. Z. Fischer, CEO. "We watched this trend closely while controlling our costs during the first half of 2015. In August 2015, we reduced our Qsymia sales force to fifty territories and further streamlined our headquarters staff. The objective of this restructuring was to align our resources with obesity market realities and the opportunity as it currently exists, and to bring VIVUS closer to achieving neutral or positive operating cash flows by year-end 2016. Going forward, we will continue to monitor market conditions for any positive developments with physicians, payors, and patients that may indicate an increased investment is warranted."

Mr. Fischer continued, "We are working with leading cardiovascular outcome trial experts in planning substantial revisions to the original design and execution of the FDA-required Qsymia cardiovascular outcomes trial (CVOT) known as AQCLAIM, with the goal of reducing costs while also fulfilling the requirement of further demonstrating the long-term cardiovascular safety of Qsymia. We met earlier this year with the FDA to provide a CVOT program update. This dialog is ongoing, and we are committed to involving the FDA in reviewing alternative proposals that will satisfy the requirements."

VIVUS is actively pursuing a commercial partnership for avanafil in Latin America, and the Company plans to make an announcement as soon as an alliance is secured. VIVUS is pleased with the plans being executed currently by its STENDRA® and SPEDRA™ commercialization partners to promote the 15-minute onset of action data as a key component of their promotional campaigns.

<u>Third Quarter 2015 Financial Results</u>

Total revenue was $24.9 million in the current quarter, compared to $33.9 million in the third quarter of 2014. Net product revenue was $14.0 million from sales of Qsymia in the current quarter, compared to $12.5 million in the third quarter of 2014. Under our commercialization agreements for STENDRA® or SPEDRA™, we recognized $10.0 million in supply revenue in the current quarter, compared to $5.3 million in the third quarter of 2014. We also recognized $0.9 million in royalty revenue in the current quarter, compared to $1.1 million in the third quarter of 2014.

Approximately 146,000 Qsymia prescriptions were dispensed in the current quarter, compared to 140,000 in the third quarter of 2014.

Total cost of goods sold, excluding inventory impairment, was $11.8 million in the current quarter, compared to $7.3 million in the third quarter of 2014. The increase was due primarily to the cost of STENDRA supply in proportion to the increase in supply revenue.

Total selling, general and administrative expense was $17.1 million in the current quarter, compared to $27.8 million in the third quarter of 2014. Selling and marketing expense for the commercialization of Qsymia totaled $11.0 million in the current quarter, compared to $18.4 million in the third quarter of 2014. The total decrease was due primarily to the realignment of our sales force, refinement of our marketing and promotional programs, and continued cost cutting initiatives.

Total research and development expense was $1.5 million in the current quarter, compared to $2.6 million in the third quarter of 2014. The fluctuation was due primarily to the timing of clinical projects.

Charges incurred for severance were approximately $2.5 million in the current quarter, related to our restructuring plan initiated in July 2015. Annual savings from this restructuring are expected to be approximately $14.4 million beginning in year 2016.

Net loss was $16.1 million, or $0.15 net loss per share, in the current quarter, compared to a net loss of $15.8 million, or $0.15 net loss per share, in the third quarter of 2014.

Cash, Cash Equivalents and Available-for-Sale Securities

Cash, cash equivalents and available-for-sale securities (collectively cash) totaled $251.1 million at September 30, 2015, as compared to $299.6 million at December 31, 2014. The decrease was due primarily to cash used in operating activities and repayment of debt.

Recent Business Update

In July 2015, we initiated a specialty sales force co-promotion pilot program with Kadmon Corporation intended to introduce Qsymia to liver disease specialists. This pilot program will be evaluated at year-end 2015.

Note to Investors

As previously announced, VIVUS will hold a conference call and an audio webcast to discuss the third quarter ended September 30, 2015 financial results today, November 4, 2015, beginning at 4:30PM Eastern Time. Investors may listen to this call by dialing toll-free (877) 359-2916 in the U.S. and (224) 357-2386 from outside the U.S. A webcast replay will be available for 30 days and may be accessed at http://ir.vivus.com/.

About Qsymia

Qsymia is approved in the U.S. and is indicated as an adjunct to a reduced-calorie diet and increased physical activity for chronic weight management in adults with an initial body mass index (BMI) of 30 kg/m^2 or greater (obese) or 27 kg/m^2 or greater (overweight) in the presence of at least one weight-related medical condition such as high blood pressure, type 2 diabetes, or high cholesterol.

The effect of Qsymia on cardiovascular morbidity and mortality has not been established. The safety and effectiveness of Qsymia in combination with other products intended for weight loss, including prescription and over-the-counter drugs, and herbal preparations, have not been established.

Important Safety Information

Qsymia® (phentermine and topiramate extended-release) capsules CIV is contraindicated in pregnancy; in patients with glaucoma; in hyperthyroidism; in patients receiving treatment or within 14 days following treatment with monoamine oxidase inhibitors (MAOIs); or in patients with hypersensitivity to sympathomimetic amines, topiramate, or any of the inactive ingredients in Qsymia.

Qsymia can cause fetal harm. Females of reproductive potential should have a negative pregnancy test before treatment and monthly thereafter and use effective contraception consistently during Qsymia therapy. If a patient becomes pregnant while taking Qsymia, treatment should be discontinued immediately, and the patient should be informed of the potential hazard to the fetus.

The most commonly observed side effects in controlled clinical studies, 5% or greater and at least 1.5 times placebo, include paraesthesia, dizziness, dysgeusia, insomnia, constipation, and dry mouth.

About Avanafil

STENDRA® (avanafil) is approved in the U.S. by the FDA for the treatment of erectile dysfunction. Auxilium Pharmaceuticals, Inc. has exclusive marketing rights to STENDRA in the U.S. and Canada. In January 2015, Auxilium was purchased by Endo International, plc., or Endo.

STENDRA is available through retail and mail order pharmacies. Endo currently offers programs that help patients with out-of-pocket costs.

SPEDRA™, the trade name for avanafil in the EU, is approved by the EMA for the treatment of erectile dysfunction in the EU. VIVUS has granted an exclusive license to the Menarini Group through its subsidiary Berlin-Chemie AG to commercialize and promote SPEDRA for the treatment of erectile dysfunction in over 40 European countries plus Australia and New Zealand.

VIVUS has granted an exclusive license to Sanofi to commercialize avanafil in Africa, the Middle East, Turkey, and the Commonwealth of Independent States (CIS) including Russia.

Avanafil is licensed from Mitsubishi Tanabe Pharma Corporation (MTPC). VIVUS owns worldwide development and commercial

rights to avanafil for the treatment of sexual dysfunction, with the exception of certain Asian-Pacific Rim countries. VIVUS is in discussions with other parties for the commercialization rights to its remaining territories.

For more information about STENDRA, please visit www.Stendra.com.

Important Safety Information

STENDRA® (avanafil) is prescribed to treat erectile dysfunction (ED).

Do not take STENDRA if you take nitrates, often prescribed for chest pain, as this may cause a sudden, unsafe drop in blood pressure.

Discuss your general health status with your healthcare provider to ensure that you are healthy enough to engage in sexual activity. If you experience chest pain, nausea, or any other discomforts during sex, seek immediate medical help.

STENDRA may affect the way other medicines work. Tell your healthcare provider if you take any of the following; medicines called HIV protease inhibitors, such as ritonavir (Norvir®), indinavir (Crixivan®), saquinavir (Fortavase® or Invirase®) or atazanavir (Reyataz®); some types of oral antifungal medicines, such as ketoconazole (Nizoral®), and itraconazole (Sporanox®); or some types of antibiotics, such as clarithromycin (Biaxin®), telithromycin (Ketek®), or erythromycin.

In the rare event of an erection lasting more than 4 hours, seek immediate medical help to avoid long-term injury.

In rare instances, men taking PDE5 inhibitors (oral erectile dysfunction medicines, including STENDRA) reported a sudden decrease or loss of vision. It is not possible to determine whether these events are related directly to these medicines or to other factors. If you experience sudden decrease or loss of vision, stop taking PDE5 inhibitors, including STENDRA, and call a doctor right away.

Sudden decrease or loss of hearing has been rarely reported in people taking PDE5 inhibitors, including STENDRA. It is not possible to determine whether these events are related directly to the PDE5 inhibitors or to other factors. If you experience sudden decrease or loss of hearing, stop taking STENDRA and contact a doctor right away. If you have prostate problems or high blood pressure for which you take medicines called alpha blockers or other anti-hypertensives, your doctor may start you on a lower dose of STENDRA.

Drinking too much alcohol when taking STENDRA may lead to headache, dizziness, and lower blood pressure.

STENDRA in combination with other treatments for ED is not recommended.

STENDRA does not protect against sexually transmitted diseases, including HIV.

The most common side effects of STENDRA are headache, flushing, runny nose and congestion.

Please see full patient prescribing information for STENDRA (50 mg, 100 mg, 200 mg) tablets.

About VIVUS

VIVUS is a biopharmaceutical company commercializing and developing innovative, next-generation therapies to address unmet needs in obesity and sexual health. For more information about the company, please visit www.vivus.com.

Certain statements in this press release are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks, uncertainties and other factors, including risks and uncertainties related to our ability to eliminate expenses and reduce our headcount and fully realize the benefits from a corporate restructuring to achieve neutral or positive operating cash flows by year-end 2016, including the timing thereof; risks and uncertainties related to the impact of lower annual net cost savings than currently expected; risks and uncertainties related to the impact of a corporate restructuring on our business and unanticipated charges not currently contemplated that may occur as a result of a corporate restructuring; risks and uncertainties related to our ability to accurately forecast Qsymia demand and inventory requirements, including the impact of a corporate restructuring on our future sales forecast and inventory; risks and uncertainties related to our ability to work with leading cardiovascular outcome trial experts in planning substantial revisions to the original design and execution of the CVOT with the goal of reducing costs and obtaining FDA agreement that the revised CVOT would fulfill the requirement of demonstrating the long-term cardiovascular safety of Qsymia; and risks and uncertainties related to our ability to successfully complete on acceptable terms, and on a timely basis, avanafil partnering discussions for other territories under our license with MTPC in which we do not have a commercial collaboration, including Latin America. These risks and uncertainties could cause

actual results to differ materially from those referred to in these forward-looking statements. The reader is cautioned not to rely on these forward-looking statements. Investors should read the risk factors set forth in VIVUS's Form 10-K for the year ended December 31, 2014 as filed on February 25, 2015 and as amended by the Form 10-K/A filed on April 30, 2015, and periodic reports filed with the Securities and Exchange Commission. VIVUS does not undertake an obligation to update or revise any forward-looking statements.

VIVUS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		*Nine Months Ended September 30,*	
	2015	***2014***	***2015***	***2014***
Revenue:				
Net product revenue	$ 14,011	$ 12,454	$ 40,652	$ 32,575
License and milestone revenue	-	15,070	11,574	38,614
Supply revenue	10,056	5,300	26,651	18,336
Royalty revenue	869	1,053	1,210	2,924
Total revenue	24,936	33,877	80,087	92,449
Operating expenses:				
Cost of goods sold	11,765	7,268	31,531	23,816
Selling, general and administrative	17,129	27,828	65,730	84,703
Research and development	1,532	2,574	6,825	11,083
Inventory impairment and other non-recurring charges	2,539	4,119	32,061	6,173
Total operating expenses	32,965	41,789	136,147	125,775
Loss from operations	(8,029)	(7,912)	(56,060)	(33,326)
Interest expense and other expense, net	8,076	8,135	24,851	24,534
Loss before income taxes	(16,105)	(16,047)	(80,911)	(57,860)
Provision for (benefit from) income taxes	1	(222)	13	(660)
Net loss	$ (16,106)	$ (15,825)	$ (80,924)	$ (57,200)
Basic and diluted net loss per share	$ (0.15)	$ (0.15)	$ (0.78)	$ (0.55)
Shares used in per share computation:				
Basic and diluted	104,014	103,477	103,950	103,373

VIVUS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 30, 2015	***December 31, 2014****
ASSETS	***(Unaudited)***	
Current assets:		
Cash and cash equivalents	$ 79,496	$ 83,174
Available-for-sale securities	171,591	216,397
Accounts receivable, net	14,894	11,595
Inventories	9,228	34,447
Prepaid expenses and other assets	9,640	12,824
Total current assets	284,849	358,437
Property and equipment, net	1,121	1,346
Non-current assets	5,288	7,155
Total assets	$ 291,258	$ 366,938
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,522	$ 10,430
Accrued and other liabilities	14,821	17,037

Deferred revenue	21,978	19,445
Current portion of long-term debt	15,080	10,459
Total current liabilities	59,401	57,371
Long-term debt, net of current portion	219,166	217,324
Deferred revenue, net of current portion	7,124	8,876
Non-current accrued and other liabilities	692	849
Total liabilities	286,383	284,420
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital	828,952	825,795
Accumulated other comprehensive (loss) income	96	(28)
Accumulated deficit	(824,173)	(743,249)
Total stockholders' equity	4,875	82,518
Total liabilities and stockholders' equity	$ 291,258	$ 366,938

* The Condensed Consolidated Balance Sheet at December 31, 2014 has been derived from the Company's audited financial statements at that date.

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