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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

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: 001-35403

Verastem, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**27-3269467**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
117 Kendrick Street, Suite 500	
Needham, MA	**02494**
(Address of principal executive offices)	(Zip Code)

(781) 292-4200
(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 ☒ 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 ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of April 30, 2018 there were 56,612,723 shares of Common Stock, $0.0001 par value per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements related to present facts or current conditions or historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. Such statements relate to, among other things, the development of our product candidates, including duvelisib and defactinib, and our Phosphoinositide 3-kinase (PI3K) and Focal Adhesion Kinase (FAK) programs generally, the timeline for clinical development and regulatory approval of our product candidates, the expected timing for the reporting of data from on-going trials, the structure of our planned or pending clinical trials, additional planned studies, our rights to develop or commercialize our product candidates and our ability to finance contemplated development and commercialization activities and fund operations for a specified period. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements are not guarantees of future performance and our actual results could differ materially from the results discussed in the forward-looking statements we make. Applicable risks and uncertainties include the risks that approval of our New Drug Application for duvelisib will not occur on the expected timeframe or at all, including by the U.S. Food and Drug Administration’s target action date; that a filing of a European Marketing Application may not be achieved in fiscal year 2018 or at all; that we may not enter into any partnerships or collaborations for the potential commercialization of duvelisib outside of the U.S.; that the full data from the Phase 3 DUO™ study will not be consistent with the previously presented results of the study; that the preclinical testing of our product candidates and preliminary or interim data from clinical trials may not be predictive of the results or success of ongoing or later clinical trials; that data may not be available when expected, including for the Phase 3 DUO study; that even if data from clinical trials is positive, regulatory authorities may require additional studies for approval and the product may not prove to be safe and effective; that the degree of market acceptance of product candidates, if approved, may be lower than expected; that the timing, scope and rate of reimbursement for our product candidates is uncertain; that there may be competitive developments affecting our product candidates; that data may not be available when expected; that enrollment of clinical trials may take longer than expected; that our product candidates will cause unexpected safety events or result in an unmanageable safety profile as compared to their level of efficacy; that duvelisib will be ineffective at treating patients with lymphoid malignancies; that we will be unable to successfully initiate or complete the clinical development and eventual commercialization of our product candidates; that the development and commercialization of our product candidates will take longer or cost more than planned; that we may not have sufficient cash to fund our contemplated operations; that we or Infinity Pharmaceuticals, Inc. will fail to fully perform under the duvelisib license agreement; that we may be unable to make additional draws under our debt facility or obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity, debt financing or otherwise; that we will not pursue or submit regulatory filings for our product candidates, including for duvelisib in patients with chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL) or indolent non-Hodgkin lymphoma (iNHL); and that our product candidates will not receive regulatory approval, become commercially successful products, or result in new treatment options being offered to patients. Other risks and uncertainties include those identified under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission (SEC) on March 13, 2018 and in any subsequent filings with the SEC.

As a result of these and other factors, we may not achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. The forward-looking statements contained in this Quarterly Report on Form 10-Q reflect our views as of the date hereof. We do not assume and specifically disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited).

Verastem, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	March 31, 2018	December 31, 2017
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 64,215	$ 82,176
Short-term investments	—	4,496
Prepaid expenses and other current assets	1,815	1,115
Total current assets	66,030	87,787
Property and equipment, net	1,003	861
Restricted cash	403	162
Other assets	975	981
Total assets	$ 68,411	$ 89,791
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,267	$ 9,186
Accrued expenses	7,578	7,942
Total current liabilities	14,845	17,128
Non-current liabilities:		
Long-term debt	14,913	14,828
Other non-current liabilities	101	151
Total liabilities	29,859	32,107
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000 shares authorized, no shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	—	—
Common stock, $0.0001 par value; 100,000 shares authorized, 50,968 and 50,801 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	5	5
Additional paid-in capital	362,739	360,823
Accumulated other comprehensive loss	—	(2)
Accumulated deficit	(324,192)	(303,142)
Total stockholders' equity	38,552	57,684
Total liabilities and stockholders' equity	$ 68,411	$ 89,791

See accompanying notes to the condensed consolidated financial statements.

Verastem, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands, except per share amounts)

	Three months ended March 31,	
	2018	2017
Operating expenses:		
Research and development	$ 10,934	$ 8,385
General and administrative	9,827	4,763
Total operating expenses	20,761	13,148
Loss from operations	(20,761)	(13,148)
Interest income	191	155
Interest expense	(480)	(12)
Net loss	$ (21,050)	$ (13,005)
Net loss per share—basic and diluted	$ (0.41)	$ (0.35)
Weighted-average number of common shares used in net loss per share—basic and diluted	50,835	36,992
Net loss	$ (21,050)	$ (13,005)
Unrealized gain (loss) on available-for-sale securities	2	(17)
Comprehensive loss	$ (21,048)	$ (13,022)

See accompanying notes to the condensed consolidated financial statements.

Verastem, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended March 31, 2018	2017
Operating activities		
Net loss	$ (21,050)	$ (13,005)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	125	146
Stock-based compensation expense	1,328	1,197
Amortization of deferred financing costs, debt discounts and premiums and discounts on available-for-sale marketable securities	83	46
Gain on sale of fixed assets	(33)	—
Changes in operating assets and liabilities:		
Prepaid expenses, other current assets and other assets	(694)	(1,092)
Accounts payable	(2,078)	4,594
Accrued expenses and other liabilities	(135)	(2,538)
Net cash used in operating activities	(22,454)	(10,652)
Investing activities		
Purchases of property and equipment	(102)	—
Sales of property and equipment	37	—
Purchases of investments	—	(6,461)
Maturities of investments	4,500	10,557
Net cash provided by investing activities	4,435	4,096
Financing activities		
Proceeds from long-term debt, net	—	2,386
Proceeds from the issuance of common stock, net	299	—
Net cash provided by financing activities	299	2,386
Decrease in cash, cash equivalents and restricted cash	(17,720)	(4,170)
Cash, cash equivalents and restricted cash at beginning of period	82,338	32,511
Cash, cash equivalents and restricted cash at end of period	$ 64,618	$ 28,341
Supplemental disclosure of non-cash financing activities		
Purchases of property and equipment in accounts payable	$ 169	$ —
Common stock issuance costs included in accounts payable and accrued expenses	$ 35	$ —
Deferred financing costs in accounts payable and accrued expenses	$ —	$ 140

See accompanying notes to the condensed consolidated financial statements.

Verastem, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Nature of business

Verastem, Inc. (the Company) is a biopharmaceutical company focused on developing and commercializing drugs to improve outcomes for patients with cancer. The Company's operations to date have been limited to organizing and staffing the Company, business planning, raising capital, identifying and acquiring potential product candidates and undertaking preclinical studies and clinical trials of its product candidates.

The Company is subject to a number of risks similar to other life science companies, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical testing or clinical trials, inability to obtain marketing approval of product candidates, competitors developing new technological innovations, market acceptance of the Company's products and protection of proprietary technology. If the Company does not successfully commercialize any of its product candidates, it will be unable to generate product revenue or achieve profitability.

As of March 31, 2018, the Company had cash and cash equivalents of $64.2 million and accumulated deficit of $324.2 million. The Company has historical losses from operations and anticipates that it will continue to incur losses for the foreseeable future as it continues the research and development and clinical trials of its product candidates, and seeks marketing approval for its lead product candidate, duvelisib. Without additional funding, the Company believes that it will not have sufficient funds to meet its obligations within the next twelve months from the date of issuance of these condensed consolidated financial statements. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company plans to continue to fund its operations through proceeds from sales of its common stock under its at-the-market equity offering program, public or private equity offerings, its loan and security agreement with Hercules Capital, Inc. (Hercules), or other strategic transactions. However, adequate additional financing may not be available to the Company on acceptable terms, or at all. If the Company is unable to raise capital when needed or on attractive terms, it may be forced to delay, reduce or eliminate its research and development programs or any commercialization efforts.

2. Summary of significant accounting policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) for interim financial reporting and as required by Regulation S-X, Rule 10-01 under the assumption that the Company will continue as a going concern for the next twelve months. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements, or any adjustments that might result from the uncertainty related to the Company's ability to continue as a going concern. In the opinion of management, all adjustments (including those which are normal and recurring) considered necessary for a fair presentation of the interim financial information have been included. When preparing financial statements in conformity with GAAP, the Company must make estimates and assumptions that affect the reported amounts and related disclosures at the date of the financial statements. Actual results could differ from those estimates. Additionally, operating results for the three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for any other interim period or for the year ending December 31, 2018. For further information, refer to the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission (SEC) on March 13, 2018.

Recently Issued Accounting Standards Updates

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance under FASB Accounting Standards Codification (ASC) Topic 840, *Leases*, resulting in the creation of FASB ASC Topic 842, *Leases*. ASU 2016-02 requires lessees to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases. The guidance also eliminates the current real estate-specific provisions for all entities. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. The Company has not elected to early adopt this standard and is currently evaluating the impact the adoption of the standard will have on its condensed consolidated financial statements and related disclosures.

Recently Adopted Accounting Standards Updates

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting*. ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based award require an entity to apply modification accounting under Topic 718. Specifically, an entity would not apply modification accounting if the fair value, vesting conditions and classification of the awards are the same immediately before and after a modification. ASU 2017-09 was effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company adopted this standard prospectively effective January 1, 2018. The adoption of this ASU did not have an effect on the Company's condensed consolidated financial statements or related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 was effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company adopted this standard effective January 1, 2018. Upon adoption of ASU 2016-18, the Company applied the retrospective transition method for each period presented and included approximately $162,000 of restricted cash in the beginning-of-period and end-of-period cash, cash equivalents and restricted cash balance reflected in the condensed consolidated statement of cash flows for the three months ended March 31, 2017. A reconciliation of cash, cash equivalents and restricted cash for each period presented is provided in note 3 to the condensed consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* ASU 2016-15 adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The standard was effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company adopted this standard effective January 1, 2018. The adoption of this ASU did not have an effect on the Company's condensed consolidated financial statements or related disclosures.

Significant accounting policies

There have been no material changes to the significant accounting policies included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC on March 13, 2018.

3. Cash, cash equivalents and restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows (in thousands):

	March 31, 2018	December 31, 2017
Cash and cash equivalents	$ 64,215	$ 82,176
Restricted cash	403	162
Total cash, cash equivalents and restricted cash	**$ 64,618**	**$ 82,338**

Amounts included in restricted cash represent cash held to collateralize outstanding letters of credit in the amount of approximately $403,000 and $162,000 as of March 31, 2018 and December 31, 2017, respectively, provided as a security deposit for the Company's office space located in Needham, Massachusetts.

4. Fair value of financial instruments

The Company determines the fair value of its financial instruments based upon the fair value hierarchy, which prioritizes valuation inputs based on the observable nature of those inputs. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The hierarchy defines three levels of valuation inputs:

Level 1 inputs	Quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2 inputs	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs	Unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Items Measured at Fair Value on a Recurring Basis

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis (in thousands):

	March 31, 2018			
Description	Total	Level 1	Level 2	Level 3
Financial assets				
Cash equivalents	$ 62,731	$ 62,731	$ —	$ —
Total financial assets	**$ 62,731**	**$ 62,731**	**$ —**	**$ —**

	December 31, 2017			
Description	Total	Level 1	Level 2	Level 3
Financial assets				
Cash equivalents	$ 80,894	$ 75,478	$ 5,416	$ —
Short-term investments	4,496	—	4,496	—
Total financial assets	**$ 85,390**	**$ 75,478**	**$ 9,912**	**$ —**

The Company's cash equivalents and investments are comprised of U.S. Government money market funds and corporate bonds and commercial paper of publicly traded companies. These investments and cash equivalents have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation models, including both income and market based approaches and observable market inputs to determine value. These observable

market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. The Company validates the prices provided by third party pricing services by reviewing their pricing methods and matrices, obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active. After completing its validation procedures, the Company did not adjust or override any fair value measurements provided by the pricing services as of December 31, 2017.

Fair Value of Financial Instruments

The fair value of the Company's long-term debt is determined using current applicable rates for similar instruments as of the condensed consolidated balance sheet dates and an assessment of the credit rating of the Company. The carrying value of the Company's long-term debt at March 31, 2018 approximates fair value because the Company's interest rate yield is near current market rates for comparable debt instruments. The fair value of the Company's long-term debt was determined using Level 3 inputs.

5. Investments

Cash, cash equivalents, and investments consist of the following (in thousands):

	March 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash and money market accounts	$ 64,215	$ —	$ —	$ 64,215
Total cash and cash equivalents	**$ 64,215**	**$ —**	**$ —**	**$ 64,215**

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash and money market accounts	$ 76,760	$ —	$ —	$ 76,760
Corporate bonds and commercial paper (due within 90 days)	5,418	$ —	$ (2)	$ 5,416
Total cash and cash equivalents	$ 82,178	$ —	$ (2)	$ 82,176
Investments:				
Corporate bonds and commercial paper (due within 1 year)	$ 4,496	$ —	$ —	$ 4,496
Total investments	$ 4,496	$ —	$ —	$ 4,496
Total cash, cash equivalents and investments	**$ 86,674**	**$ —**	**$ (2)**	**$ 86,672**

There were no realized gains or losses on investments for the three months ended March 31, 2018 or 2017, respectively. There were no investments in an unrealized loss position as of March 31, 2018. There were five investments in an unrealized loss position as of December 31, 2017. None of these investments had been in an unrealized loss position for more than 12 months. The aggregate unrealized loss on these securities as of December 31, 2017 was approximately $2,000 and the fair value was $9.9 million.

6. Accrued expenses

Accrued expenses consist of the following (in thousands):

	March 31, 2018	December 31, 2017
Contract research organization costs	$ 5,181	$ 3,774
Compensation and related benefits	1,305	2,622
Professional fees	435	617
Consulting fees	286	579
Deferred rent	194	190
Other	177	160
Total accrued expenses	**$ 7,578**	**$ 7,942**

7. Long-term debt

On March 21, 2017 (Closing Date), Verastem, Inc. (the Borrower) entered into a term loan facility of up to $25.0 million with Hercules. The term loan facility is governed by a loan and security agreement, dated March 21, 2017 (the Original Loan Agreement), which was amended on January 4, 2018 and March 6, 2018 (the Amended Loan Agreement) to increase the total borrowing limit under the Original Loan Agreement from up to $25 million to up to $50.0 million (the Term Loan), pursuant to certain conditions of funding.

As of March 31, 2018, the Company has borrowed a total of $15.0 million in term loans. The remaining $35.0 million of borrowing capacity under the Amended Loan Agreement may be drawn in minimum increments of $5.0 million in multiple tranches comprised of (i) term loans (each a Term E Loan Advance) in an aggregate principal amount of up to $10.0 million and (ii) subject to Hercules' sole discretion, term loans (each a Term F Loan Advance) in an aggregate principal amount of up to $25.0 million. The Amended Loan Agreement permits the Borrower to draw Term E Loan Advances subject to (i) the U.S. Food and Drug Administration accepting on or prior to September 30, 2018 the Company's New Drug Application for duvelisib and (ii) delivery of the Company's financial and business projections to Hercules in form and substance reasonably acceptable to Hercules. In addition, the Amended Loan Agreement allows the Borrower to draw Term F Loan Advances subject to the prior drawing of all other tranches and Hercules' sole discretion.

The Term Loan will mature on December 1, 2020 (Loan Maturity Date). Each advance accrues interest at a floating per annum rate equal to the greater of either (a) 10.5% or (b) the lesser of (i) 12.75% and (ii) the sum of (x) 10.5% plus (y) (A) the prime rate minus (B) 4.5%. The Term Loan provided for interest-only payments until November 1, 2018, which was extended to May 1, 2019 pursuant to the Amended Loan Agreement upon the Borrower's receipt of a minimum of $20.0 million in cash proceeds from a sale of equity securities in December 2017. Thereafter, amortization payments will be payable monthly in 20 installments of principal and interest (subject to recalculation upon a change in prime rates).

The Term Loan is secured by a lien on substantially all of the assets of the Borrower, other than intellectual property, and contains customary covenants and representations.

The Company assessed all terms and features of the Original Loan Agreement in order to identify any potential embedded features that would require bifurcation or any beneficial conversion features. As part of this analysis, the Company assessed the economic characteristics and risks of the Original Loan Agreement, including put and call features. The Company determined that all features of the Original Loan Agreement were clearly and closely associated with a debt host and did not require bifurcation as a derivative liability, or the fair value of the feature was immaterial to the Company's financial statements. The Company reassesses the features on a quarterly basis to determine if they require separate accounting. There have been no changes to the Company's original assessment through March 31, 2018.

The future principal payments under the Loan Agreement are as follows as of March 31, 2018 (in thousands):

Remainder of 2018	$ —
2019	3,609
2020	11,391
Total principal payments	**$ 15,000**

8. Net loss per share

Basic and diluted net loss per common share is calculated by dividing net loss applicable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. The Company's potentially dilutive shares, which include outstanding stock options and restricted stock units (RSUs), are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive.

The following potentially dilutive securities were excluded from the calculation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Three months ended March 31,	
	2018	2017
Outstanding stock options	10,818,454	7,337,655
Outstanding restricted stock units	166,250	—
Total potentially dilutive securities	**10,984,704**	**7,337,655**

9. Stock-based compensation

Stock options

A summary of the Company's stock option activity and related information for the three months ended March 31, 2018 is as follows:

	Shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2017	8,719,978	$ 5.19	7.9	$ 6,150
Granted	2,149,000	$ 3.10		
Exercised	—	$ —		
Forfeited/cancelled	(50,524)	$ 2.30		
Outstanding at March 31, 2018	10,818,454	$ 4.79	8.1	$ 5,734
Vested at March 31, 2018	5,315,689	$ 6.57	6.8	$ 3,135
Vested and expected to vest at March 31, 2018(1)	10,465,454	$ 4.85	8.0	$ 5,732

(1) This represents the number of vested options as of March 31, 2018, plus the number of unvested options expected to vest as of March 31, 2018.

The fair value of each stock option granted during the three months ended March 31, 2018 and 2017 was estimated on the grant date using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	Three months ended March 31,	
	2018	2017
Risk-free interest rate	2.38 %	2.06 %
Volatility	81 %	79 %
Dividend yield	—	—
Expected term (years)	6.0	6.4

During the first quarter of 2018, the Company granted stock options to purchase a total of 582,500 shares of common stock to certain executives that vest only upon the achievement of specified performance conditions. The Company determined that a number of the performance conditions are considered probable of achievement as of March 31, 2018, and as a result recognized approximately $350,000 of stock-based compensation expense related to these awards.

At March 31, 2018, there was $9.5 million of total unrecognized compensation cost related to unvested stock options and the Company expects to recognize this cost over a remaining weighted-average period of approximately 3 years.

Restricted stock units

The Company awards RSUs to employees under its 2012 Incentive Plan. Each RSU entitles the holder to receive one share of the Company's common stock when the RSU vests. The RSUs vest in four substantially equal installments on each of the first four anniversaries of the vesting commencement date, subject to the employee's continued employment with, or service to, the Company on such vesting date. Compensation expense is recognized on a straight-line basis.

A summary of RSU activity during the three months ended March 31, 2018 is as follows:

	Shares	Weighted-average grant date fair value per share
Outstanding at December 31, 2017	—	$ —
Granted	175,000	$ 3.00
Vested	—	$ —
Forfeited	(8,750)	$ 3.00
Outstanding at March 31, 2018	166,250	$ 3.00

At March 31, 2018, there was $473,000 of total unrecognized compensation cost related to unvested RSUs and the Company expects to recognize this cost over a remaining weighted-average period of approximately 4 years.

10. Common stock

In March 2017, the Company terminated the at-the-market equity offering program established in December 2013 and established a new at-the-market equity offering program pursuant to which it was able to offer and sell up to $35.0 million of its common stock at then current market prices from time to time through Cantor Fitzgerald & Co. (Cantor) as sales agent. In August 2017, the Company amended its sales agreement with Cantor to increase the maximum aggregate offering price of shares of common stock that can be sold under the at-the-market equity offering program to $75.0 million.

During the three months ended March 31, 2018, the Company sold 167,065 shares under this program for net proceeds of approximately $588,000 (after deducting commissions and other offering expenses). Through March 31, 2018, the Company has sold a total of 5,203,944 shares under this program for net proceeds of approximately $23.6 million (after deducting commissions and other offering expenses).

As of May 3, 2018, the Company sold an additional 5,903,073 shares of common stock under the at-the-market equity offering program with net proceeds of approximately $21.9 million (after deducting commissions and other offering expenses).

11. Commitments and contingencies

On April 15, 2014, the Company entered into a lease agreement for approximately 15,197 square feet of office and laboratory space in Needham, Massachusetts. Effective February 15, 2018, the Company amended its lease agreement to relocate within the facility to another location consisting of 27,810 square feet of office space (the Amended Lease Agreement). The Amended Lease Agreement extends the expiration date of the lease from September 2019 to the eighty-fourth full calendar month after the month during which the Company has access to relocate to the new office space, which is currently anticipated to be June 2018. Pursuant to the Amended Lease Agreement, the initial annual base rent amount is approximately $660,000, which base rent increases during the lease term to $1.1 million for the last twelve-month period. The deferred rent obligation is included in accrued expenses (current portion) and other liabilities (noncurrent portion) in the condensed consolidated balance sheets. The Company has also agreed to pay its proportionate share of increases in operating expenses and property taxes for the building in which the leased space is located.

The minimum aggregate future lease commitments as of March 31, 2018 are as follows (in thousands):

Remainder of 2018	$ 310
2019	716
2020	971
2021	1,020
2022	1,041
Thereafter	2,600
Total	**$ 6,658**

In conjunction with the execution of the Amended Lease Agreement, the Company increased its security deposit by increasing its existing letter of credit to approximately $403,000 at March 31, 2018. The amount is included in long-term restricted cash on the condensed consolidated balance sheets.

12. Subsequent events

The Company reviews all activity subsequent to the end of the quarter but prior to issuance of the condensed consolidated financial statements for events that could require disclosure or that could impact the carrying value of assets or liabilities as of the balance sheet date. There are no material subsequent events to the three months ended March 31, 2018 other than those disclosed elsewhere in these notes to the condensed consolidated financial statements.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2017. Please also refer to the sections under headings "Forward-Looking Statements" and "Risk Factors" in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2017.

OVERVIEW

We are a biopharmaceutical company focused on developing and commercializing drugs to improve the survival and quality of life of cancer patients. Our most advanced product candidates, duvelisib and defactinib, utilize a multi-faceted approach to treat cancers originating either in the blood or major organ systems. We are currently evaluating these compounds in both preclinical and clinical studies as potential therapies for certain cancers, including leukemia, lymphoma, lung cancer, ovarian cancer, mesothelioma, and pancreatic cancer. We believe that these compounds may be beneficial as therapeutics either as single agents or when used in combination with immuno-oncology agents or other current and emerging standard of care treatments in aggressive cancers that are poorly served by currently available therapies.

Duvelisib targets the Phosphoinositide 3-kinase (PI3K) signaling pathway. The PI3K signaling pathway plays a central role in cancer proliferation and survival. Duvelisib is an investigational oral therapy designed to attack both malignant B- and T-cells and disrupt the tumor microenvironment to help thwart their growth and proliferation through the dual inhibition of PI3K delta and gamma. Duvelisib is being developed for the treatment of patients with hematologic cancers including chronic lymphocytic leukemia and small lymphocytic lymphoma (CLL/SLL) and indolent non-Hodgkin lymphoma (iNHL), which includes follicular lymphoma (FL), and other subtypes of lymphoma, including peripheral T-cell lymphoma (PTCL). Duvelisib has U.S. Food and Drug Administration (FDA) Fast Track Designation for patients with CLL or PTCL who have received at least one prior therapy and for patients with FL who have received at least two prior therapies. In addition, duvelisib has orphan drug designation for patients with CLL/SLL and FL in the United States and European Union.

Duvelisib was evaluated in late- and mid-stage clinical trials, including DUO™, a randomized, Phase 3 monotherapy study in patients with relapsed or refractory CLL/SLL, and DYNAMO™, a single-arm, Phase 2 monotherapy study in patients with double-refractory iNHL, including FL, SLL, and marginal zone lymphoma (MZL). Both DUO and DYNAMO achieved their primary endpoints. Our New Drug Application (NDA) requesting the full approval of duvelisib for the treatment of patients with relapsed or refractory CLL/SLL and accelerated approval for the treatment of patients with relapsed or refractory FL is currently under regulatory review by the FDA with a target action date of October 5, 2018. Additionally, we plan to submit a marketing authorization application to the European Medicines Agency by the end of 2018. We are currently building our U.S. commercial capabilities for our potential product launch in 2018, and we intend to enter into one or more partnerships or collaborations for the potential commercialization of duvelisib outside of the U.S.

Defactinib is a targeted inhibitor of the Focal Adhesion Kinase (FAK) signaling pathway. FAK is a non-receptor tyrosine kinase encoded by the PTK-2 gene that is involved in cellular adhesion and, in cancer, metastatic capability. Similar to duvelisib, defactinib is also orally available and designed to be a potential therapy for patients to take at home under the advice of their physician. Defactinib has orphan drug designation in ovarian cancer in the United States and the European Union, and in mesothelioma in the United States, the European Union, and Australia.

Defactinib is currently being evaluated in a Phase 1b study in combination with Merck & Co.'s PD-1 inhibitor pembrolizumab and gemcitabine in patients with advanced pancreatic cancer, a Phase 1/2 clinical collaboration with Pfizer Inc. (Pfizer) and Merck KGaA to evaluate defactinib in combination with avelumab, an anti-PD-L1 antibody, in patients with ovarian cancer, and a Phase 1/2 study in collaboration with Cancer Research UK and Merck & Co. for the combination of defactinib with pembrolizumab in patients with non-small cell lung cancer (NSCLC), mesothelioma or pancreatic cancer.

Our operations to date have been organizing and staffing our company, business planning, raising capital, identifying and acquiring potential product candidates and undertaking preclinical studies and clinical trials for our product candidates. To date, we have not generated any revenues. We have financed our operations to date through private placements of preferred stock, public offerings of our common stock, sales of common stock under our at-the-market equity offering programs, and our loan and security agreement executed with Hercules Capital, Inc. (Hercules) in March 2017, as amended.

As of March 31, 2018, we had an accumulated deficit of $324.2 million. Our net loss was $21.1 million and $13.0 million for the three months ended March 31, 2018 and 2017, respectively. We expect to incur significant expenses and increasing operating losses for the foreseeable future. We expect our expenses to increase in connection with our ongoing activities, particularly as we seek marketing approval for our lead product candidate, duvelisib, and continue the research and development and clinical trials of all of our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. Adequate additional financing may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or any commercialization efforts. We will need to generate significant revenues to achieve profitability, and we may never do so.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as "critical" because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also would have been reasonable—could have been used, which would have resulted in different financial results.

The critical accounting policies we identified in our most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2017 related to accrued research and development expenses and stock-based compensation. There were no material changes to these critical accounting policies in the three months ended March 31, 2018. It is important that the discussion of our operating results that follows be read in conjunction with the critical accounting policies disclosed in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (SEC) on March 13, 2018.

RESULTS OF OPERATIONS

Comparison of the three months ended March 31, 2018 and 2017

Research and development expense. Research and development expense for the three months ended March 31, 2018 (2018 Quarter) was $10.9 million compared to $8.4 million for the three months ended March 31, 2017 (2017 Quarter). The $2.5 million increase from the 2017 Quarter to the 2018 Quarter was primarily related to an increase of $1.1 million in contract research organization (CRO) expense for outsourced biology, development and clinical services, which includes our clinical trial costs, an increase of approximately $918,000 in personnel related costs, an increase of approximately $204,000 in stock-based compensation, and an increase in consulting fees of approximately $198,000.

We allocate the expenses related to external research and development services, such as CROs, clinical sites, manufacturing organizations and consultants by project. The table below summarizes our allocation of research and development expenses to our clinical programs, including duvelisib and defactinib, for the 2018 Quarter and the 2017 Quarter. We use our employee and infrastructure resources across multiple research and development projects. Our project costing methodology does not allocate personnel and other indirect costs to specific clinical programs. These unallocated research and development expenses are summarized in the table below and include approximate personnel related costs of $2.5 million and $1.6 million for the 2018 Quarter and the 2017 Quarter, respectively.

	Three months ended March 31,	
	2018	2017
	(in thousands)	
Duvelisib	$ 5,992	$ 4,047
Defactinib	440	608
Unallocated and other research and development expense	4,054	3,486
Unallocated stock-based compensation expense	448	244
Total research and development expense	**$ 10,934**	**$ 8,385**

General and administrative expense. General and administrative expense for the 2018 Quarter was $9.8 million compared to $4.8 million for the 2017 Quarter. The increase of $5.0 million from the 2017 Quarter to the 2018 Quarter primarily resulted from increases in consulting and professional fees of $2.5 million, including $1.8 million related to commercial launch preparation, and personnel related costs of $2.0 million

Interest income. Interest income remained relatively flat from the 2017 Quarter to the 2018 Quarter primarily as a result of higher interest rates on investments in the 2018 Quarter, offset by a lower investment cost basis.

Interest expense. Interest expense related to our loan and security agreement executed with Hercules in March 2017 was approximately $480,000 for the 2018 Quarter compared to approximately $12,000 for the 2017 Quarter. The increase was due to a higher principal balance and an increase in the number of days outstanding in the 2018 Quarter compared to the 2017 Quarter.

LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity

To date, we have not generated any revenues. We have financed our operations to date through private placements of preferred stock, public offerings of our common stock, sales of common stock under our at-the market equity offering programs, and our loan and security agreement executed with Hercules in March 2017, as amended.

As of March 31, 2018, we had $64.2 million in cash and cash equivalents. From April 1, 2018 to May 3, 2018, we sold 5,903,073 shares of common stock under our at-the-market equity offering program (ATM) for net proceeds of approximately $21.9 million (after deducting commissions and other offering expenses). Giving effect to these sales under the ATM, our pro forma cash and cash equivalents balance at March 31, 2018 is approximately $86.1 million.

Cash flows

The following table sets forth the primary sources and uses of cash for the 2018 Quarter and the 2017 Quarter (in thousands):

	Three months ended March 31,	
	2018	2017
Net cash (used in) provided by:		
Operating activities	$ (22,454)	$ (10,652)
Investing activities	4,435	4,096
Financing activities	299	2,386
Decrease in cash, cash equivalents and restricted cash	**$ (17,720)**	**$ (4,170)**

Operating activities. The use of cash in both quarters resulted primarily from our net losses adjusted for non-cash charges and changes in the components of working capital.

Investing activities. The cash provided by investing activities for the 2018 Quarter primarily reflects the maturities of investments of $4.5 million, partially offset by approximately $65,000 in net purchases of property and equipment. The cash provided in investing activities for the 2017 Quarter reflects the net maturities of investments of $4.1 million.

Financing activities. The cash used by financing activities for the 2018 Quarter primarily represents approximately $588,000 in net proceeds received under our ATM, offset by the payment of approximately $289,000 of issuance costs related to our financing in December 2017. The cash used in financing activities for the 2017 Quarter represents $2.4 million in net proceeds received from our loan and security agreement executed with Hercules.

In March 2017, we terminated the ATM established in December 2013 and established a new ATM pursuant to which we were able to offer and sell up to $35.0 million of our common stock at then current market prices from time to time through Cantor Fitzgerald & Co. (Cantor), as sales agent. In August 2017, we amended our sales agreement with Cantor to increase the maximum aggregate offering price of shares of common stock that can be sold under the ATM to $75.0 million.

During the three months ended March 31, 2018, we sold 167,065 shares under the ATM for net proceeds of approximately $588,000 (after deducting commissions and other offering expenses). Through March 31, 2018, we sold a total of 5,203,944 shares under the ATM for net proceeds of approximately $23.6 million (after deducting commissions and other offering expenses).

Funding requirements

We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses and operating losses will increase substantially if and as we:

- prepare for the anticipated commercialization of duvelisib;
- continue our ongoing clinical trials, including with our most advanced product candidates duvelisib and defactinib;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned commercialization efforts; and
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval.

Without additional funding, we do not believe that we have sufficient funds to meet our obligations within the next twelve months from the date of issuance of these condensed consolidated financial statements. These factors raise substantial doubt about our ability to continue as a going concern. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, and the extent to which we may enter into collaborations with third parties for development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the development of our current product candidates. Our future capital requirements will depend on many factors, including:

- the scope, progress and results of our ongoing and potential future clinical trials;
- the extent to which we acquire or in-license other products and technologies;
- the costs, timing and outcome of regulatory review of our product candidates (including our efforts to seek approval and fund the preparation and filing of regulatory submissions);

- the costs and timing of commercialization activities for our product candidates, for which we receive marketing approval;
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- our ability to establish collaborations on favorable terms, if at all.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The disclosure of our contractual obligations and commitments was reported in our Annual Report on Form 10-K for the year ended December 31, 2017. There have not been any material changes from the contractual obligations and commitments previously disclosed in such report other than a change in estimated obligations due to our landlord under the terms of our operating lease, entered into in April 2014, and amended in March 2018, for our office space located in Needham, Massachusetts. This change is more fully described in Note 11, *Commitments and Contingencies*, to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. We had cash and cash equivalents of $64.2 million as of March 31, 2018, consisting of cash and U.S. Government money market funds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because most of our investments are interest bearing.

We contract with CROs and contract manufacturers globally which may be denominated in foreign currencies. We may be subject to fluctuations in foreign currency rates in connection with these agreements. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. As of March 31, 2018, an immaterial amount of our total liabilities was denominated in currencies other than the functional currency.

As of March 31, 2018, we have borrowed $15.0 million under the Amended Loan Agreement. The Amended Loan Agreement bears interest per annum equal to the greater of either (a) 10.5% or (b) the lesser of (i) 12.75% and (ii) the sum of (x) 10.5% plus (y) (A) the prime rate minus (B) 4.5%. Changes in interest rates can cause interest charges to fluctuate under the Amended Loan Agreement. A 10% increase in current interest rates would have resulted in an immaterial increase in the amount of cash interest expense for the three months ended March 31, 2018.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2018. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934 (Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2018, our Chief Executive Officer and our Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Item 1A. (Risk Factors) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 as filed with the SEC on March 13, 2018. There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, although we may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

RECENT SALES OF UNREGISTERED SECURITIES

None.

PURCHASE OF EQUITY SECURITIES

We did not purchase any of our equity securities during the period covered by this Quarterly Report on Form 10-Q.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

The following disclosure is provided in accordance with and in satisfaction of the requirements of Item 2.02 "*Results of Operations and Financial Condition*" of Form 8-K:

On May 3, 2018, Verastem, Inc. announced its financial results for the quarter ended March 31, 2018 and commented on certain corporate accomplishments and plans. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 hereto.

The information furnished in Item 5 (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Item 6. Exhibits.

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

10.1	First Amendment of Lease Agreement, dated February 15, 2018, between the Registrant and 117 Kendrick DE, LLC, as successor-in-interest to Intercontinental Fund III 117 Kendrick Street, LLC
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Press Release issued by Verastem, Inc. on May 3, 2018.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished herewith.

SIGNATURES

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

VERASTEM, INC.

Date: May 3, 2018

By: /s/ Robert Forrester

Robert Forrester
President and Chief Executive Officer
(Principal executive officer)

Date: May 3, 2018

By: /s/ Julie B. Feder

Julie B. Feder
Chief Financial Officer
(Principal financial and accounting officer)

Exhibit 10.1

FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT OF LEASE (this "Amendment") is made as of the 15th day of February, 2018 (the "Effective Date"), by 117 KENDRICK DE, LLC, a Delaware limited liability company ("Landlord"), and VERASTEM, INC., a Delaware corporation ("Tenant").

Recitals

A. Landlord, as the successor-in-interest to Intercontinental Fund III 117 Kendrick Street, LLC, a Massachusetts limited liability company, and Tenant are parties to a Lease Agreement dated as of April 15, 2014 (the "Lease"), pursuant to which Landlord has leased to Tenant approximately 15,197 rentable square feet of space (the "Original Premises") on the first (1st) floor of the building located at and commonly known as 117 Kendrick Street, Needham, Massachusetts (the "Building"). All capitalized terms used in this Amendment which are defined in the Lease and not otherwise defined in this Amendment shall have the meanings given in the Lease.

B. Landlord and Tenant desire to amend the Lease to: (i) relocate Tenant from the Original Premises to an agreed upon 27,810 rentable square feet of space on the first (1st) floor of the Building, as depicted on Exhibit A hereto (the "Relocation Premises"); and (ii) make certain other changes to the Lease, on and subject to the terms and conditions set forth below.

Statement of Amendment

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Relocation Premises. Effective as of the later of (a) the Substantial Completion Date (as defined in Exhibit B attached hereto) and (b) May 1, 2018 (the "Relocation Premises Commencement Date"), the Premises under the Lease shall be deemed to be the Relocation Premises and not the Original Premises, subject, however, to the provisions of Section 2 of this Amendment.

2. Surrender of Original Premises.

a. Tenant acknowledges and agrees that Tenant shall vacate, yield-up and surrender to Landlord the Original Premises in accordance with the terms and provisions of the Lease, including without limitation, Sections 25 and 26 thereof, and this Amendment, on or before the date that is fourteen (14) days after the Relocation Premises Commencement Date (the "Original Premises Surrender Date"), reasonable wear and tear and damage by fire and other casualty excepted. For the avoidance of doubt, except as otherwise set forth herein, Tenant shall remove all of its Personal Property from the Original Premises on or before the Original Premises Surrender Date. Notwithstanding the foregoing, Tenant shall not be required to remove any wires, cables or other similar installations installed by Tenant in the Original Premises, the generator currently serving the Original Premises, or any of the Laboratory Equipment identified on inventory list attached hereto as **Exhibit "F"**. Prior to the Original Premises Surrender Date, Tenant also shall decommission the Premises, in compliance with applicable laws, so as to clean and remove any biomedical material or waste or any other Hazardous Materials handled by Tenant at the Original Premises, including all lines, exhaust or other ductwork servicing the Premises that have carried or released any such Hazardous Materials. Notwithstanding any provision of the Lease to the contrary, if Tenant fails to surrender the Original Premises to Landlord on or before the Original Premises Surrender Date in the condition in which the Lease would have required it to be delivered if the Lease Term had expired, then, without limiting Landlord's other rights and remedies under the Lease, Tenant shall be deemed to be in holdover and a tenant at sufferance with respect to the Original Premises and the terms and provisions of Section 24 of the Lease shall be applicable to the continued occupancy of the Original Premises from and after the Original Premises Surrender Date.

b. Tenant shall continue to pay all Fixed Rent, Additional Rent, utility charges and all other payments under the Lease on account of the Original Premises through the Original Premises Surrender Date, all in accordance with the provisions of the Lease.

3. Landlord's Relocation Premises Work. Landlord shall perform, at Landlord's sole cost and expense and in accordance with Exhibit B attached hereto, the Landlord's Relocation Premises Work (as defined therein), using finishes consistent with the Original Premises, including the exposed ceiling concept. The Landlord's Relocation Premises Work shall not include any removal, relocation, installation or other work in connection with any furnishings, security systems, phone and data cabling or interior tenant signage, all of which shall be performed by Tenant at Tenant's sole cost and expense. With the exception of the performance of the Landlord's Relocation Premises Work, the Relocation Premises shall be leased to Tenant in "as-is" condition as of the Relocation Premises Commencement Date, and Landlord has no other agreement with Tenant and has no obligation to perform any work with respect to the Relocation Premises or in connection with the surrender of the Original Premises. Any other work in the Relocation Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be performed by Tenant at Tenant's sole cost and expense and in accordance with the terms and provisions of the Lease.

Landlord shall afford Tenant and its contractors reasonable access to the Relocation Premises during the course of Landlord's Relocation Premises Work for the purposes of installing voice communication, data communication and security equipment. If Tenant enters the Relocation Premises prior to the Relocation Premises Commencement Date to perform such work, such entry shall be at Tenant's own risk solely for the purpose of preparing the Relocation Premises for occupancy by Tenant and installing fixtures and equipment; provided that in so entering the Relocation Premises prior to the Relocation Premises Commencement Date, Tenant shall not unreasonably interfere with Landlord's construction activities. During the period of any entry by Tenant onto the Relocation Premises prior to the Relocation Premises Commencement Date pursuant to the above provisions of this Section, Tenant shall be subject to the insurance obligations set forth in Articles 9 and 16 and to all other obligations of Tenant under the Lease (as amended hereby), other than the obligations to pay Fixed Rent and Additional Rent for the Relocation Premises, and, prior to any such entry by Tenant prior to the Relocation Premises Commencement Date, Tenant shall furnish Landlord with a certificate of insurance confirming its procurement of the insurance required by Article 16.

4. Extension of Lease Term. The Lease Term is hereby extended beyond September 30, 2019, until the last day of the eighty-fourth (84th) full calendar month after the partial month in which the Relocation Premises Commencement Date occurs, except that if the Relocation Premises Commencement Date occurs on the first (1st) day of a calendar month, then the Lease Term, as extended hereby, shall expire on the last day of the eighty-fourth (84th) full calendar month commencing with the calendar month within which the Relocation Premises Commencement Date occurs (the "New Expiration Date").

5. Specific Amendments of Lease. In furtherance of the above provisions of this Amendment, the Lease is amended as follows:

a. Landlord. Effective as of the Effective Date, the definition of Landlord as set forth in the preamble to the Lease is deleted and the following substituted in place thereof:

"117 Kendrick DE, LLC, a Delaware limited liability company (the "**Landlord**")".

b. Premises. Effective as of the Relocation Premises Commencement Date, the third (3rd) sentence of Section 1 of the Lease (Premises) is amended by deleting the words "approximately 15,197 rentable square feet located on the first (1st) floor (the "**Premises**") as more particularly outlined on **Exhibit "A"** attached hereto and made a part hereof" and substituting in place thereof the following:

"an agreed upon 27,810 rentable square feet located on the first (1st) floor as more particularly outlined on **Exhibit "A"** attached hereto and made a part hereof (the "**Premises**"),".

c. Lease Term. Effective as of the Effective Date, Article 2 of the Lease (Lease Term) is deleted in its entirety and the following substituted in place thereof:

"2.1 The lease term for the Premises (the "**Lease Term**") shall commence on April 15, 2014 (the "**Lease Commencement Date**") and shall expire on the New Expiration Date (as defined in that certain First Amendment of Lease dated as of February 15, 2018, between Landlord and Tenant (the "**First Amendment**").

2.2 At the request of Landlord or Tenant made on or after the Relocation Premises Commencement Date (as defined in the First Amendment), Landlord and Tenant will execute a memorandum or certificate setting forth the Relocation Premises Commencement Date and the New Expiration Date."

d. Fixed Rent. Effective as of the date that is ninety (90) days after the Relocation Premises Commencement Date (the "Relocation Premises Rent Commencement Date"), Exhibit "C" to the Lease (Fixed Rent) is deleted and Exhibit C to this Amendment is substituted in place thereof.

e. Additional Rent. Tenant shall continue to pay, in accordance with Exhibit "D" to the Lease (Provisions Regarding Additional Rent), Additional Rent for (i) Tenant's Proportionate Share of Operating Expenses to the extent the Operating Expenses (on a per rentable square foot basis) exceed the Operating Expense Stop; and (ii) Tenant's Proportionate Share of Taxes to the extent the Taxes (on a per rentable square foot basis) exceed the Tax Expense Stop (as such terms are defined in Exhibit "D"), except that, effective as of the Relocation Premises Rent Commencement Date, the definitions of Tenant's Proportionate Share, Tax Expense Stop and Tax Expenses Base Year (but not Operating Expense Stop or Operating Expense Base Year, the definitions of which shall remain unmodified) as set forth in Exhibit "D" to the Lease are deleted and the following substituted in place thereof:

""**Tenant's Proportionate Share**" shall be 13.07%, which is based on 27,810 rentable square feet in the Premises divided by 212,846 rentable square feet in the Building."

"**Tax Expense Stop**" shall mean an amount equal to the actual Taxes (on a per rentable square foot basis for the fiscal year 2019 ("**Tax Expenses Base Year**"), subject to adjustment under Section 3 below."

f. After-Hours HVAC. Effective as of the Relocation Premises Commencement Date, the fifth (5th) sentence of Section 11.1 of the Lease (Landlord Services) is deleted and the following substituted in place thereof:

"For purposes herein, "**Business Days**" shall mean Monday through Friday, excluding (y) the federal day of celebration of the following holidays: New Year's Day, President's Day, Memorial Day, July 4th, Labor Day, Thanksgiving, Christmas and (z) the Friday after Thanksgiving.

g. Signage. Effective as of the Relocation Premises Commencement Date, Section 11.5 of the Lease (Lobby Directory; Entry Signage) is deleted and the following substituted in place thereof:

"Tenant shall not have the right to install or erect any sign on the exterior or outside of the Building. Tenant shall be identified by Building standard signage on the directory in the Building lobby and on the entry to the Premises, at Landlord's sole cost and expense. Subject to Landlord's prior written approval, Tenant shall have the right to install within its Premises signage consistent with Tenant's corporate standard. Upon the expiration of the

Lease Term or other termination of this Lease, Tenant shall remove all of Tenant's signs from the Building and shall make all repairs necessary to restore the surfaces to the condition of the surrounding surfaces of the Building."

h. Assignment and Subletting. Effective as of the Effective Date, Article 13 of the Lease (Assignment and Subletting) is amended by adding the following at the end thereof as new Section 13.8:

"13.8 Last Twelve Months. Notwithstanding anything to the contrary, during the twelve (12) months prior to expiration of the Lease Term, (a) any sublease of all or any portion of the Premises shall be made, if at all, only (i) through Landlord or another broker designated by Landlord (including The Bulfinch Companies, Inc.) (Landlord or such Landlord-designated broker, the "**Landlord Required Broker**"), as broker, or (ii) through a broker selected by Tenant, together with the Landlord Required Broker as a cooperating broker; and (b) Tenant shall not offer or solicit offers for all or any portion of the Premises for sublease other than through the Landlord Required Broker or with the approval of the Landlord Required Broker as the cooperating broker."

i. Notices. Effective as of the Effective Date, the notice addresses set forth in Sections 28.1, 28.2, 28.3 and 28.4 are deleted and the following substituted in place thereof:

"28.1 If to Landlord: 117 Kendrick DE, LLC
c/o The Bulfinch Companies, Inc.
First Needham Place
250 First Avenue, Suite 200
Needham, MA 02494
Attention: Robert A Schlager
Telephone: (781) 707-4000; Fax: (781) 707-4001

28.2 If to Tenant: Verastem, Inc.
117 Kendrick St., Suite 500
Needham, MA 02494
Attention: Julie B. Feder
Telephone: (781) 292-4238

28.3 With a copy to: Goulston & Storrs PC
400 Atlantic Avenue
Boston, MA 02110
Attention: Jean C. Bowe, Esq.
Telephone: (617) 574-7918; Fax: (617) 574-4112"

j. Parking. Effective as of the Relocation Premises Commencement Date, Tenant's parking allocation shall be adjusted based on the rentable square footage of the Relocation Premises, to a total of ninety-one (91) non-reserved parking spaces. Accordingly, effective as of the Relocation Premises Commencement Date, Article 29 of the Lease (Parking) is amended by deleting the words "fifty (50)" therefrom in both places where such words appear, and substituting in place thereof the words "ninety-one (91)" in each instance.

k. Premises Plan. Effective as of the Relocation Premises Commencement Date, Exhibit "A" to the Lease (The Premises) is deleted and Exhibit A attached to this Amendment is substituted in place thereof.

l. Extension Option. Effective as of the Relocation Premises Commencement Date, Exhibit "F" to the Lease (Renewal Option) is deleted and Exhibit D attached to this Amendment is substituted in place thereof.

m. Right of First Offer. Effective as of the Relocation Premises Commencement Date, Exhibit "G" to the Lease (Right of First Offer) is deleted and Exhibit E attached to this Amendment is substituted in place thereof.

6. Deletion of Inapplicable Provisions. Effective as of the Effective Date, the following provisions are deleted in their entirety except as expressly provided otherwise: Article 7 (Condition of Premises), Section 10.5 (Improvement Allowance) and Section 10.6 (Initial Improvements), except for the third (3rd) through fifth (5th) sentences of subsection (x) thereof, beginning with "Tenant's use of the Premises for laboratory systems…" and ending with "remove all Laboratory Equipment upon expiration or earlier termination of the Lease.", which sentences shall remain in full force and effect.

7. Early Termination Option. Subject to the conditions set forth below, Tenant shall have the right to terminate the Lease (the "Termination Option") as of the last day of the sixty-third (63rd) full calendar month after the Relocation Premises Commencement Date (the "Termination Date"), provided Tenant notifies Landlord, in writing, of Tenant's intention to terminate the Lease at least twelve (12) months prior to the Termination Date (the "Termination Notice"), time being of the essence with respect thereto. In connection with its exercise of the Termination Option, Tenant shall pay to Landlord an amount (the "Termination Fee") equal to all of Landlord's unamortized transaction costs with respect to this Amendment, including, without limitation, attorneys' fees, brokerage fees, and the costs of the Landlord's Relocation Premises Work (collectively, the "Transaction Costs") based upon an interest factor of 8% per annum for such amortization calculation, which Transaction Costs shall be submitted to Tenant by Landlord after delivery of the Termination Notice and Tenant shall pay the Termination Fee to Landlord within thirty (30) days of Tenant's receipt of written notice of such amount due. If Tenant fails to (a) timely exercise the Termination Option in accordance with the provisions of this Section 7, or (b) deliver to Landlord the Termination Fee within the aforesaid thirty (30) day period, the Termination Option and this Section 7 shall be null and void and without further force and effect. Tenant's right to terminate the Lease as set forth herein is conditioned upon (i) no Event of Default then existing on the date the Termination Notice is delivered to Landlord, (ii) the Lease (as amended hereby) being in force and effect on the date the Termination Notice is delivered to Landlord, (iii) Landlord having received the Termination Fee when required as aforesaid, and (iv) Tenant not having exercised its right of first opportunity pursuant to Exhibit E to this Amendment. Notwithstanding the foregoing provisions of this Section 7, if Tenant timely exercises the Termination Option and thereafter an Event of Default occurs, then Landlord may elect to nullify the exercise of the Termination Option by giving written notice thereof to Tenant on or before the Termination Date. Should Tenant effectively exercise its Termination Option as set forth herein, (i) the Lease Term shall automatically terminate on the Termination Date, with all the terms and conditions of this Lease, including, without limitation, the obligation to pay Rent, remaining in full force and effect until the Termination Date, and (ii) Tenant shall relinquish, yield up and surrender the Premises on the Termination Date in accordance with the provisions of the Lease.

8. Additional Letter of Credit. As security for Tenant's obligations under the Lease, Landlord is currently holding a Letter of Credit in the amount of $162,101.33 (the "Existing Letter of Credit") pursuant to Article 5 of the Lease. In connection with the leasing of the Relocation Premises hereunder, Tenant shall deliver to Landlord, concurrently with Tenant's execution of this Amendment, an additional security deposit in the amount of $240,564.32, in the form of (i) an additional Letter of Credit complying with the requirements of Article 5 of the Lease (the "Additional Letter of Credit"), for a total security deposit of $402,665.65, or (ii) a replacement Letter of Credit (the "Replacement Letter of Credit") (in compliance with the terms of Article 5 of the Lease) in the amount of $402,665.65. If Tenant delivers the Replacement Letter of Credit in compliance with the terms hereof, then Landlord shall promptly return to Tenant the Existing Letter of Credit being so replaced. The Additional Letter of Credit, together with the Existing Letter of Credit, or the Replacement Letter of Credit, as applicable, shall be held by Landlord in accordance with the terms and provisions of Article 5 of the Lease.

Notwithstanding any provision herein to the contrary, so long as: (a) no Event of Default has occurred and no Event of Default then exists; (b) this Lease is still in force and effect; and (c) Tenant has delivered to Landlord a certificate signed by Tenant's chief financial officer certifying that Tenant has raised at least $40,000,000.00 in equity (at one time or in tranches) (the "Equity Threshold"), together with Tenant's

current financial statements (collectively, a "Equity Certification"), then, subject to the satisfaction of the following conditions, (i) the Additional Letter of Credit, shall be reduced by $161,166.27 to $79,398.05, for a total remaining security deposit of $241,499.38, or (ii) the Replacement Letter of Credit shall be reduced by $161,166.27 to $241,499.38. Within fifteen (15) days following Landlord's receipt of an Equity Certification, Landlord shall notify Tenant whether Landlord accepts the information set forth in the Equity Certification or whether Landlord elects to audit the financial information contained therein. If such audit discloses that the Equity Threshold has not been satisfied, then the Additional Letter of Credit or Replacement Letter of Credit, as applicable, shall not be reduced in connection with such Equity Certification. If Landlord notifies Tenant that it accepts such Equity Certification or that Landlord's audit has confirmed that the Equity Threshold has been satisfied, then Tenant shall either deliver an amendment to the original Additional Letter of Credit or Replacement Letter of Credit, as applicable, or a replacement Letter of Credit (in compliance with the terms of Article 5 of the Lease) reflecting the reduced security deposit amount of $241,499.38. If Tenant delivers a replacement letter of credit in compliance with the terms hereof, then Landlord shall promptly return to Tenant the original Additional Letter of Credit or Replacement Letter of Credit, as applicable, being so replaced. Notwithstanding anything to the contrary in the Lease, in no event shall the total security deposit held under the Lease (as amended hereby) be less than $241,499.38.

9. Brokers. Each party hereto represents that it has not dealt with any broker or other commissionable agent in connection with this Amendment, other than Newmark Knight Frank and The Bulfinch Companies, Inc. (collectively, the "Brokers"). Each party shall indemnify and save the other party harmless from and against all claims, liabilities, costs and expenses incurred as a result of any breach of the foregoing representation by the applicable party. Landlord shall be responsible for the payment of all commissions due to the Brokers in connection with this Amendment pursuant to separate agreements.

10. Inconsistencies; Continuing Effect of Lease. To the extent that the provisions of this Amendment are inconsistent with the provisions of the Lease, the provisions of this Amendment will control and the Lease will be deemed to be amended hereby. Except as amended by this Amendment, the provisions of the Lease remain in full force and effect.

11. Captions. The captions to the Sections of this Amendment have been inserted for convenience only and shall not in any way modify or restrict any provisions hereof or be used to construe any such provisions.

12. Multiple Counterparts. This Amendment may be executed in multiple counterparts, each of which will be an original, but all of which, taken together, will constitute one and the same Amendment.

13. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first aforesaid.

117 KENDRICK DE, LLC

By: /s/ Robert A. Schlager
Name: Robert A Schlager
Title: Vice President

VERASTEM, INC.

By: /s/ Julie B. Feder
Name: Julie B. Feder
Title: CFO

EXHIBIT A – Floor Plan depicting Relocation Premises
EXHIBIT B – Landlord's Relocation Premises Work
EXHIBIT C - Fixed Rent for Relocation Premises
EXHIBIT D – Extension Option
EXHIBIT E – Right of First Offer

EXHIBIT A

Floor Plan Depicting Relocation Premises

EXHIBIT B

Landlord's Relocation Premises Work

(i) Plans. Tenant, at Landlord's sole cost and expense, shall prepare or cause to be prepared, and shall submit to Landlord for review and approval, the proposed plans and specifications for Landlord's Relocation Premises Work (the "Plans") on the basis of, and consistent with, the preliminary space plan attached hereto as Schedule B-1 (the "Preliminary Space Plan") and the finishes in the Original Premises (including the exposed ceiling concept). Landlord and Tenant shall provide such mutual assistance as is reasonably necessary to diligently complete the preparation of the Plans. Within five (5) Business Days after receipt of the Plans, Landlord shall, by written notice to Tenant, approve or disapprove the Plans. Landlord will not unreasonably disapprove the proposed Plans so long as the work shown on such Plans do not impact the Building's structure or systems. Within five (5) Business Days after receiving any such notice of disapproval from Landlord with respect to the Plans, Tenant will revise the Plans as requested by Landlord and will resubmit the revised Plans to Landlord for review and approval in accordance with the procedures set forth in this subsection (i). Upon approval of the Plans, a list identifying the approved Plans may be attached as Schedule B-1 hereto and substituted for the Preliminary Space Plan. In the course of the approval process for the Plans, Landlord will notify Tenant if elements of, or changes in, the Plans requested by Tenant will cause Tenant to be responsible for any Buildout Costs pursuant to subsection (iii) below or will cause any extension of the Substantial Completion Date. All fits and finishes used in the Landlord's Relocation Premises Work shall be consistent with those used in the Original Premises, provided, however, that Tenant shall have the right to review and approve all fits and finishes prior to their installation. Landlord shall prepare, or cause to be prepared, and shall submit to Tenant for review and approval, the proposed fits and finishes that Landlord intends to use for Landlord's Relocation Premises Work. Within five (5) Business Days after receipt of the notice of fits and finishes, Tenant shall, by written notice to Landlord, approve or disapprove the fits and finishes. Within five (5) Business Days after receiving any such notice of disapproval from Tenant with respect to the fits and finishes, Landlord will revise the fits and finishes as requested by Tenant, provided that such revised fits and finishes requested by Tenant are consistent with those used in the Original Premises, and will resubmit the revised fits and finishes to Tenant for review and approval in accordance with the procedures set forth in this subsection (i). Once the fits and finishes are approved, Landlord shall not make any changes or modifications to the approved fits and finishes without obtaining Tenant's prior written consent for any such changes or modifications.

(ii) Performance of Landlord's Relocation Premises Work. Following approval of the Plans, Landlord shall perform the work shown thereon (the "Landlord's Relocation Premises Work") in a good and workmanlike manner and substantially in accordance with such Plans. Subject to Excusable Delays (as defined below), Landlord shall use commercially reasonable efforts to cause Substantial Completion to be achieved by May 1, 2018 (the "Estimated Delivery Date"). If any of Landlord's Relocation Premises Work is delayed as a result of an Excusable Delay, the Estimated Delivery Date shall be extended upon notice from Landlord to Tenant for a reasonable period of time under all of the circumstances. Landlord shall provide Tenant with no less than ten (10) Business Days' prior written notice in the event that Landlord will not be able to deliver the Relocation Premises by the Estimated Delivery Date. In addition, during the construction process Landlord shall keep Tenant reasonably informed of the progress of Landlord's Relocation Premises Work and the schedule with respect to delivery of the Relocation Premises. Notwithstanding anything to the contrary contained herein, if the Relocation Premises Commencement Date has not occurred by the date which is thirty (30) days after the Estimated Delivery Date (as such date may be extended for an Excusable Delay, the "Outside Delivery Date"), then for and with respect to each day between the Outside Delivery Date and the date on which the Replacement Premises Commencement Date actually occurs, Tenant shall receive a credit against the Fixed Rent next becoming payable under the Lease in an amount equal to the per diem Fixed Rent payable for the Premises.

(iii) Responsibility for Costs. Landlord is assuming that the Plans will (A) be consistent with the Preliminary Space Plan and (B) provide for all finishes to be consistent with the finishes in the

Original Premises (such assumptions being called the "Design Assumptions"). Tenant shall cause the Plans to be consistent with the Design Assumptions, in which event Landlord shall be responsible for the costs to perform the Landlord's Relocation Premises Work (the "Buildout Costs"). To the extent, if any, that the Buildout Costs are increased due to Tenant causing Landlord's Relocation Premises Work to be designed in a manner inconsistent with the Design Assumptions, Tenant shall be responsible for such increased Buildout Costs (such increased Buildout Costs, if any, being called "Tenant's Contribution"). Tenant shall be responsible for any costs associated with voice and data, security systems, furniture and signage within the Premises, which will not be included in Buildout Costs. Prior to commencing Landlord's Relocation Premises Work, Landlord shall submit to Tenant a statement of the estimated amount, if any, of Tenant's Contribution. With reasonable promptness after completion of Landlord's Relocation Premises Work, Landlord shall submit to Tenant a statement of the amount of the actual Tenant's Contribution; and, within thirty (30) days after Landlord submits such statement to Tenant, Tenant shall pay to Landlord the actual amount of Tenant's Contribution.

(iv) Change Orders. Tenant may request changes in Landlord's Relocation Premises Work from that provided for in the Plans by giving Landlord written notice of the proposed change(s) with such details, plans and specifications as may be required by Landlord. In response to such request by Tenant, Landlord shall, within five (5) Business Days after Landlord's receipt of such request, provide Tenant with a proposed change order, setting forth (i) the change in the Buildout Costs due to such change(s), (ii) the expected delay beyond the Estimated Delivery Date, if any, in achieving Substantial Completion in connection therewith and (iii) any conditions imposed by Landlord in connection therewith. Tenant shall, within five (5) Business Days after receipt of a proposed change order, either reject or accept it. If Tenant rejects a proposed change order (or fails to respond within the specified period), Landlord's Relocation Premises Work shall not be changed. If Tenant approves a proposed change order, then (x) Tenant shall execute the proposed change order and deliver a signed original thereof to Landlord within the specified five (5) Business Day period, together with payment of (1) any increase in Tenant's Contribution due to the change order and (2) a commitment to pay, within thirty (30) days of billing therefor, an amount equal to the per diem amount of the Fixed Rent for any delay that actually occurs in achieving Substantial Completion by the Estimated Delivery Date to the extent such delay is due to Tenant's request changes, and (y) the Estimated Delivery Date shall be extended for the period of delay specified per clause (ii) above.

(v) Acceptance of Relocation Premises; Warranty. Tenant's taking possession of the Relocation Premises on or after the Relocation Premises Commencement Date shall be conclusive evidence, as against Tenant, that the Relocation Premises were in good order and satisfactory condition in substantial accordance with the Plans when Tenant took possession, except for: (i) punch list items on a list signed by both parties within thirty (30) days after the Relocation Premises Commencement Date, and (ii) any claims of breach of Landlord's warranty set forth below in this subsection (v). Landlord warrants to Tenant that Landlord's Relocation Premises Work shall be performed: (x) in a good and workmanlike manner, (y) free from material defects in workmanship and materials, and (z) in compliance with applicable law. Tenant shall be deemed to have waived any claim under such warranty except for such matters of which Tenant advises Landlord in writing on or before the first anniversary of the Relocation Premises Commencement Date.

(vi) Definitions.

(x) "Substantial Completion" means the occurrence of the following: (a) substantial completion of Landlord's Relocation Premises Work, except for items which are incomplete or unsatisfactory, do not materially interfere with Tenant's use of the Relocation Premises for the Permitted Use, and can be completed without material interference with Tenant's use of the Relocation Premises; and (b) issuance of a certificate of occupancy or temporary certificate of occupancy (or if not applicable, the equivalent sign-offs) for the Relocation Premises by the applicable governmental authority as necessary to allow Tenant to occupy and use the Relocation Premises for the Permitted Use.

(y) "Substantial Completion Date" means the date on which the Landlord has achieved Substantial Completion of Landlord's Relocation Premises Work; provided, however, that the

Substantial Completion Date shall be deemed to occur, on the date on which Substantial Completion would have occurred but for any delays caused by Tenant, including, without limitation, delays due to change orders, lack of timely cooperation by Tenant, or any other actions or inactions by Tenant that may delay performance of the Landlord's Relocation Premises Work; provided, however, that there shall not be any deemed occurrence of the Substantial Completion Date due to delays caused by Tenant in the event that Tenant cures any such delays within two (2) Business Days after delivery of written notice from Landlord to Tenant of the occurrence of any such delays, provided that such notice and cure period shall not apply to delays due to Change Orders, which shall be governed by subsection (iv) above.

(z) "Excusable Delay" means those matters which are beyond the reasonable control of Landlord, including, without limitation, the following: delays caused by Tenant (or by invitees of Tenant), or delays caused by, or resulting from, acts of God, accidents, breakdowns, war, civil commotion, fire or other casualty, labor difficulties, shortages of labor, material or equipment, governmental regulations or orders, or unusual weather conditions.

SCHEDULE B-1

Preliminary Space Plan for Landlord's Relocation Premises Work
[See Attached Plan]

EXHIBIT C

Fixed Rent for Relocation Premises

RELOCATION PREMISES				
Period	**Payable RSF**	**Rate Per RSF**	**Annual Fixed Rent**	**Monthly Fixed Rent**
Relocation Premises Commencement Date through the end of Month 3	0*	$0.00*	$0.00*	$0.00*
Month 4 - Month 12	19,000	$ 34.75	$ 660,250.00	$ 55,020.83
Month 13 – Month 15	19,000	$ 35.50	$ 674,500.00	$ 56,208.34
Month 16 – Month 21	23,000	$ 35.50	$ 816,500.00	$ 68,041.67
Month 22 – Month 24	27,810	$ 35.50	$ 987,255.00	$ 82,271.25
Month 25 – Month 36	27,810	$ 36.25	$ 1,008,112.50	$ 84,009.38
Month 37 – Month 48	27,810	$ 37.00	$ 1,028,970.00	$ 85,747.50
Month 49 – Month 60	27,810	$ 37.75	$ 1,049,827.50	$ 87,485.63
Month 61 – Month 72	27,810	$ 38.50	$ 1,070,685.00	$ 89,223.75
Month 73 – Month 84	27,810	$ 39.25	$ 1,091,542.50	$ 90,961.88

*Tenant shall pay for the cost of all utility charges for the Relocation Premises for the period from the Relocation Premises Commencement Date through the end of Month 3.

EXHIBIT D

Extension Option

(a) Grant of Extension Option. Provided that (i) an Event of Default does not exist as of the commencement of the Extension Term or as of the date of Landlord's receipt of the Extension Notice (as defined below), and (ii) Tenant has not assigned the Lease or subleased more than twenty-five percent (25%) of the Premises, Tenant shall have the right to extend the Lease Term for one (1) period of five (5) years (the "Extension Term") by giving Landlord written notice of extension (the "Extension Notice"), which Extension Notice must be received by Landlord not earlier than fifteen (15) months, nor later than twelve (12) months, prior to expiration of the Lease Term. If such extension becomes effective, the Lease Term shall be automatically extended upon the same terms and conditions as are applicable to the current Lease Term, except that (y) Fixed Rent for the Extension Term shall be as set forth in subsection (b) below, and (z) there shall be no further right to extend or renew the Lease Term beyond the Extension Term. The right of extension provided under this Exhibit D is personal to Verastem, Inc. or any Permitted Transferee and is not exercisable by any other subtenant or assignee permitted under the Lease.

(b) Fixed Rent for Extension Term.

(i) The Fixed Rent per square foot for the Extension Term will be the then fair market rent per square foot for the Premises (the "Market Rent"), determined in accordance with this subsection (b); provided that in no event shall the Fixed Rent for the Extension Term be less than the Fixed Rent in effect during the twelve (12) months immediately preceding the Extension Term. For a period of thirty (30) days after Tenant gives to Landlord the Extension Notice (such period being called the "Negotiation Period"), Landlord and Tenant shall negotiate in good faith to attempt to agree upon the Market Rent, and, in the course of such negotiations, each party may from time to time submit modified proposals to the other. If the parties agree upon the Market Rent prior to the determination of the arbitrator pursuant to subsection (b)(ii), whether such agreement is reached during or after the Negotiation Period, the Market Rent shall be as so agreed.

(ii) If the parties are unable to agree upon the Market Rent within the Negotiation Period, then each party shall, upon selection of an arbitrator pursuant to subsection (b)(iii), simultaneously submit to the arbitrator for binding arbitration a proposal as to the Market Rent. The Market Rent shall be determined as of the commencement of the Extension Term at the then current arms-length negotiated base rents being charged for comparable space in comparable buildings located in the market area of the Building, taking into consideration all relevant factors. The Market Rent may include escalations at various points during the Extension Term. The arbitrator shall not have the right to modify any provision of the Lease except Fixed Rent, the Operating Expense Base Year and the Tax Expense Base Year. Within thirty (30) days after both parties have submitted such proposals to the arbitrator, the arbitrator shall select one of the proposals as more closely approximating the Market Rent appropriate for the Extension Term, and, unless the parties have then agreed upon the Market Rent, the proposed Market Rent set forth in such proposal selected by the arbitrator shall be deemed to be the Market Rent.

(iii) If the parties are unable to agree upon the Market Rent within the Negotiation Period, then the parties shall, within fifteen (15) days after the end of the Negotiation Period (such fifteen (15) day period being herein called the "Selection Period"), attempt to agree upon an arbitrator to whom to submit the determination of Market Rent for binding arbitration pursuant to subsection (b)(ii). If the parties are unable to agree upon an arbitrator within the Selection Period, then, at the end of the Selection Period, each party shall select an arbitrator and, within fifteen (15) days after the end of the Selection Period, the arbitrators shall agree upon an arbitrator to whom the determination of Market Rent shall be submitted for binding arbitration pursuant to subsection (b)(ii). If such arbitrators are unable to agree promptly upon an arbitrator, an arbitrator shall be selected by the American Arbitration Association. Any arbitrator selected by either party, by the arbitrators selected by the parties or by the American Arbitration Association shall be independent of both parties and shall have such experience, either as a licensed real estate broker or as an appraiser for at least ten years, as would qualify such arbitrator as an

expert with respect to leasing terms in the market area of the Building. Such arbitrator shall make the determination required pursuant to subsection (b)(ii) within thirty (30) days after selection. The parties shall share equally the fees and expenses of the arbitrator to whom the determination of Market Rent is submitted. Landlord and Tenant shall each pay the fee of the arbitrator selected by it.

EXHIBIT E

Right of First Offer

(a) Grant of Right. Subject to rights of first opportunity of other tenants of the Building under leases existing and in effect as of the date of this Lease, Tenant shall have, and Landlord hereby grants to Tenant, an ongoing right of first opportunity to lease all or any portion of the space on the first (1st) floor of the Building shown on Schedule E-1 attached hereto (the "ROFO Space") when it is or becomes available for lease after the date of this Lease during the Lease Term, on and subject to the terms and conditions set forth in this Exhibit E. Landlord will not enter into any lease of any of the ROFO Space with a tenant other than Tenant (a "Third-Party Lease") unless and until Landlord has given to Tenant a Notice of Availability (as defined below) with respect to such ROFO Space and Tenant has failed to exercise its right to lease such ROFO Space pursuant to subsection (c) below. However, notwithstanding any other provisions of this Exhibit E to the contrary, Landlord may extend or otherwise amend the existing lease for the ROFO Space, and enter into a new lease for the ROFO Space with the existing tenant, without regard to this Exhibit E, and so long as any such lease is in effect the subject space shall not be considered to be available for purposes of this Exhibit E.

(b) Notices of Availability. At any time during the Lease Term that any ROFO Space is, becomes or is about to become available for lease, Landlord may give written notice to Tenant of such availability (a "Notice of Availability"). Any such Notice of Availability shall specify the date on or about which such ROFO Space is expected to become available for lease (if it is not then available), the effective rent (including Fixed Rent and Additional Rent, if applicable) at which Landlord is willing to lease such ROFO Space (which shall be the Market Rent for such ROFO space, as determined in accordance with the procedure set forth in subsection (b) of Exhibit D to this Amendment, including the arbitration right set forth therein), and such other terms which Landlord desires to specify. Tenant shall not disclose to third parties, other than Tenant's employees, consultants and other agents who have a need to know, the contents of any Notice of Availability, and Tenant shall cause all such employees, consultants or agents to respect the confidentiality of the contents thereof.

(c) Exercise of Right. Unless an Event of Default then exists, Tenant shall have the right, exercisable by written notice given by Tenant and received by Landlord within ten (10) days after Landlord gives the subject Notice of Availability to Tenant, to lease the ROFO Space specified in the Notice of Availability. Tenant's right to lease ROFO Space under this Exhibit E shall apply only to the entire ROFO Space specified in a Notice of Availability, and Tenant shall not have the right under this Exhibit E to lease less than all of such ROFO Space.

(d) Addition of Space to Lease. If Tenant exercises its right to lease any ROFO Space pursuant to subsection (c) above, then, as of the date which is the later of (i) seven (7) days after Landlord's receipt of Tenant's notice of exercise of its right to lease such ROFO Space or (ii) the date specified in the Notice of Availability, such ROFO Space shall be added to and become a part of the Premises and subject to the terms and conditions of this Lease, with a term coterminous with the Lease Term (including any Extension Term); provided that (x) Landlord shall not be responsible for making any improvements or alterations to such ROFO Space, except to the extent provided for in the Notice of Availability; (y) the effective rent (including Fixed Rent and Additional Rent, if applicable) for the ROFO Space shall be the effective rent set forth in the Notice of Availability, except that with respect to any Notice of Availability delivered to Tenant within the first twelve (12) months following the Relocation Premises Commencement Date (as defined in the First Amendment), the effective rent for the ROFO Space instead shall be the same effective rent applicable to the Premises under this Lease and Tenant shall receive a tenant allowance for the ROFO Space equal to the per square foot cost of Landlord's Relocation Premises Work, and (z) the terms and conditions of this Lease with respect to such ROFO Space shall be modified by any terms agreed by the parties. Promptly after Tenant exercises its right to lease any ROFO Space pursuant to subsection (c) above, Landlord and Tenant shall enter into an amendment of this Lease incorporating such ROFO Space as part of the Premises, subject to the terms and conditions of this Lease and incorporating any additional terms agreed by the parties.

(e) Lapse of Right. If Landlord gives a Notice of Availability and does not receive Tenant's notice of exercise pursuant to subsection (c) above within the period specified therein, Tenant's right of first opportunity provided for in this Exhibit E shall lapse with respect to the subject ROFO Space and Landlord shall be free to lease such ROFO Space to third parties.

(f) Termination of Right. Tenant's right of first opportunity provided for in this Exhibit E shall terminate twelve (12) months before the expiration of the Lease Term, unless Tenant timely exercises its extension option pursuant to Exhibit D, and, if Tenant timely exercises such extension option, twelve (12) months before the expiration of the Extension Term.

(g) Rights Personal to Party Executing this Lease. The rights in this Exhibit E are personal to Verastem, Inc. and are not assignable or transferable other than to a Permitted Transferee. Tenant's rights under this Exhibit E will lapse and be of no further force and effect upon any assignment of this Lease other than to a Permitted Transferee.

(h) Event of Default. If an Event of Default shall have occurred and be continuing, Landlord shall have no obligation to give any Notice of Availability to Tenant, and Tenant shall have no rights under this Exhibit E if an Event of Default exists on the date on which Tenant attempts to exercise its right to lease any ROFO Space.

SCHEDULE E-1

Floor Plan Depicting ROFO Space

EXHIBIT F

Inventory List of Laboratory Equipment to Remain in Original Premises Upon Surrender

1. Structures and laboratory equipment that are permanently affixed (secured, bolted, or piped into the walls, floor, or ceiling) to the Premises, such as fume hoods, ice machines, and non-modular lab benches with built in sinks.
2. The generator and any other equipment secured to the roof of the Premises.

Exhibit 31.1

CERTIFICATIONS

I, Robert Forrester, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verastem, 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.

/s/ ROBERT FORRESTER

Robert Forrester
President and Chief Executive Officer

Date: May 3, 2018

Exhibit 31.2

CERTIFICATIONS

I, Julie B. Feder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Verastem, 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.

/s/ JULIE B. FEDER

Julie B. Feder
Chief Financial Officer

Date: May 3, 2018

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 Verastem, Inc. (the "Company") for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert Forrester, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his 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.

/s/ ROBERT FORRESTER

Robert Forrester
President and Chief Executive Officer

Date: May 3, 2018

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 Verastem, Inc. (the "Company") for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Julie B. Feder, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his 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.

/s/ JULIE B. FEDER

Julie B. Feder
Chief Financial Officer

Date: May 3, 2018

Verastem Oncology Reports First Quarter 2018 Financial Results

BOSTON, MA – May 3, 2018 - Verastem, Inc. (NASDAQ: VSTM) (Verastem Oncology or the Company), focused on developing and commercializing drugs to improve the survival and quality of life of cancer patients, today reported financial results for the quarter ended March 31, 2018 and provided an overview of certain corporate developments.

"We've had a strong start to 2018, highlighted foremost by the acceptance of our duvelisib New Drug Application (NDA) by the U.S. Food and Drug Administration (FDA), including the receipt of Priority Review with an assigned target action date of October 5, 2018. This is exciting news for patients with chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL) and follicular lymphoma (FL)," said Robert Forrester, President and Chief Executive Officer of Verastem Oncology. "As we await the upcoming FDA review decision for duvelisib, we are building our U.S. commercial capabilities for our potential product launch in 2018. We are assembling a world-class commercial team, led by our Chief Commercial Officer, Joseph Lobacki, the former Chief Commercial Officer of Medivation, who has demonstrated success in commercializing oncology drugs."

Mr. Forrester added, "Yesterday, at our Analyst and Investor Day event in New York City, several key opinion leaders in the hematologic oncology field, including Drs. Jennifer Brown, Ian Flinn, Steven Horwitz, Brian Koffman and Lori Kunkel, joined Mr. Lobacki for an in-depth discussion regarding the unmet need among CLL/SLL and FL patients, where phosphoinositide-3-kinase (PI3K) inhibitors fit into the treatment paradigm, and the growing opportunity for duvelisib in CLL/SLL and FL, and beyond."

First Quarter 2018 and Recent Highlights:

Duvelisib

- ***Duvelisib NDA Accepted by FDA with Priority Review*** – In April 2018, Verastem Oncology announced that the FDA accepted the duvelisib NDA for filing with Priority Review, with a target action date of October 5, 2018. In the accepted NDA, the Company is seeking full approval for duvelisib, its first-in-class investigational oral dual inhibitor of PI3K-delta and PI3K-gamma, for the treatment of relapsed or refractory CLL/SLL and accelerated approval for the treatment of relapsed or refractory FL. The duvelisib NDA is supported by clinical data from the randomized Phase 3 DUO™ study evaluating duvelisib as a monotherapy in patients with relapsed or refractory CLL/SLL, as well as the Phase 2 DYNAMO™ study evaluating patients with indolent non-Hodgkin lymphoma that are double-refractory to both rituximab and chemotherapy or radioimmunotherapy. Both DUO and DYNAMO achieved their primary endpoints.

- ***Hosted Analyst and Investor Day Highlighting Commercial Potential of Duvelisib*** – In early May 2018, Verastem Oncology hosted an Analyst and Investor Day in New York City titled, "Duvelisib: Harnessing the Power of Dual PI3K Inhibition." Several key opinion leaders in the hematologic oncology field joined the Verastem Oncology executive leadership team for an in-depth discussion regarding the unmet need among CLL/SLL and FL patients, where PI3K-delta and PI3K-gamma inhibitors fit into the treatment paradigm, and the growing opportunity for duvelisib in CLL/SLL and FL, and beyond. The Company also provided an overview of its duvelisib commercial strategy and initiatives. An archived webcast of the event is available on the "Events & Presentations" page in the "Investors" section of the Company's website at www.verastem.com.

- ***Preclinical Duvelisib Data in Combination with Immunotherapy Presented at the American Society of Clinical Oncology Clinical Immuno-Oncology Symposium (ASCO-SITC)*** – In January 2018, the Company presented a poster at ASCO-SITC entitled "Dual PI3K-δ,γ Inhibitor Duvelisib Reduces Immunosuppressive Tregs and Myeloid Cells, Enhancing Efficacy of Checkpoint and Co-Stimulatory Antibodies in a B Cell Lymphoma Model," which highlighted the potential synergistic effects of duvelisib in combination with immune checkpoint or co-stimulatory antibodies in B-cell lymphoma. The poster is available on the "Publications" page in the "Media" section of the Company's website at www.verastem.com.

Corporate and Financial

- **"Verastem Oncology"** – In May 2018, the Company announced that it had changed its name to "Verastem Oncology" to reinforce its commitment to developing and commercializing treatment options for patients battling cancer.

- **Joseph Lobacki Appointed as Chief Commercial Officer** – In January 2018, Joseph Lobacki was appointed as Verastem Oncology's Executive Vice President and Chief Commercial Officer. Mr. Lobacki most recently served as the Chief Commercial Officer and Executive Council Member at Medivation and has previously held senior-level commercial positions at Micromet Inc. and Genzyme Corporation. Mr. Lobacki will lead Verastem Oncology's commercial strategy and preparation for the potential launch of duvelisib.

- **Key Leadership Roles Filled** – During the first quarter of 2018, Verastem Oncology hired key senior leadership team members in medical affairs, market access and sales management, including the appointment of Dr. Nadeem Mirza, as Vice President of Medical Affairs. Dr. Mirza most recently served as the Global Head Hematology, Global Medical Affairs at AbbVie Oncology.

- **Increased Debt Facility to up to $50.0 Million** – In January 2018, Verastem Oncology amended its loan and security agreement with Hercules Capital, Inc., increasing its existing potential borrowing limit under the loan facility from up to $25.0 million to up to $50.0 million, subject to certain conditions of funding. Any additional proceeds received under the increased loan facility will be used to support the Company's ongoing development programs, including regulatory and commercialization activities for duvelisib, and for general corporate purposes.

First Quarter 2018 Financial Results

Net loss for the three months ended March 31, 2018 (2018 Quarter) was $21.1 million, or $0.41 per share, as compared to a net loss of $13.0 million, or $0.35 per share, for the three months ended March 31, 2017 (2017 Quarter). Net loss includes non-cash stock-based compensation expense of $1.3 million and $1.2 million for the 2018 Quarter and 2017 Quarter, respectively.

Research and development expense for the 2018 Quarter was $10.9 million compared to $8.4 million for the 2017 Quarter. The $2.5 million increase from the 2017 Quarter to the 2018 Quarter was primarily related to an increase of $1.1 million in contract research organization expense for outsourced biology, development and clinical services, which includes our clinical trial costs, an increase of $0.9 million in personnel related costs, an increase of $0.2 million in stock-based compensation expense, and an increase in consulting fees of $0.2 million.

General and administrative expense for the 2018 Quarter was $9.8 million compared to $4.8 million for the 2017 Quarter. The increase of $5.0 million from the 2017 Quarter to the 2018 Quarter primarily resulted from increases in consulting and professional fees of $2.5 million, including $1.8 million related to commercial launch preparation, and personnel related costs of $2.0 million.

As of March 31, 2018, Verastem Oncology had cash and cash equivalents of $64.2 million compared to $86.7 million of cash, cash equivalents and investments as of December 31, 2017. From April 1, 2018 to May 3, 2018, the Company sold 5,903,073 shares of common stock under its at-the-market equity offering program (ATM) for net proceeds of approximately $21.9 million (after deducting commissions and other offering expenses). Giving effect to these sales under the ATM, the Company's pro forma cash and cash equivalents balance at March 31, 2018 is approximately $86.1 million.

The number of outstanding common shares as of March 31, 2018, was 50,967,973.

Financial Guidance

Based on the Company's current operating plans, it expects to have sufficient cash and cash equivalents to fund operations into 2019.

About Duvelisib

Duvelisib is a first-in-class investigational oral, dual inhibitor of phosphoinositide 3-kinase (PI3K)-delta and PI3K-gamma, two enzymes known to help support the growth and survival of malignant B-cells and T-cells. PI3K signaling may lead to the proliferation of malignant B- and T-cells and is thought to play a role in the formation and maintenance of the supportive tumor microenvironment.[1,2,3] Duvelisib was evaluated in late- and mid-stage extension trials, including DUO™, a randomized, Phase 3 monotherapy study in patients with relapsed or refractory chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL),[4] and DYNAMO™, a single-arm, Phase 2 monotherapy study in patients with refractory indolent non-Hodgkin lymphoma (iNHL).[5] Both DUO and DYNAMO achieved their primary endpoints. Verastem Oncology's New Drug Application (NDA) requesting the full approval of duvelisib for the treatment of patients with relapsed or refractory CLL/SLL, and accelerated approval for the treatment of patients with relapsed or refractory follicular lymphoma (FL) was accepted for filing by the U.S. Food and Drug Administration (FDA), granted Priority Review and assigned a

target action date of October 5, 2018. Duvelisib is also being developed by Verastem Oncology for the treatment of peripheral T-cell lymphoma (PTCL), and is being investigated in combination with other agents through investigator-sponsored studies.[6] Information about duvelisib clinical trials can be found on www.clinicaltrials.gov.

About Defactinib

Defactinib is an investigational inhibitor of focal adhesion kinase (FAK), a non-receptor tyrosine kinase that mediates oncogenic signaling in response to cellular adhesion and growth factors.[7] Based on the multi-faceted roles of FAK, defactinib is used to treat cancer through modulation of the tumor microenvironment and enhancement of anti-tumor immunity.[8,9] Defactinib is currently being evaluated in three separate clinical collaborations in combination with immunotherapeutic agents for the treatment of several different cancer types including pancreatic cancer, ovarian cancer, non-small cell lung cancer (NSCLC), and mesothelioma. These studies are combination clinical trials with pembrolizumab and avelumab from Merck & Co. and Pfizer/Merck KGaA, respectively.[10,11,12] Information about these and additional clinical trials evaluating the safety and efficacy of defactinib can be found on www.clinicaltrials.gov.

About Verastem Oncology

Verastem, Inc. (NASDAQ:VSTM), operating as Verastem Oncology, is a biopharmaceutical company focused on developing and commercializing drugs to improve the survival and quality of life of cancer patients. Verastem Oncology is currently developing duvelisib, a dual inhibitor of PI3K-delta and PI3K-gamma, which has successfully met its primary endpoint in a Phase 2 study in indolent Non-Hodgkin Lymphoma (iNHL) and a Phase 3 clinical trial in patients with chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL). Verastem Oncology's New Drug Application (NDA) requesting the full approval of duvelisib for the treatment of patients with relapsed or refractory CLL/SLL, and accelerated approval for the treatment of patients with relapsed or refractory follicular lymphoma (FL) was accepted for filing by the U.S. Food and Drug Administration (FDA), granted Priority Review and assigned a target action date of October 5, 2018. In addition, Verastem Oncology is developing the FAK inhibitor defactinib, which is currently being evaluated in three separate clinical collaborations in combination with immunotherapeutic agents for the treatment of several different cancer types, including pancreatic cancer, ovarian cancer, non-small-cell lung cancer (NSCLC), and mesothelioma. Verastem Oncology's product candidates seek to treat cancer by modulating the local tumor microenvironment and enhancing anti-tumor immunity. For more information, please visit www.verastem.com.

Forward-looking statements notice:

This press release includes forward-looking statements about Verastem Oncology's strategy, future plans and prospects, including statements regarding the development and activity of Verastem Oncology's investigational product candidates, including duvelisib and defactinib, and Verastem Oncology's PI3K and FAK programs generally, the structure of our planned and pending clinical trials, Verastem Oncology's financial guidance and the timeline and indications for clinical development and regulatory submissions. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ

materially from those expressed or implied in such statement. Applicable risks and uncertainties include the risks that approval of Verastem Oncology's New Drug Application for duvelisib will not occur on the expected timeframe or at all, including by the U.S. Food and Drug Administration's target action date; that a filing of a European Marketing Application may not be achieved in fiscal year 2018 or at all; that even if data from clinical trials is positive, regulatory authorities may require additional studies for approval and the product may not prove to be safe and effective; that the preclinical testing of Verastem Oncology's product candidates and preliminary or interim data from clinical trials may not be predictive of the results or success of ongoing or later clinical trials; that the full data from the DUO™ study will not be consistent with the previously presented results of the study; that data may not be available when expected, including for the Phase 3 DUO study; that the degree of market acceptance of product candidates, if approved, may be lower than expected; that the timing, scope and rate of reimbursement for our product candidates is uncertain; that there may be competitive developments affecting our product candidates; that data may not be available when expected; that enrollment of clinical trials may take longer than expected; that our product candidates will cause unexpected safety events or result in an unmanageable safety profile as compared to their level of efficacy; that duvelisib will be ineffective at treating patients with lymphoid malignancies; that Verastem Oncology will be unable to successfully initiate or complete the clinical development and eventual commercialization of its product candidates; that the development and commercialization of Verastem Oncology's product candidates will take longer or cost more than planned; that Verastem Oncology may not have sufficient cash to fund its contemplated operations; that Verastem Oncology or Infinity Pharmaceuticals, Inc. will fail to fully perform under the duvelisib license agreement; that Verastem Oncology may be unable to make additional draws under its debt facility or obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity, debt financing or otherwise; that Verastem Oncology will not pursue or submit regulatory filings for its product candidates, including for duvelisib in patients with CLL/SLL or iNHL; and that Verastem Oncology's product candidates will not receive regulatory approval, become commercially successful products, or result in new treatment options being offered to patients. Other risks and uncertainties include those identified under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the Securities and Exchange Commission (SEC) on March 13, 2018 and in any subsequent filings with the SEC. The forward-looking statements contained in this press release reflect Verastem Oncology's views as of the date hereof, and the Company does not assume and specifically disclaims any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

Verastem Oncology
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[4] www.clinicaltrials.gov, NCT02004522
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[9] Sulzmaier F.J. et al. FAK in cancer: mechanistic findings and clinical applications. Nature Rev Cancer. 2014 14: 598-610.
[10] www.clinicaltrials.gov, NCT02546531
[11] www.clinicaltrials.gov, NCT02943317
[12] www.clinicaltrials.gov, NCT02758587

Verastem, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2018 (unaudited)	December 31, 2017
Cash, cash equivalents and investments	$ 64,215	$ 86,672
Prepaid expenses and other current assets	1,815	1,115
Property and equipment, net	1,003	861
Other assets	1,378	1,143
Total assets	**$ 68,411**	**$ 89,791**
Accounts payable and accrued expenses	$ 14,845	$ 17,128
Long-term debt	14,913	14,828
Other liabilities	101	151
Stockholders' equity	38,552	57,684
Total liabilities and stockholders' equity	**$ 68,411**	**$ 89,791**

Verastem, Inc.
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three months ended March 31,	
	2018	**2017**
Operating expenses:		
Research and development	$ 10,934	$ 8,385
General and administrative	9,827	4,763
Total operating expenses	20,761	13,148
Loss from operations	(20,761)	(13,148)
Interest income	191	155
Interest expense	(480)	(12)
Net loss	**$ (21,050)**	**$ (13,005)**
Net loss per share—basic and diluted	**$ (0.41)**	**$ (0.35)**
Weighted-average number of common shares used in net loss per share-basic and diluted	**50,835**	**36,992**