



Verastem Oncology Announces Pricing of Registered Direct Offering of \$150 Million of Convertible Notes

October 11, 2018

BOSTON--(BUSINESS WIRE)--Oct. 11, 2018-- Verastem, Inc., (Nasdaq: VSTM) (Verastem Oncology or the Company), focused on developing and commercializing medicines to improve the survival and quality of life of cancer patients, today announced the pricing of an offering of 5.00% Convertible Senior Notes due 2048 (the Convertible Notes) through a registered direct offering. The aggregate principal amount of Convertible Notes to be sold in the offering is \$150 million. The Convertible Notes will be unsecured, will bear interest at a rate of 5.00% per annum, paid semi-annually in arrears, and will mature on November 1, 2048, unless earlier converted, redeemed or repurchased in accordance with their terms prior to such date.

The net proceeds to Verastem Oncology from the offering of the Convertible Notes are expected to be approximately \$145.4 million, after transaction fees and expenses. The net proceeds will be used by Verastem Oncology for the continued clinical development of COPIKTRA (duvelisib) and its other lead product candidates, and the balance to fund working capital, capital expenditures and other general corporate purposes, which may include the acquisition or in-license of additional compounds, product candidates or technology.

Lazard Frères & Co. LLC acted as placement agent in connection with the offering of the Convertible Notes.

Noteholders may convert their Convertible Notes into shares of the Company's common stock, together, if applicable, with cash in lieu of any fractional share, based on an initial conversion rate of 139.5771 shares per \$1,000 principal amount of Convertible Notes, which represents an initial conversion price of approximately \$7.16 per share, an approximately 15% premium to the last reported sale price of the Company's common stock on Thursday, October 11, 2018. To the extent the Company has insufficient authorized but unissued shares to settle conversions in shares of its common stock, the Company will settle the deficiency in cash.

The Company will have the right, exercisable at its option, to cause all Convertible Notes then outstanding to be converted automatically if the volume-weighted average price per share of the Company's common stock equals or exceeds 130% of the conversion price for a specified period of time and certain other conditions are satisfied.

Prior to November 1, 2022, the Company will not have the right to redeem the Convertible Notes. On or after November 1, 2022, the Company may elect to redeem the Convertible Notes, in whole or in part, at a cash redemption price equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, if any.

Unless the Company has previously called all outstanding Convertible Notes for redemption, the Convertible Notes will be subject to repurchase by the Company at the noteholders' option on each of November 1, 2023, November 1, 2028, November 1, 2033, November 1, 2038 and November 1, 2043 (or, if any such date is not a business day, on the next business day) at a cash repurchase price equal to the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. Upon the occurrence of certain events, noteholders will have the right to require the Company to repurchase their Convertible Notes at a cash repurchase price equal to the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. In certain circumstances that constitute a "make-whole fundamental change" occurring prior to November 1, 2022, the Company may be required to increase the conversion price for noteholders who convert their Convertible Notes in connection with the make-whole fundamental change.

The offering is expected to close on or about October 17, 2018, subject to customary closing conditions.

The Convertible Notes are being offered by the Company pursuant to an effective shelf registration statement on Form S-3 (File No. 333-226322), which was declared effective by the U.S. Securities and Exchange Commission (SEC) as of August 3, 2018. A prospectus supplement and accompanying base prospectus relating to the offering may be obtained at the SEC's website, <http://www.sec.gov> or by calling Lazard Frères & Co. LLC toll free at (800) 445-9522.

This news release does not and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which, or to any person to whom, such offer, solicitation or sale is unlawful. The Convertible Notes and the shares of the Company's common stock issuable upon conversion of the Convertible Notes may only be offered by means of a prospectus.

Forward-looking statements:

Certain of the statements made in this press release are forward-looking statements, including, but not limited to, statements regarding the estimated proceeds of the offering and the Company's anticipated use of such net proceeds. Each forward-looking statement is subject to risks and uncertainties, including risks and uncertainties related to market conditions, the expected timing of the offering and the satisfaction of customary closing conditions related to the offering, and the risk that the Company may not be able to consummate the offering on the anticipated terms, or at all. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this press release. Other risks and uncertainties include those identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, the prospectus supplement and accompanying base prospectus relating to the offering, and any subsequent SEC filings. The forward-looking statements contained in this press release reflect the Company's views as of the date of this release, and the Company does not undertake and specifically disclaims any obligation to update any forward-looking statements.

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