Use these links to rapidly review the document
TABLE OF CONTENTS

Table of Contents

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, 2014

OR

o **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)
215 First Street, Suite 440 Cambridge, MA	
(Address of principal executive offices)	**02142** (Zip Code)

(617) 252-9300
(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 o

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 o

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

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

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

As of April 30, 2014 there were 25,834,945 shares of Common Stock, $0.0001 par value per share, outstanding.

TABLE OF CONTENTS

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. 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. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, our ability to raise additional capital to support our clinical development program and other operations, our ability to develop products of commercial value and to identify, discover and obtain rights to additional potential product candidates, our ability to protect and maintain our intellectual property and the ability of our licensors to obtain and maintain patent protection for the technology or products that we license from them, the outcome of research and development activities, the fact that the preclinical and clinical testing of our compounds may not be predictive of the success of ongoing or later clinical trials, that data may not be available when we expect it to be, our reliance on third-parties, competitive developments, the effect of current and future legislation and regulation and regulatory actions, as well as other risks described in our Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, or SEC.

As a result of these and other factors, we may not actually 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. We do not assume 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.

(A development stage company)

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except per share amounts)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 13,244	$ 18,889
Short-term investments	92,398	82,423
Restricted cash	86	86
Prepaid expenses and other current assets	857	557
Total current assets	106,585	101,955
Property and equipment, net	577	631
Long-term investments	8,234	22,344
Other assets	330	331
Total assets	$ 115,726	$ 125,261
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 2,515	$ 2,760
Accrued expenses	3,585	4,327
Liability classified stock-based compensation awards	292	717
Total current liabilities	6,392	7,804
Liability for shares subject to repurchase	9	11
Stockholders' equity		
Convertible Preferred stock, $0.0001 par value; 5,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.0001 par value; 100,000 shares authorized; 25,610 and 25,328 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	3	3
Additional paid-in capital	210,015	205,068
Accumulated other comprehensive income	22	28
Deficit accumulated during the development stage	(100,715)	(87,653)
Total stockholders' equity	109,325	117,446
Total liabilities and stockholders' equity	$ 115,726	$ 125,261

See accompanying notes.

Verastem, Inc.

(A development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

(in thousands, except per share amounts)

	Three months ended, March 31,		Period from August 4, 2010 (inception) to March 31, 2014
	2014	2013	
Operating expenses:			
Research and development	$ 8,411	$ 5,296	$ 66,336
General and administrative	4,723	3,785	34,912
Total operating expenses	13,134	9,081	101,248
Loss from operations	(13,134)	(9,081)	(101,248)
Interest income	72	44	533
Net loss	(13,062)	(9,037)	(100,715)
Accretion of preferred stock	—	—	(40)
Net loss applicable to common stockholders	$ (13,062)	$ (9,037)	$ (100,755)
Net loss per share applicable to common stockholders—basic and diluted	$ (0.51)	$ (0.44)	$ (7.42)
Weighted-average number of common shares used in net loss per share applicable to common stockholders—basic and diluted	25,478	20,483	13,574
Comprehensive loss	$ (13,068)	$ (9,041)	$ (100,693)

See accompanying notes.

Verastem, Inc.

(A development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Three months ended March 31,		Period from August 4, 2010 (inception) to March 31, 2014
	2014	2013	
Operating activities			
Net loss	$ (13,062)	$ (9,037)	$ (100,715)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	64	56	590
Stock-based compensation expense	3,985	2,493	22,748
Common stock issued to purchase technology rights	1,197	—	1,197
Common stock issued in exchange for license	—	—	2,003
Obligation to issue a warrant in exchange for license	—	—	439
Change in fair value of obligation to issue warrant	—	—	398
Changes in operating assets and liabilities:			
Prepaid expenses, other current assets and other assets	(298)	(480)	(1,186)
Accounts payable	(245)	78	2,515
Accrued expenses and deferred rent	(492)	553	3,835
Liability classified stock-based compensation awards	(425)	—	292
Net cash used in operating activities	(9,276)	(6,337)	(67,884)
Investing activities			
Purchases of property and equipment	(10)	—	(1,169)
Purchases of investments	(9,172)	(27,218)	(317,241)
Maturities of investments	13,300	52,469	216,632
Increase in restricted cash	—	—	(86)
Net cash provided by (used in) investing activities	4,118	25,251	(101,864)
Financing activities			
Proceeds from issuance of redeemable convertible preferred stock	—	—	68,107
Proceeds from the exercise of stock options	11	9	47
Net proceeds from the issuance of common stock and restricted common stock	—	—	116,638
Cash used to settle restricted stock liability awards	(498)	(774)	(1,800)
Net cash (used in) provided by financing activities	(487)	(765)	182,992
(Decrease) increase in cash and cash equivalents	(5,645)	18,149	13,244
Cash and cash equivalents at beginning of period	18,889	10,096	—
Cash and cash equivalents at end of period	$ 13,244	$ 28,245	$ 13,244
Supplemental disclosure of non-cash financing activity			
Accretion of redeemable convertible preferred stock to redemption value	$ —	$ —	$ 40
Conversion of redeemable convertible preferred stock upon initial public offering	$ —	$ —	$ 68,148
Reclassification of obligation to issue warrant from liabilities to equity	$ —	$ —	$ 837

See accompanying notes.

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting and as required by Regulation S-X, Rule 10-01. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. 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 of 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, 2014 are not necessarily indicative of the results that may be expected for any other interim period or for the fiscal year ending December 31, 2014. 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, 2013 as filed with the Securities and Exchange Commission ("SEC") on March 6, 2014.

Subsequent Events

In preparing the financial statements included in this Form 10-Q, the Company has evaluated all subsequent events that occurred after March 31, 2014 through the date of the filing of this Form 10-Q.

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. The Company intends to use the leased premises as its corporate headquarters. The lease term commences on April 15, 2014. The Company must commence rent payments under the lease agreement on the earlier of: (i) December 1, 2014, or (ii) the date on which the initial improvements to build out the leased space are substantially complete (the "Rent Commencement Date"). The lease term expires on the last day of the 60th full month following the Rent Commencement Date. The Company has agreed to pay an initial annual base rent of approximately $493,000, which base rent increases after every twelve-month period during the lease term to approximately $554,000 for the last twelve-month period. 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 Company has provided a security deposit in the form of a letter of credit in the amount of approximately $203,000, which may be reduced to approximately $162,000 on April 15, 2016.

2. Fair value of financial instruments

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. A fair value hierarchy has been established that 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

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Fair value of financial instruments (Continued)

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
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

The following table presents information about the Company's financial assets and liabilities that have been measured at fair value at March 31, 2014 and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair value (in thousands).

Description	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets				
Cash equivalents	$ 11,415	$ 11,415	$ —	$ —
Short-term investments	92,398	—	92,398	—
Long-term investments	8,234	—	8,234	—
Total financial assets	**$ 112,047**	**$ 11,415**	**$ 100,632**	**$ —**
Financial liabilities				
Liability classified stock-based compensation awards	$ 292	$ 292	$ —	$ —
Total financial liabilities	**$ 292**	**$ 292**	**$ —**	**$ —**

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Fair value of financial instruments (Continued)

The following table presents information about the Company's financial assets that have been measured at fair value at December 31, 2013 and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair value (in thousands).

Description	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets				
Cash equivalents	$ 17,000	$ 17,000	$ —	$ —
Short-term investments	82,423	—	82,423	—
Long-term investments	22,344	—	22,344	—
Total financial assets	**$ 121,767**	**$ 17,000**	**$ 104,767**	**$ —**
Financial liabilities				
Liability classified stock-based compensation awards	$ 717	$ 717	$ —	$ —
Total financial liabilities	**$ 717**	**$ 717**	**$ —**	**$ —**

The Company's cash equivalents and investments are comprised of money market accounts, government-sponsored enterprise securities and corporate bonds of publicly traded companies. These investments 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 March 31, 2014.

The Company's liability classified stock-based compensation awards are comprised of restricted stock units (RSUs) that allow for greater than minimum statutory tax withholdings. These awards are valued based on the fair value of the Company's common stock underlying the awards, which is traded on an active market. During the first quarter of 2013, the Company amended the terms of certain RSUs to allow for cash tax withholdings greater than the minimum required statutory withholding amount. As a result of this change in the terms of the awards, the outstanding RSUs are considered to be liability instruments. As a result of this modification, the Company records a liability for the fair value of the awards as of each reporting date with the change in fair value recorded through the statement of operations. The Company will record stock-based compensation expense equal to the greater of the original grant date fair value of the awards or the settlement date fair value. During the quarter, the Company paid $498,000 to settle the tax liability for awards that settled during the period.

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Investments

The Company's investments are classified as available-for-sale pursuant to Accounting Standards Codification (ASC) 320, *Investments—Debt and Equity Securities*. The Company classifies investments available to fund current operations as current assets on its balance sheets. Investments are classified as long-term assets on the balance sheets if (i) the Company has the intent and ability to hold the investments for a period of at least one year and (ii) the contractual maturity date of the investments is greater than one year.

Investments are carried at fair value with unrealized gains and losses included as a component of accumulated other comprehensive income, until such gains and losses are realized. If a decline in the fair value is considered other-than-temporary, based on available evidence, the unrealized loss is transferred from other comprehensive loss to the statement of operations. There were no charges taken for other-than-temporary declines in fair value of investments during the three months ended March 31, 2014 and 2013 or for the period from August 4, 2010 (inception) to March 31, 2014. The Company recorded approximately $6,000 and $4,000 of unrealized losses during the three months ended March 31, 2014 and 2013, respectively, and an approximate $22,000 of unrealized gains for the period from August 4, 2010 (inception) to March 31, 2014. Realized gains and losses are included in interest income in the statement of operations. There were no realized gains or losses recognized during the three months ended March 31, 2014 or 2013 or for the period from August 4, 2010 (inception) to March 31, 2014. The Company utilizes the specific identification method as a basis to determine the cost of securities sold. The Company reviews investments for other-than-temporary impairment whenever the fair value of an investment is less than the amortized cost and evidence indicates that an investment's carrying amount is not recoverable within a reasonable period of time. To determine whether an impairment is other-than-temporary, the Company considers the intent to sell, or whether it is more likely than not that the Company will be required to sell, the investment before recovery of the investment's amortized cost basis. Evidence considered in this assessment includes reasons for the impairment, compliance with the Company's investment policy, the severity and the duration of the impairment and changes in value subsequent to year end. As of March 31, 2014, there were no investments with a fair value that was significantly lower than the amortized cost basis or any investments that had been in an unrealized loss position for a significant period.

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Investments (Continued)

Cash, cash equivalents and investments at March 31, 2014 and December 31, 2013 consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2014				
Cash and cash equivalents:				
Cash and money market accounts	$ 13,244	$ —	$ —	$ 13,244
Total cash and cash equivalents	$ 13,244	$ —	$ —	$ 13,244
Investments:				
Government-sponsored enterprise securities (due within 1 year)	$ 29,312	$ 10	$ (3)	$ 29,319
Corporate bonds (due within 1 year)	63,060	24	(5)	63,079
Corporate bonds (due within 1 - 2 years)	8,238	—	(4)	8,234
Total investments	$ 100,610	$ 34	$ (12)	$ 100,632
Total cash, cash equivalents, and investments	$ 113,854	$ 34	$ (12)	$ 113,876

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2013				
Cash and cash equivalents:				
Cash and money market accounts	$ 18,889	$ —	$ —	$ 18,889
Total cash and cash equivalents	$ 18,889	$ —	$ —	$ 18,889
Investments:				
Government-sponsored enterprise securities (due within 1 year)	$ 30,652	$ 12	$ —	$ 30,664
Government-sponsored enterprise securities (due within 1 - 2 years)	4,001	2	—	4,003
Corporate bonds (due within 1 year)	51,735	30	(6)	51,759
Corporate bonds (due within 1 - 2 years)	18,351	2	(12)	18,341
Total investments	$ 104,739	$ 46	$ (18)	$ 104,767
Total cash, cash equivalents, and investments	$ 123,628	$ 46	$ (18)	$ 123,656

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accrued expenses

Accrued expenses consist of the following (in thousands):

	March 31, 2014	December 31, 2013
Contract research organization costs	$ 2,278	$ 1,918
Compensation and related benefits	697	1,687
Professional fees	325	237
License milestones	110	360
Deferred rent	28	38
Other	147	87
	$ 3,585	$ 4,327

5. 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 includes outstanding stock options, restricted stock units, and unvested restricted stock 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. All potentially dilutive securities were excluded from the calculation of diluted net loss per share as the securities were anti-dilutive for all periods presented. The following potentially dilutive securities were excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:

	Three Months ended March 31,		Period from August 4, 2010 (inception) to March 31, 2014
	2014	2013	
Outstanding stock options	3,719,831	1,987,012	3,719,831
Unvested restricted stock	224,852	642,569	224,852
Unvested restricted stock units	409,537	657,258	409,537

6. Stock-based compensation

In December 2011, the Company adopted the 2012 Incentive Plan (the 2012 Plan). The 2012 Plan became effective upon the closing of the Company's IPO in February 2012. The 2012 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock-based and cash awards. Upon effectiveness, the number of shares of common stock that are reserved under the 2012 Plan is the sum of 3,428,571 shares plus the number of shares available under the 2010 Plan. The number of shares reserved under the 2012 Plan is increased by the number of shares of common stock (up to a maximum of 571,242 shares) subject to outstanding awards under the 2010 Plan that expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased. The 2012 Plan includes an "evergreen provision" that allows for an annual increase in the number of shares of common stock available for issuance under

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Stock-based compensation (Continued)

the 2012 Plan. The annual increase will be added on the first day of each year beginning in 2013 and each subsequent anniversary until the expiration of the 2012 Plan, equal to the lowest of 1,285,714 shares of common stock, 4.0% of the number of shares of common stock outstanding and an amount determined by the board of directors. On January 1, 2013 and 2014, the shares available under the 2012 Plan increased by 844,448 and 1,026,309 shares of common stock, respectively.

Restricted common stock

A summary of the Company's restricted common stock activity and related information is as follows:

	Shares	Weighted-average purchase price per share
Unvested at December 31, 2013	329,282	$ 0.034
Vested	(104,430)	0.022
Unvested at March 31, 2014	224,852	$ 0.040

The weighted average grant date fair value of restricted common stock granted during the period from August 4, 2010 (inception) to March 31, 2014 was $0.02 per share. No restricted common stock was granted during the three months ended March 31, 2014 and 2013. The total fair value of shares vested during the three months ended March 31, 2014, 2013 and for the period from August 4, 2010 (inception) to March 31, 2014 was an approximate $1.1 million, $760,000 and $8.9 million, respectively. As of March 31, 2014, there was $1.1 million of total unrecognized stock based compensation expense related to unvested restricted common stock. The Company expects to recognize this expense over a remaining weighted average period of 0.5 years.

Restricted stock units

A summary of the Company's restricted stock units (RSUs) activity and related information is as follows:

	Shares	Weighted-average grant date fair value
Outstanding at December 31, 2013	529,850	$ 10.78
Vested	(118,885)	10.43
Forfeited	(1,428)	11.00
Outstanding at March 31, 2014	409,537	$ 10.88

The weighted average grant date fair value of RSUs granted during the period from August 4, 2010 (inception) to March 31, 2014 was $10.55. No RSUs were granted during the three months ended March 31, 2014 and 2013. The total fair value of RSUs vested during the three months ended March 31, 2014 and 2013 and the period from August 4, 2010 (inception) to March 31, 2014 was

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Stock-based compensation (Continued)

$1.2 million, $2.4 million and $4.7 million, respectively. As of March 31, 2014, there was $3.8 million of total unrecognized stock based compensation expense related to unvested restricted stock units granted under the 2012 Plan. The Company expects to recognize this expense over a weighted average period of 1.8 years.

During the first quarter of 2013, the Company amended the terms of certain RSUs related to a total of 657,058 shares of common stock to allow for tax withholdings greater than the minimum required statutory withholding amount. As a result of this change in the terms of the awards, the outstanding RSUs are considered to be liability instruments. As a result of this modification, the Company records a liability for the fair value of the awards as of each reporting date with the change in fair value recorded through the statement of operations. The Company will record stock-based compensation expense equal to the greater of the original grant date fair value of the awards or the settlement date fair value. During the quarter, the Company deposited with taxing authorities $498,000 in respect of the tax liability for awards that settled during the period.

Stock options

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

	Shares	Weighted-average price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Outstanding at December 31, 2013	2,388,062	$ 8.66		
Granted	1,357,000	13.64		
Exercised	(5,715)	1.93		
Canceled	(19,516)	10.07		
Outstanding at March 31, 2014	3,719,831	$ 10.48	9.0	$ 5,323,181
Exercisable at March 31, 2014	1,037,047	$ 7.92	8.3	$ 3,008,326
Vested and expected to vest at March 31, 2014	3,405,229	$ 10.40	9.0	$ 5,097,469

The fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model using the following assumptions:

	Three Months ended March 31,	
	2014	2013
Risk-free interest rate	2.1%	1.0%
Dividend yield	—	—
Volatility	81%	75%
Expected term (years)	6.2	6.0

Verastem, Inc.

(A development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. License agreements

Under the license agreement with Poniard Pharmaceuticals, Inc. ("Poniard") that the Company entered into in November 2011 relating to VS-4718 and certain other compounds, the Company paid an upfront license fee and agreed to pay Poniard milestone payments upon the achievement of specified development and regulatory milestones. In February 2014, the Company purchased the assets which were the subject of the license agreement with Poniard from Encarta, Inc. ("Encarta"), who had previously purchased these assets in 2013. In consideration for these assets, the Company issued to Encarta 97,500 shares of common stock, a warrant to purchase 142,857 shares of common stock with an exercise price equal to $17.16 per share and paid $25,000. All existing obligations under the license agreement, including an achieved development milestone and an obligation to issue a warrant, were settled as part of this transaction. The Company incurred $1.2 million of research and development expense in the first quarter of 2014 as a result of this transaction. As the warrant that was issued was consistent with the existing obligation to issue a warrant, there were no charges recorded as a result of issuing the warrant. In connection with the asset purchase agreement, the Company also assumed the rights and obligations under the license agreement by and between the Scripps Research Institute ("Scripps") and Poniard, or the Scripps License Agreement. Pursuant to the Scripps License Agreement, the Company is obligated to pay Scripps potential product development milestone payments of up to an aggregate of $3.0 million upon the achievement of specified development and regulatory milestones. In addition, the Company is obligated to pay Scripps low single-digit royalties as a percentage of net sales of licensed products, subject to adjustments in certain circumstances. The Company's obligation to pay royalties on net sales is on a country by country basis. The milestones and royalties payable to Scripps will be recorded as expense when the obligations are incurred.

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 financial statements and related notes appearing elsewhere in this quarterly report. 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 or in our annual report on Form 10-K. Please also refer to the section under the heading "Forward-looking Statements."

OVERVIEW

We are a clinical-stage biopharmaceutical company focused on discovering and developing proprietary small molecule drugs targeting cancer stem cells along with proprietary companion diagnostics. A cancer stem cell is a particularly aggressive type of tumor cell, resistant to conventional cancer therapy, that we believe is an underlying cause of tumor recurrence and metastasis. Our scientific co-founders have made discoveries that link the epithelial-to-mesenchymal transition, or EMT, to the emergence of cancer stem cells. This transition involves the transformation of one type of cancer cell into a more aggressive and drug resistant type of cancer cell. Building on these discoveries, our scientific co-founders developed proprietary technology to create a stable population of cancer stem cells that we use to screen for and identify small molecule compounds that target cancer stem cells. We have initiated multiple clinical trials with our product candidates VS-6063, VS-4718 and VS-5584, including the registration-directed COMMAND trial of VS-6063 in mesothelioma.

We commenced active operations in the second half of 2010. Our operations to date have been limited to organizing and staffing our company, business planning, raising capital, acquiring and developing our technology, identifying potential product candidates and undertaking preclinical studies and clinical trials for our product candidates. To date, we have not generated any revenues and have financed our operations with net proceeds from the private placement of our preferred stock, our initial public offering in February 2012 and our follow-on offering in July 2013.

As of March 31, 2014, we had a deficit accumulated during the development stage of $100.7 million. We had net losses of $13.1 million, $9.0 million and $100.7 million for the three months ended March 31, 2014 and 2013 and for the period from August 4, 2010 (inception) to March 31, 2014, 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 continue the research and development and clinical trials of, and seek marketing approval for, 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 future 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, 2013 related to accrued research and development expenses and stock-based compensation. There were no changes to these critical accounting policies in the quarter ended March 31, 2014. 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 SEC on March 6, 2014.

The Company has elected to follow the extended transition period guidance provided for in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. The Company will disclose the date on which adoption of such standards is required for non-emerging growth companies and the date on which the Company will adopt the recently issued accounting standards.

RESULTS OF OPERATIONS

Comparison of the Three Months ended March 31, 2014 and March 31, 2013

Research and development expense. Research and development expense for the three months ended March 31, 2014 (2014 Quarter) was $8.4 million compared to $5.3 million for the three months ended March 31, 2013 (2013 Quarter). The $3.1 million increase from the 2013 Quarter to the 2014 Quarter is primarily related to an increase of $1.3 million in contract research organization expense for outsourced biology, development and clinical services, which includes our clinical trial costs, a $1.2 million increase in license fees related to the Encarta asset purchase, an approximate $419,000 increase in stock-based compensation expense, and an approximate $200,000 increase in personnel costs primarily due to increased average headcount.

The table below summarizes our allocation of research and development expenses to our clinical programs for VS-6063, VS-4718 and VS-5584, for the three months ended March 31, 2014. Prior to 2014, we did not track research and development expenses for specific clinical programs. Our project costing methodology does not allocate personnel and other indirect costs to specific clinical programs. These unallocated research and development expense are summarized in the table below and include $1.2 million of personnel costs.

	Three months ended, March 31, 2014 (in thousands)
VS-6063	$ 2,885
VS-4718	1,453
VS-5584	504
Unallocated research and development expense	2,353
Unallocated stock-based compensation expense	1,216
Total research and development expense	$ 8,411

Due to the uncertainty in drug development and the stage of development of our clinical programs, we are unable to predict the requirements, specific timing and estimated costs to complete the development of our product candidates or the timing of when material cash inflows may commence, if ever.

General and administrative expense. General and administrative expense for the 2014 Quarter was $4.7 million compared to $3.8 million for the 2013 Quarter. The approximately $900,000 increase from the 2013 Quarter to the 2014 Quarter primarily resulted from an approximate increase of $647,000 in stock-based compensation expense associated with restricted stock units, an approximate $215,000 increase in personnel costs primarily due to increase in salaries and headcount and an increase in

consulting fees of approximately $151,000. These increases were partially offset by a decrease in professional fees of approximately $191,000.

Interest income. Interest income increased to $72,000 for the 2014 Quarter from $44,000 for the 2013 Quarter. This increase is due to a higher average investment balance for 2014 Quarter compared to the 2013 Quarter.

LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity

To date, we have not generated any revenues. Since our inception in August 2010, we have financed our operations principally through private placements, our initial public offering in February 2012 and our follow-on offering in July 2013. As of March 31, 2014, we had received $68.1 million in net proceeds from the issuance of preferred stock and $116.6 million in net proceeds from our public offerings. As of March 31, 2014, we had $113.9 million in cash, cash equivalents and investments. We primarily invest our cash, cash equivalents and investments in a U.S. Treasury money market fund, government-sponsored enterprise securities and corporate bonds.

Cash flows

Operating activities. The use of cash in all periods resulted primarily from our net losses adjusted for non-cash charges and changes in the components of working capital. The significant increase in cash used in operating activities for the 2014 Quarter compared to the 2013 Quarter is due to an increase in research and development expenses related to our ongoing clinical trials and development of our lead product candidates.

Investing activities. The cash provided by investing activities for the 2014 and 2013 Quarters primarily reflects the net maturities of investments of $4.1 million and $25.3 million, respectively.

Financing activities. The cash used in financing activities for the 2014 and 2013 Quarters primarily reflects cash used to satisfy the tax withholding obligations on certain restricted stock units that were net settled by employees.

Funding requirements

We have three product candidates currently in clinical trials. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- continue our research, preclinical and clinical development of our product candidates, including the registration-directed trial of VS-6063 in mesothelioma;
- initiate additional clinical trials for our product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical trials;
- ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other products and technologies;
- hire additional clinical, development and scientific personnel; and

- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts.

We expect our existing cash, cash equivalents and investments will enable us to fund our current operating plan and capital expenditure requirements into the first half of 2016. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. 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 rate of progress, results and costs of completing of the registration-directed trial of VS-6063 in mesothelioma;
- assuming favorable clinical results, the cost, timing and outcome of our efforts to seek approval of VS-6063 in mesothelioma in the United States and elsewhere in the world, including to fund the preparation and filing of regulatory submissions with the FDA and other regulatory agencies worldwide;
- the scope, progress and, results of our other 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;
- the costs of future commercialization activities, including product sales, marketing, manufacturing and distribution, for any of 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. We do not have any committed external source of funds. 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 future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

CONTRACTUAL OBLIGATIONS

There have been no material changes to the contractual obligations set forth in our Annual Report on Form 10-K for the year ended December 31, 2013, except that on April 15, 2014, we entered into a lease agreement for new space that we intend to use as our corporate headquarters and for laboratory purposes. For additional information on this lease agreement, see Note 1 to our unaudited condensed consolidated financial statements included herein.

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 Securities and Exchange Commission rules.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We had cash, cash equivalents and investments of $113.9 million as of March 31, 2014, consisting of cash, U.S. Treasury money market fund, government-sponsored enterprise securities and corporate bonds. 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. Our available-for-sale securities are subject to interest rate risk and will fall in value if market interest rates increase. Due to the short-term duration of most of our investment portfolio and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our portfolio. We contract with CROs and contract manufacturers globally. We may be subject to fluctuations in foreign currency rates in connection with these agreements. Transactions denominated in currencies other than our functional currency are recorded based on exchange rates at the time such transactions arise. As of March 31, 2014, $1.3 million of our total liabilities were denominated in currencies other than our functional currency.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2014. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934 (the "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, 2014, our Chief Executive Officer and 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

No change in our internal control over financial reporting occurred during the fiscal quarter ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's 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, 2013. There have been no material changes from the factors disclosed in our 2013 Annual Report on Form 10-K, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the Securities and Exchange Commission.

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

RECENT SALES OF UNREGISTERED SECURITIES

On February 21, we purchased the assets that were the subject of the license agreement between us and Poniard from Encarta, who had previously purchased these assets in 2013. In connection with this transaction, we issued to Encarta 97,500 shares of our common stock and a warrant to purchase 142,857 shares of our common stock with an exercise price equal to $17.16 per share. The securities were issued in a private placement without registration under the Securities Act of 1933, as amended, in reliance on exemptions provided under Section 4(a)(2) and Regulation D promulgated thereunder.

PURCHASE OF EQUITY SECURITIES

We did not purchase any of our registered 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 8, 2014, Verastem, Inc. announced its financial results for the quarter ended March 31, 2014 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 (the "Exchange Act"), 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, or the Exchange Act, 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.

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 8, 2014

By: /s/ ROBERT FORRESTER

Robert Forrester
Chief Executive Officer

Date: May 8, 2014

By: /s/ JOHN B. GREEN, CPA

John B. Green
Chief Financial Officer
(Principal financial and accounting officer)

EXHIBIT INDEX

4.1	Common Stock Warrant Agreement between Verastem, Inc. and Encarta, Inc. dated February 21, 2014
10.1††	License Agreement dated May 5, 2008 by and between The Scripps Research Institute and Poniard Pharmaceuticals, Inc. (Verastem, Inc. assumed the rights and obligations of Encarta, Inc., which previously assumed the rights and obligations from Poniard Pharmaceuticals, Inc., on February 21, 2014).
10.2	Employment agreement dated April 3, 2014 between Verastem, Inc. and Monica Singh
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 (filed herewith).
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 (filed herewith).
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 (furnished herewith).
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 (furnished herewith).
99.1	Press Release issued by Verastem, Inc. on May [8], 2014 (furnished herewith).
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

† Submitted electronically herewith.

†† Confidential treatment requested under 17 C.F.R. §200.80(b)(4) and Rule 24b-2. The confidential portions of this exhibit have been omitted and are marked accordingly. The confidential portions have been provided separately to the SEC pursuant to the confidential treatment request.

In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

Exhibit 4.1

Execution Version

COMMON STOCK WARRANT AGREEMENT

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUED UPON ITS EXERCISE ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN SECTION 5 OF THIS WARRANT

Number of Shares: 142,857
(subject to adjustment)

Date of Issuance: February 21, 2014

Original Issue Date (as defined in subsection 2(a)): February 21, 2014

Verastem, Inc.

Common Stock Purchase Warrant

(Void after February 21, 2017)

Verastem, Inc., a Delaware corporation (the "Company"), for value received, hereby certifies that Encarta, Inc. or its registered assigns (the "Registered Holder"), is entitled, subject to the terms and conditions set forth below, to purchase from the Company, at any time or from time to time on or after the date of issuance and on or before 5:00 p.m. (Boston time) on February 21, 2017, 142,857 shares of Common Stock, $0.0001 par value per share, of the Company ("Common Stock"), at a purchase price of $17.16 per share. The shares purchasable upon exercise of this Warrant, and the purchase price per share, each as adjusted from time to time pursuant to the provisions of this Warrant, are hereinafter referred to as the "Warrant Shares" and the "Purchase Price," respectively.

1. Exercise.

(a) Exercise for Cash. The Registered Holder may, at its option, elect to exercise this Warrant, in whole or in part and at any time or from time to time, by surrendering this Warrant, with the purchase form appended hereto as Exhibit I duly executed by or on behalf of the Registered Holder, at the principal office of the Company, or at such other office or agency as the Company may designate, accompanied by payment in full, in lawful money of the United States, of the Purchase Price payable in respect of the number of Warrant Shares purchased upon such exercise.

(b) Cashless Exercise.

(i) The Registered Holder may, at its option, elect to exercise this Warrant, in whole or in part and at any time or from time to time, on a cashless basis, by surrendering this Warrant, with the purchase form appended hereto as Exhibit I duly executed by or on behalf of the Registered Holder, at the principal office of the Company, or at such other office or agency as the Company may designate, by canceling a portion of this Warrant in payment of the Purchase Price payable in respect of the number of Warrant Shares purchased upon such exercise. In the event of an exercise pursuant to this subsection 1(b), the number of Warrant Shares issued to the Registered Holder shall be determined according to the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of Warrant Shares that shall be issued to the Registered Holder;

Y = the number of Warrant Shares for which this Warrant is being exercised (which shall include both the number of Warrant Shares issued to the Registered Holder and the number of Warrant Shares subject to the portion of the Warrant being cancelled in payment of the Purchase Price);

A = the Fair Market Value (as defined below) of one share of Common Stock; and

B = the Purchase Price then in effect.

(ii) The Fair Market Value per share of Common Stock shall be determined as follows:

(1) If the Common Stock is listed on a national securities exchange or another nationally recognized trading system as of the Exercise Date, the Fair Market Value per share of Common Stock shall be deemed to be the average of the high and low reported sale prices per share of Common Stock thereon on the trading day immediately preceding the Exercise Date (provided that if no such price is reported on such day, the Fair Market Value per share of Common Stock shall be determined pursuant to clause (2)).

(2) If the Common Stock is not listed on a national securities exchange as of the Exercise Date, the Fair Market Value per share of Common Stock shall be deemed to be the amount most recently determined by the Board of Directors of the Company (the "Board") to represent the fair market value per share of the Common Stock (including without limitation a determination for purposes of granting Common Stock options or issuing Common Stock under any plan, agreement or arrangement with employees of the Company); and, upon request of the Registered Holder, the Board (or a representative thereof) shall, as promptly as reasonably practicable but in any event not later than 10 days after such request, notify the Registered Holder of the Fair Market Value per share of Common Stock and furnish the Registered Holder with reasonable documentation of the Board's determination of such Fair Market Value. Notwithstanding the foregoing, if the Board has not made such a determination within the three-month period prior to the Exercise Date,

then (A) the Board shall make, and shall provide or cause to be provided to the Registered Holder notice of, a determination of the Fair Market Value per share of the Common Stock within 15 days of a request by the Registered Holder that it do so, and (B) the exercise of this Warrant pursuant to this subsection 1(b) shall be delayed until such determination is made and notice thereof is provided to the Registered Holder.

(c) Exercise Date. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the day on which this Warrant shall have been surrendered to the Company as provided in subsection 1(a) or 1(b) above (the "Exercise Date"). At such time, the person or persons in whose name or names any certificates for or book-entry units representing Warrant Shares shall be issuable upon such exercise as provided in subsection 1(d) below shall be deemed to have become the holder or holders of record of the Warrant Shares represented by such certificates or book-entry units.

(d) Issuance of Certificates or Book-Entry Units. As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within 10 days thereafter, the Company, at its expense, will cause to be issued in the name of the Registered Holder, or as the Registered Holder (upon payment by the Registered Holder of any applicable transfer taxes) may direct:

(i) a certificate or certificates for or book-entry units representing the number of full Warrant Shares to which the Registered Holder shall be entitled upon such exercise plus, in lieu of any fractional share to which the Registered Holder would otherwise be entitled, cash in an amount determined pursuant to Section 3 hereof; and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of Warrant Shares equal (without giving effect to any adjustment therein) to the number of such shares called for on the face of this Warrant minus the number of Warrant Shares for which this Warrant was so exercised (which, in the case of an exercise pursuant to subsection 1(b), shall include both the number of Warrant Shares issued to the Registered Holder pursuant to such partial exercise and the number of Warrant Shares subject to the portion of the Warrant being cancelled in payment of the Purchase Price).

2. Adjustments.

(a) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the date on which this Warrant was first issued (or, if this Warrant was issued upon partial exercise of, or in replacement of, another warrant of like tenor, then the date on which such original warrant was first issued) (either such date being referred to as the "Original Issue Date") effect a subdivision of the outstanding Common Stock, the Purchase Price then in effect immediately before that subdivision shall be proportionately decreased. If the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Purchase Price then in effect immediately before the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Adjustment for Certain Dividends and Distributions. In the event the Company at any time, or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the Purchase Price then in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Purchase Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Purchase Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Purchase Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(c) Adjustment in Number of Warrant Shares. When any adjustment is required to be made in the Purchase Price pursuant to subsections 2(a) or 2(b), the number of Warrant Shares purchasable upon the exercise of this Warrant shall be changed to the number determined by dividing (i) an amount equal to the

number of shares issuable upon the exercise of this Warrant immediately prior to such adjustment, multiplied by the Purchase Price in effect immediately prior to such adjustment, by (ii) the Purchase Price in effect immediately after such adjustment.

(d) Adjustments for Other Dividends and Distributions. In the event the Company at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Company (other than shares of Common Stock) or in cash or other property (other than regular cash dividends paid out of earnings or earned surplus, determined in accordance with generally accepted accounting principles), then and in each such event provision shall be made so that the Registered Holder shall receive upon exercise hereof, in addition to the number of shares of Common Stock issuable hereunder, the kind and amount of securities of the Company, cash or other property which the Registered Holder would have been entitled to receive had this Warrant been exercised on the date of such event and had the Registered Holder thereafter, during the period from the date of such event to and including the Exercise Date, retained any such securities receivable during such period, giving application to all adjustments called for during such period under this Section 2 with respect to the rights of the Registered Holder.

(e) Adjustment for Reorganization. If there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Company in which the Common Stock is converted into or exchanged for securities, cash or other property (other than a transaction covered by subsections 2(a), 2(b) or 2(d)) (collectively, a "Reorganization"), then, following such Reorganization, the Registered Holder shall receive upon exercise hereof the kind and amount of securities, cash or other property which the Registered Holder would have been entitled to receive pursuant to such Reorganization if such exercise had taken place immediately prior to such Reorganization. In any such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions set forth herein with respect to the rights and interests thereafter of the Registered Holder, to the end that the provisions set forth in this Section 2 (including provisions with respect to changes in and other adjustments of the Purchase Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities, cash or other property thereafter deliverable upon the exercise of this Warrant.

(f) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Purchase Price pursuant to this Section 2, the Company at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Registered Holder a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property for which this Warrant shall be exercisable and the Purchase Price) and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, as promptly as reasonably practicable after the written request at any time of the Registered Holder (but in any event not later than 10 days thereafter), furnish or cause to be furnished to the Registered Holder a certificate setting forth (i) the Purchase Price then in effect and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the exercise of this Warrant.

3. Fractional Shares. The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but shall pay the value thereof to the Registered Holder in cash on the basis of the Fair Market Value per share of Common Stock, as determined pursuant to subsection 1(b)(ii) above.

4. Investment Representations. The initial Registered Holder represents and warrants to the Company as follows:

(a) Investment. It is acquiring the Warrant, and (if and when it exercises this Warrant) it will acquire the Warrant Shares, for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same; and the Registered Holder has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for the disposition thereof.

(b) Accredited Investor. The Registered Holder is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Act").

(c) Experience. The Registered Holder has made such inquiry concerning the Company and its business and personnel as it has deemed appropriate; and the Registered Holder has sufficient knowledge and experience in finance and business that it is capable of evaluating the risks and merits of its investment in the Company.

5. Transfers, etc.

(a) This Warrant and the Warrant Shares shall not be sold or transferred unless either (i) they first shall have been registered under the Act, or (ii) the Company first shall have been furnished with an opinion of legal counsel, reasonably satisfactory to the Company, to the effect that such sale or transfer is exempt from the registration requirements of the Act. Notwithstanding the foregoing, no registration or opinion of counsel shall be required for (i) a transfer by a Registered Holder which is an entity to a wholly owned subsidiary of such entity, a transfer by a Registered Holder to an affiliate or stockholder of a Registered Holder, a transfer by a Registered Holder which is a partnership to a manager or partner of such partnership or a retired partner of such partnership or to the estate of any such partner or retired partner, or a transfer by a Registered Holder which is a limited liability company to a member or manager of such limited liability company or a retired member or to the estate of any such member or retired member, provided that the transferee in each case agrees in writing to be subject to the terms of this Section 5, or (ii) a transfer made in accordance with Rule 144 under the Act.

(b) Each certificate or book-entry unit representing Warrant Shares shall bear a legend substantially in the following form:

> "These securities have not been registered under the Securities Act of 1933, as amended, and may not be offered, sold or otherwise transferred, pledged or hypothecated unless and until such securities are registered under such Act or an opinion of counsel satisfactory to the Company is obtained to the effect that such registration is not required."

The foregoing legend shall be removed from the certificates or book-entry units representing any Warrant Shares, at the request of the holder thereof, at such time as (i) a period of at least one year, as determined in accordance with paragraph (d) of Rule 144 under the Act, has elapsed since the later of the date the Warrant Shares were acquired from the Company or an affiliate of the Company, and (ii) the Warrant Shares become eligible for resale pursuant to Rule 144(b)(1)(i) under the Act.

(c) The Company will maintain a register containing the name and address of the Registered Holder of this Warrant. The Registered Holder may change its address as shown on the warrant register by written notice to the Company requesting such change.

(d) Subject to the provisions of Section 5 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant with a properly executed assignment (in the form of Exhibit II hereto) at the principal office of the Company (or, if another office or agency has been designated by the Company for such purpose, then at such other office or agency).

6. Notices of Record Date, etc. In the event:

(a) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time deliverable upon the exercise of this Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right; or

(b) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another corporation, or any transfer of all or substantially all of the assets of the Company; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, and in each such case, the Company will send or cause to be sent to the Registered Holder a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other stock or securities at the time deliverable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be sent at least 5 days prior to the record date or effective date for the event specified in such notice.

7. Reservation of Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of this Warrant, such number of Warrant Shares and other securities, cash and/or property, as from time to time shall be issuable upon the exercise of this Warrant.

8. Exchange or Replacement of Warrants.

(a) Upon the surrender by the Registered Holder, properly endorsed, to the Company at the principal office of the Company, the Company will, subject to the provisions of Section 5 hereof, issue and deliver to or upon the order of the Registered Holder, at the Company's expense, a new Warrant or Warrants of like tenor, in the name of the Registered Holder or as the Registered Holder (upon payment by the Registered Holder of any applicable transfer taxes) may direct, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock (or other securities, cash and/or property) then issuable upon exercise of this Warrant.

(b) Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement (with surety if reasonably required) in an amount reasonably satisfactory to the Company, or (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will issue, in lieu thereof, a new Warrant of like tenor.

9. Notices. All notices and other communications from the Company to the Registered Holder in connection herewith shall be mailed by certified or registered mail, postage prepaid, or sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, to the address last furnished to the Company in writing by the Registered Holder. All notices and other communications from the Registered Holder to the Company in connection herewith shall be mailed by certified or registered mail, postage prepaid, or sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, to the Company at its principal office set forth below. If the Company should at any time change the location of its principal office to a place other than as set forth below, it shall give prompt written notice to the Registered Holder and thereafter all references in this Warrant to the location of its principal office at the particular time shall be as so specified in such notice. All such notices and communications shall be deemed delivered (i) two business days after being sent by certified or registered mail, return receipt requested, postage prepaid, or (ii) one business day after being sent via a reputable nationwide overnight courier service guaranteeing next business day delivery.

Principal office of the Company:

Verastem, Inc.
215 First Street, Suite 440
Cambridge, MA 02142
Attention: Robert Forrester

10. No Rights as Stockholder. Until the exercise of this Warrant, the Registered Holder shall not have or exercise any rights by virtue hereof as a stockholder of the Company. Notwithstanding the foregoing, in the event (i) the Company effects a split of the Common Stock by means of a stock dividend and the Purchase Price of and the number of Warrant Shares are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), and (ii) the Registered Holder exercises this Warrant between the record date and the distribution date for such stock dividend, the Registered Holder shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

11. Amendment or Waiver. Any term of this Warrant may be amended or waived only by an instrument in writing signed by the party against which enforcement of the change or waiver is sought. No waivers of any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

12. Section Headings. The section headings in this Warrant are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties.

13. Governing Law. This Warrant will be governed by and construed in accordance with the internal laws of the State of New York (without reference to the conflicts of law provisions that would cause the application of the laws of any other jurisdiction).

14. Electronic Signatures. This Warrant may be executed by exchange of signatures by fax or electronic mail.

EXECUTED as of the Date of Issuance indicated above.

VERASTEM, INC.

By: /s/ John B. Green
Name: John B. Green
Title: Chief Financial Officer

EXHIBIT I

PURCHASE FORM

To: Dated:

The undersigned, pursuant to the provisions set forth in the attached Warrant (No.), hereby elects to purchase *(check applicable box)*:

o shares of the Common Stock of Verastem, Inc. covered by such Warrant; or

o the maximum number of shares of Common Stock covered by such Warrant pursuant to the cashless exercise procedure set forth in subsection 1(b).

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. Such payment takes the form of *(check applicable box or boxes)*:

o $ in lawful money of the United States; and/or

o the cancellation of such portion of the attached Warrant as is exercisable for a total of Warrant Shares (using a Fair Market Value of $ per share for purposes of this calculation); and/or

o the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 1(b), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 1(b).

Signature: _____

Address:

EXHIBIT II

ASSIGNMENT FORM

FOR VALUE RECEIVED, hereby sells, assigns and transfers all of the rights of the undersigned under the attached Warrant (No.) with respect to the number of shares of Common Stock of Verastem, Inc. covered thereby set forth below, unto:

Name of Assignee	**Address**	**No. of Shares**

Dated: _____ Signature: _____

Signature Guaranteed:

By: _____

The signature should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

Exhibit 10.l

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

LICENSE AGREEMENT

5 May**, 2008**

by and between

THE SCRIPPS RESEARCH INSTITUTE,

a California nonprofit

public benefit corporation

and

PONIARD PHARMACEUTICALS, INC.,

a Washington corporation

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TABLE OF CONTENTS

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TABLE OF CONTENTS
(continued)

Page

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LICENSE AGREEMENT

This License Agreement is entered into and made effective as of this 5th day of May, 2008 (the "Effective Date"), by and between THE SCRIPPS RESEARCH INSTITUTE, a California nonprofit public benefit corporation ("TSRI") located at 10550 North Torrey Pines Road, La Jolla, California 92037, and PONIARD PHARMACEUTICALS, INC., a Washington corporation ("Licensee") located at 300 Elliott Avenue West, Suite 500, Seattle, WA 98119, with respect to the facts set forth below.

RECITALS

A. TSRI is engaged in fundamental scientific biomedical and biochemical research including research relating to the discovery of novel protein kinase inhibitors

B. Licensee is engaged in research and development of pharmaceutical products for the treatment of cancer.

C. TSRI has disclosed to Licensee certain technology and TSRI has the right to grant a license to the technology, subject to certain rights of the U.S. Government resulting from the receipt by TSRI of certain funding from the U.S. Government.

D. TSRI desires to grant to Licensee, and Licensee wishes to acquire from TSRI, an exclusive, worldwide right and license to certain patent rights of TSRI, subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, TSRI and Licensee hereby agree as follows:

1. Definitions

Capitalized terms shall have the meaning set forth herein.

Affiliate. The term "Affiliate" shall mean any entity which directly or indirectly controls, or is controlled by another entity. The term "control" as used herein means (a) in the case of corporate entities, direct or indirect ownership of at least fifty percent (50%) of the stock or shares entitled to vote for the election of directors; or (b) in the case of non-corporate entities, direct or indirect ownership of at least fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities.

Challenge. The term "Challenge" shall mean that Licensee has initiated (or requests a sublicensee to initiate) a legal action in which it has alleged that an issued patent included in the Licensed Patent Rights is invalid or unenforceable or by which it provokes interference with a patent application included in the Licensed Patent Rights; provided, however, that, in the event such legal action is initiated by a sublicensee with respect to an issued patent or patent application it has sublicensed and Licensee terminates such sublicensee's sublicense to the issued patent or patent application, such legal action shall not be deemed to be a "Challenge" for

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purposes of this Agreement and provided, further, that in the event Licensee does not terminate such sublicense due to the "Challenge" by the sublicensee, such "Challenge" shall only result in consequences to such sublicensee hereunder (i.e., increase in royalty rates on sublicensee's Net Sales pursuant to Section 3.4) and not to Licensee, except that Licensee shall be responsible for all of such sublicensee's obligations related to the Challenge if such sublicensee fails to comply with such obligations as set forth above.

Confidential Information. The term "Confidential Information" shall mean any and all proprietary or confidential information of TSRI or Licensee which may be exchanged between the parties at any time and from time to time during the term of this Agreement. Information shall not be considered confidential to the extent that either party can establish by competent proof that it:

a. Is publicly disclosed through no fault of any party hereto, either before or after it becomes known to the receiving party; or

b. Was known to the receiving party prior to the date of this Agreement, which knowledge was acquired independently and not from another party hereto (or such party's employees); or

c. Is subsequently disclosed to the receiving party in good faith by a third party who has a right to make such disclosure; or

d. Has been published by a third party as a matter of right.

If Confidential Information is required to be disclosed by law or court order, the party required to make such disclosure shall limit the same to the minimum required to comply with the law or court order, and shall use reasonable efforts to attempt to seek confidential treatment for that disclosure, and prior to making such disclosure that party shall notify the other party, not later than [**] days (or such shorter period of time as may be reasonably practicable under the circumstances) before the disclosure in order to allow that other party to comment and/or to obtain a protective or other order, including extensions of time and the like, with respect to such disclosure.

Field. The term "Field" shall mean the diagnosis, treatment or prevention of human diseases or conditions.

Licensed Patent Rights. The term "Licensed Patent Rights" shall mean rights arising out of or resulting from: (a) the provisional patent applications set forth on Exhibit A attached hereto; (b) U.S. non-provisional/regular patent applications associated with and entitled to the benefit of the priority date of the provisional application(s) set forth on Exhibit A; (c) international (PCT) and foreign patent applications associated with the application(s) referenced in sub clauses (a)-(b) above; (d) the patents issued from the application(s) referenced in sub clauses (a)-(c); (e) divisionals, continuations, reissues, reexaminations, and extensions of any patent or application set forth in sub clauses (a)-(d) above; and (f) all claims of continuations-in-part that are entitled to the benefit of the priority date of the applications referenced in sub clauses (a)-(b) above. Annually, or earlier upon request, the parties shall update Exhibit A with

current information identifying the patent applications and patents included in Licensed Patent Rights.

Licensed Product. The term "Licensed Product" shall mean any product, the manufacture, use, importation, sale or offer for sale of which would, in the absence of the license granted by this Agreement, infringe a Valid Claim of any of the Licensed Patent Rights.

Major Market Country. The term "Major Market Country" shall mean any of the following countries: the United States of America, the United Kingdom, France, Germany or Japan.

Net Sales. The term "Net Sales" shall mean the gross amount invoiced by Licensee, or sublicensees, or any of them, on all sales of Licensed Products in the country of sale, less (a) discounts, chargebacks (only on a product by product basis) and rebates actually allowed; (b) credits for claims, allowances, retroactive price reductions, returned goods or recalls; (c) prepaid freight and insurance; (d) sales or excise taxes, duties or other governmental charges actually paid in connection with sales of Licensed Products (but excluding what are commonly known as income taxes and, if not reimbursed, value added taxes); and (e) any payment in the nature of a rebate in respect of sales to any governmental authority in respect of any government-subsidized program, including, without limitation, Medicare and Medicaid rebates. Net Sales shall include all consideration charged by Licensee or sublicensees in exchange for any Licensed Products, including without limitation any monetary payments or any other property whatsoever. For purposes of determining Net Sales, a sale shall be deemed to have occurred when an invoice therefore shall be generated or the Licensed Product is shipped for delivery. Sales of Licensed Products by Licensee or sublicensee of Licensee to any Affiliate, sublicensee or Licensee for resale or transfer of active pharmaceutical (API) for making of Licensed Products for sale shall be excluded, and only the subsequent sale of such Licensed Products by Affiliates, sublicensees or Licensee to unrelated parties shall be deemed Net Sales hereunder. Providing Licensed Product at no charge for preclinical, clinical, "compassionate use," or regulatory purposes or as samples, and sales of Licensed Product for "compassionate use," shall not be included in Net Sales. In the event a Licensed Product is sold in combination with other components which if sold alone would not be subject to a royalty payment hereunder (a "Combination Product"), Net Sales of the Licensed Product, for purposes of this Agreement, shall be calculated by multiplying the actual Net Sales of the Combination Product by the fraction A/(A+B), where A is the gross selling price, during the royalty period in question, of the Licensed Product sold separately (i.e., without the other components) and B is the gross selling price, during the royalty period in question, of the other components sold separately. In the event that no such separate sales are made, Net Sales shall be calculated by multiplying the actual Net Sales of the Combination Product by the fraction C/(C+D), where C is the fair market value of the Licensed Product (not including the other components) and D is the fair market value of such other components, such costs being determined using generally accepted accounting principles consistently applied.

Sublicense Payments. The term "Sublicense Payments" shall have the meaning set forth in Section 4.1.

Sublicense Revenue. The term "Sublicense Revenue" shall mean any and all cash and noncash consideration (valued at fair market value upon receipt) received by Licensee from its

sublicensees for the sublicense of the Licensed Patent Rights under this Agreement upon entering into a sublicense with respect to such Licensed Patent Rights; provided, however, that Sublicense Revenue shall not include amounts that are:

(a) royalties;

(b) [**]

(c) [**]

(d) [**]

(e) [**]

(f) [**]

(g) [**]

(h) [**].

[**].

Valid Claim. The term "Valid Claim" shall mean a claim of (a) an issued and unexpired patent included in the Licensed Patent Rights which has not been held unenforceable, unpatentable or invalid by a decision of a court or governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise, or (b) a patent application included in the Licensed Patent Rights that has not been cancelled, withdrawn or abandoned and that does not have a priority date more than [**] years earlier.

2. License

2.1. Grant

TSRI hereby grants and Licensee accepts, subject to the terms and conditions of this Agreement and Sections 2.4 and 2.5, an exclusive, worldwide license (with right to sublicense as permitted under Section 2.2.1) under the Licensed Patent Rights to make and have made, to use and have used, to offer to sell, to sell and have sold, and import Licensed Products in the Field.

2.2. Sublicensing

2.2.1. Granting

Licensee shall have the right to provide TSRI with one or more lists of potential sublicensees for preapproval, which preapproval shall not be unreasonably withheld or delayed by TSRI and which preapproval shall only be effective for [**] years. In connection with providing any list of potential sublicensees for preapproval, Licensee shall also indicate the expected indication(s) for Licensed Products for which it may be seeking sublicensees, which indication(s) is for informational purposes only and shall not be binding or a restriction or

condition to Licensee's ability or right to sublicense. Licensee shall have the right to grant sublicenses with respect to the rights conferred upon Licensee under this Agreement to any party on the list(s) who has been preapproved within the last [**] years; provided, however, that any such sublicense shall be subject in all respects to the provisions contained in this Agreement (excluding the payments due under Sections 3 and 4, which are Licensee's responsibility). Licensee's sublicensee(s) shall not have the right to further sublicense without TSRI's prior written consent, which consent shall not be unreasonably withheld or delayed. TSRI shall consider requests by Licensee's sublicensee(s) to further sublicense on a case-by-case basis, which consideration shall take into account (a) the identity of the proposed sublicensee and (b) a review of selected provisions (or a redacted form) of an unexecuted draft of the proposed further sublicense agreement to confirm that TSRI's rights are properly protected with respect to the scope of the sublicense (Section 2.1), the corollary provisions of Section 2.4, 2.5 and 9 of this Agreement in the further sublicense agreement and the requirement that the further sublicense is subject in all respects to the provisions contained in this Agreement (excluding the payments due under Sections 3 and 4, which are Licensee's responsibility). Any further sublicense agreement is subject in all respects to the provisions contained in this Agreement (excluding the payments due under Sections 3 and 4, which are Licensee's responsibility). Licensee shall forward to TSRI a copy of any and all fully executed sublicense agreements (including further sublicenses by a sublicensee) within [**] days of execution, which copies may be redacted (except for the financial terms related to Sublicense Revenue) to preserve confidentiality. Notwithstanding the foregoing, Licensee and its preapproved sublicensees (including their further sublicensees to which TSRI has given consent) may sublicense their Affiliates without the preapproval or consent of TSRI and need not provide TSRI a copy of any executed sublicense agreement with their Affiliates.

2.2.2. Survival of Sublicenses

Any sublicense shall, at the election of the applicable sublicensee, survive termination of this Agreement, in accordance with the provisions of this Section 2.2.2. Upon termination of this Agreement, and at the written request of a sublicensee, TSRI will grant to each sublicensee, not then in default, an option to obtain directly from TSRI a license agreement on the terms set forth below, which option shall be exercisable by each sublicensee during the [**] day period commencing on the later of the date of termination of this Agreement or when sublicensee learns of such termination. In the event a sublicensee elects to exercise this option and provides its written notice thereof within the [**] day period, as a condition precedent to TSRI's obligation to grant the direct license to that sublicensee, such sublicensee must pay to TSRI all past due royalties, non-royalty revenue, patent costs and all other monies owed by Licensee

to TSRI under this Agreement. Upon TSRI's receipt of all such outstanding monies, TSRI shall enter into a license agreement (a "New License Agreement") directly with the requesting sublicensee and the license granted in each New License Agreement shall be retroactive to the date of termination of this Agreement. Each New License Agreement shall be subject to the same non-financial terms and conditions as those in this Agreement; provided, however, that each New License Agreement shall contain substantially the same terms and conditions regarding sublicense scope, sublicense territory, duration of sublicense grant, and diligence obligations as the sublicense agreement between such sublicensee and Licensee. In addition, (i) each sublicensee shall agree in the New License Agreement to terms providing that in no event shall TSRI be liable to sublicensee for any actual or alleged breach of such sublicense agreement by

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Licensee; (ii) TSRI shall not have any obligations to such sublicensee other than TSRI's obligations to Licensee as set forth herein; and (iii) in no event shall TSRI be obliged to accept provisions in the New License Agreement (a) unless such provisions correspond to rights granted by Licensee to sublicensee in conformance with this Agreement and such provisions are not in conflict with the rights, duties and obligations accruing to the Licensee under this Agreement; or (b) where such provisions are inconsistent with the legal obligations under any other sublicense agreement granted by Licensee, or by applicable federal, state or local statute or regulation. The financial consideration to TSRI under the New License Agreement shall be as follows: (A) such sublicensee (or if there is at such time more than one such sublicensee, such sublicensees severally and jointly) shall be required to make the aggregate minimum annual royalties due pursuant to Section 3.2; and (B) each such sublicensee shall be required to make any monetary payment(s) that, had this Agreement not been terminated, Licensee would have been required to make under this Agreement. Licensee must include or specifically reference this Section 2.2.2 in each of its sublicense agreements in order for such sublicensee to have the option described above.

2.3. No Other License

This Agreement confers no license or rights by implication, estoppel, or otherwise under any patent applications or patents of TSRI other than Licensed Patent Rights regardless of whether such patents are dominant or subordinate to Licensed Patent Rights.

2.4. Governmental Interest

Licensee and TSRI acknowledge that TSRI has received, and expects to continue to receive, funding from the United States Government in support of TSRI's research activities. Licensee and TSRI acknowledge and agree that their respective rights and obligations pursuant to this Agreement shall be subject to the rights of the United States Government, existing and as amended, which may arise or result from TSRI's receipt of research support from the United States Government, including but not limited to, 37CFR401, the NIH Grants Policy Statement and the NTH Guidelines for Obtaining and Disseminating Biomedical Research Resources. To the best knowledge of TSRI, none of the named inventors of Licensed Patent Rights received grant funding from the United States Government to support research leading to the inventions described or covered by Licensed Patent Rights.

2.5. Reservation of Rights

Notwithstanding the exclusive license granted herein, TSRI reserves the right to use for any noncommercial research or educational purposes any Licensed Patent Rights, without TSRI being obligated to pay Licensee any royalties or other compensation. In addition, TSRI may grant nonexclusive licenses (without the right to sublicense) to other nonprofit or academic institutions to use for any noncommercial research or educational purposes any Licensed Patent Rights, without the nonprofit or academic institution being obligated to pay Licensee any royalties or other compensation. Upon Licensee's request, TSRI shall provide Licensee, but not more frequently than quarterly, a list of any such nonexclusive licenses, including the name of the nonprofit or academic institution and the scope of the license, which shall be deemed to be confidential information of TSRI under the terms of this Agreement.

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2.6. Disclosure of Information and Transfer of Materials

To the extent not previously disclosed or transferred to Licensee, TSRI shall promptly transfer to Licensee the materials and information as listed in Exhibit B attached hereto.

3. Royalties

3.1. License Issue Royalty

Licensee agrees to pay and shall pay to TSRI a non-creditable, nonrefundable license issue royalty in the amount of [**] U.S. Dollars (U.S. $[**]) within fifteen (15) days after the later of (a) the Effective Date or (b) transfer to Licensee of all of the information and materials identified in Exhibit B attached hereto. Failure of Licensee to make this payment shall render this Agreement null and void (ab initio).

3.2. Minimum Annual Royalty

Licensee agrees to pay and shall pay to TSRI a nonrefundable minimum annual royalty in the amount of [**] U.S. Dollars (U.S. $[**]). The first payment is due on the first anniversary of the Effective Date and thereafter on each subsequent anniversary of the Effective Date. Such payments may be credited against running royalties due for that calendar year and Royalty Reports shall reflect such a credit. Such payments shall not be credited against milestone payments (if any), Sublicense Payments (if any), nor against royalties due for any preceding or subsequent calendar year.

3.3. Running Royalties for Licensed Products

Licensee agrees to pay and shall pay to TSRI a running royalty on a country by country basis in the amount of (a) [**] percent ([**]%) of aggregate worldwide Net Sales less than $[**] of Licensed Products made by Licensee or sublicensees in a calendar year, or (b) [**] percent ([**]%) of aggregate worldwide Net Sales greater than $[**] of Licensed Products made by Licensee or sublicensees in the calendar year.

3.4. Royalty Increase for Licensed Products

Notwithstanding Section 3.3, in the event Licensee Challenges an issued patent or patent application included in the Licensed Patent Rights, the royalty rate specified in Section 3.3 shall be increased by fifty percent (50%) during the pendency of the Challenge (and by one hundred percent (100%) in the event Licensee's Challenge is unsuccessful) with respect to the Net Sales of the Licensed Products that would, in the absence of the license granted by this Agreement, infringe a Valid Claim of the Challenged patent or patent application in the country of sale, such increase to occur with respect to of the calendar quarter commencing immediately after the date Licensee first institutes such Challenge.

3.5. Multiple Royalties

No multiple royalties shall be due because any Licensed Product is covered by more than one of the Licensed Patent Rights or patent claims therein. With respect to a particular sale of a

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Licensed Product, Licensee shall pay the highest of the applicable royalties owed to TSRI pursuant to Sections 3.3 and 3.4.

3.6. Royalty Offsets

If Licensee, its Affiliate or its sublicensee, is required to license or acquire technology from a third party in order to commercialize a Licensed Product, and Licensee, its Affiliate or its sublicensee is required to pay such third-party(ies) royalties or other amounts, then Licensee may deduct up to fifty percent (50%) of the amount paid to such third parties from the payments owing to TSRI for such Licensed Product, subject to Section 3.7. Notwithstanding the above, Licensee, its Affiliate or its sublicensee shall have no right to deduct or offset any royalties or other amounts with respect to any third party technology that is involved in any cross license or similar arrangements (whether in the same or related transactions) where Licensee, its Affiliate or its sublicensee grants or provides to such third party or its agents licenses, options or other rights to existing or future technology, intellectual property, research or development activities or other information or materials, other than just improvements to the third party technology. Licensee will give TSRI advance written notice of any third-party arrangement prior to seeking to deduct any payments to the third party under the terms of this Section 3.6 in order to allow TSRI and Licensee to discuss, if needed, whether this Section 3.6 applies to such payments (i.e., whether such third party's technology is required to commercialize a Licensed Product).

3.7. Royalty Floor

It is understood that, in the event that Section 3.6 should apply to a Licensed Product, in no event shall the amounts due TSRI hereunder be reduced to less than fifty percent (50%) of the amount that would otherwise have been owed prior to the application of Section 3.6.

3.8. Arm's-Length Transactions

On sales of Licensed Products which are made in other than an arm's-length transaction, the value of the Net Sales attributed under this Section 3 to such a transaction shall be that which would have been received in an arm's-length transaction, based on sales of like quality and quantity products on or about the time of such transaction.

3.9. No Right to Recoup Royalties

In the event Licensee institutes a Challenge, Licensee shall have no right to recoup, recover, set off or otherwise get reimbursement of any royalties, Sublicense Payments, milestone payments, patent costs or other monies paid hereunder during the period of such Challenge. Licensee hereby voluntarily and irrevocably waives any right to seek return of such royalties, Sublicense Payments, milestone payments, patent costs or other monies in the event Licensee directly or indirectly institutes any Challenge.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

4. Non-Royalty Revenues

4.1. Sublicense Payments

Sublicense Revenue shall be reported to TSRI by Licensee within [**] days of receipt by Licensee. Licensee shall pay to TSRI a non-creditable, non-refundable percentage of these Sublicense Revenues, with such report, according to the following schedule ("Sublicense Payments"):

Date of Sublicense Grant (after the Effective Date)	Percent of Sublicense Revenues to Be Paid to TSRI
[**] months	[**]%
[**] months	[**]%
[**] months and beyond	[**]%

Any noncash Sublicense Revenue received by Licensee from a sublicensee shall be valued at its fair market value as of the date of receipt and the amount due under this Section 4.1 with respect to such amount shall be paid in cash.

4.2. Increase in Sublicense Payments

Notwithstanding Section 4.1, in the event Licensee institutes any Challenges with respect to an issued patent or patent application within the Licensed Patent Rights, the percentages in Section 4.1 shall be increased as follows during and after the pendency of such Challenges with respect to Sublicense Revenue received for such Challenged patent or patent application after the date Licensee first institutes such Challenges:

Date of Sublicense Grant (after the Effective Date)	Percent of Sublicense Revenues to Be Paid to TSRI
[**] months	[**]%
[**] months	[**]%
[**] months and beyond	[**]%

4.3. Product Development Milestones

Licensee agrees to pay and shall pay (or cause its sublicensee to pay) to TSRI the following non-creditable, non-refundable product development milestones within [**] days of the first occurrence of each milestone (in any Major Market Country):

Milestone	Payment (US$)
[**]	$ [**]
[**]	$ [**]
[**]	$ [**]
Total Potential Milestone Payments for all Licensed Products worldwide	$ 3,000,000

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

5. Royalty Payments

5.1. Sales by Licensee

Royalties payable pursuant to Section 3 herein, shall be payable by Licensee quarterly, within [**] days after the end of each calendar quarter, based upon Net Sales during the immediately preceding calendar quarter.

5.2. Sales by Sublicensees

Licensee agrees to pay and shall pay to TSRI, or cause its sublicensees to pay to TSRI all royalties pursuant to Section 3 herein resulting from the activities of its sublicensees, within [**] days after the end of each calendar quarter.

6. Reports on Progress, Sales or Payments

6.1. Development Plan and Benchmarks

Prior to signing this Agreement, Licensee has provided to TSRI its Development Plan and under which Licensee intends to bring the subject matter of the Licensed Patent Rights to the point of commercial use. Based on this Development Plan, a development timeline ("Benchmarks") has been established and set forth in Exhibit C attached hereto.

6.2. Progress Reports on Development Plan

Licensee shall provide written annual reports on its product development progress or efforts to commercialize under the Development Plan within [**] days after June 30 of each calendar year until annual, aggregate worldwide Net Sales first reach [**] Dollars ($[**]). Progress reports shall include, but not be limited to progress on research and development and status of applications for regulatory approvals, manufacturing, sublicensing, marketing, importing and sales during the preceding calendar year, as well as plans for the present calendar year. TSRI also encourages these reports to include information on any of Licensee's public service activities that relate to the Licensed Patent Rights. If reported progress differs from that projected in the Development Plan, Licensee shall explain the reasons for such differences. In any such annual report, Licensee may propose amendments to the Development Plan or Benchmarks, acceptance of which by TSRI may not be denied unreasonably. Licensee agrees to provide any additional information reasonably requested by TSRI to evaluate Licensee's performance under this Agreement and, upon reasonable request, to discuss such information with TSRI. TSRI shall not unreasonably withhold approval of any request of Licensee to extend the time periods in the Development Plan or Benchmarks if such request is supported by a reasonable showing by Licensee of diligence in its performance under the Development Plan and toward bringing the Licensed Products to the point of commercial use. Licensee shall use reasonable and diligent efforts to commercialize (directly or through sublicense or other arrangements) Licensed Products in the Major Market Countries.

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At any time after [**] years from the Effective Date, TSRI may terminate this Agreement after reasonable consultation with Licensee if, in TSRI's sole reasonable judgment, the progress reports furnished by Licensee do not demonstrate that Licensee: (a) has put the licensed subject matter into commercial use in the country or countries hereby licensed, directly or through a sublicense, and is keeping the licensed subject matter reasonably available to the public; or (b) is engaged in research, development, manufacturing, marketing or sublicensing activity appropriate to achieving the goals described in this Section 6.2, provided, that TSRI has provided express written notice to Licensee explaining in reasonably specific detail the reasons for such judgment and has provided Licensee at least [**] days to cure the diligence failure alleged by TSRI or provide TSRI evidence in support of Licensee's diligence efforts. Notwithstanding the foregoing, achievement of the Benchmarks specified in Exhibit C shall be considered fulfillment of these efforts. Licensee shall report to TSRI the dates for achieving the Benchmarks specified in Exhibit C and the first commercial sale of a Licensed Product in each Major Market Country within [**] days of such occurrences.

6.3. Reports on Revenues and Payments

Licensee shall submit to TSRI, no later than [**] days after then end of each calendar quarter, a royalty report (the "Royalty Report") setting forth for such quarter at least the following information:

(a) the number of Licensed Products sold by Licensee and its sublicensees;

(b) the gross amounts due or charged for such Licensed Products;

(c) a list of each deduction applicable to determine the Net Sales of Licensed Products;

(d) the amount of Sublicense Revenues received by Licensee; and

(e) the amount of royalty due on all of the above, or if no royalties are due to TSRI for any reporting period, the statement that no royalties are due and a detailed explanation why they are not due for that quarterly period.

Such Royalty Report shall be certified as correct by an officer of Licensee and shall include a detailed listing of all deductions from royalties.

6.4. Royalty Payments

Licensee agrees to pay and shall pay (or cause its sublicensee to pay) to TSRI with each Royalty Report the amount of royalty due with respect to such quarter. If multiple technologies are covered by the license granted hereunder, Licensee shall specify which Licensed Patent Rights are utilized for each Licensed Product included in the Royalty Report. All payments due hereunder shall be deemed received when funds are credited to TSRI's bank account and shall be payable by check or wire transfer in United States Dollars.

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6.5. Foreign Sales

The remittance of royalties payable on sales outside the United States shall be payable to TSRI in United States Dollar equivalents at the official rate of exchange of the currency of the country from which the royalties are payable, as quoted in the Wall Street Journal for the last business day of the calendar quarter in which the royalties are payable. If the transfer of or the conversion into the United States Dollar equivalents of any such remittance in any such instance is not lawful or possible, the payment of such part of the royalties as is necessary shall be made by the deposit thereof, in the currency of the country where the sale was made on which the royalty was based to the credit and account of TSRI or its nominee in any commercial bank or trust company of TSRI's choice located in that country, prompt written notice of which shall be given by Licensee to TSRI.

6.6. Foreign Taxes

Any tax required to be withheld by Licensee under the laws of any foreign country for any royalties or other amounts due hereunder or for the accounts of TSRI shall be promptly paid by Licensee for and on behalf of TSRI to the appropriate governmental authority, and Licensee shall furnish TSRI with proof of payment of such tax together with official or other appropriate evidence issued by the applicable government authority. Any such tax actually paid on TSRI's behalf shall be deducted from royalty payments due TSRI.

7. Record Keeping

Licensee shall keep, and shall require its Affiliates and sublicensees to keep, accurate records (together with supporting documentation) of Licensed Products made, used or sold under this Agreement, appropriate to determine the amount of royalties, Sublicense Payments, Product Development Milestone Payments and other monies due to TSRI hereunder. Such records shall be retained for at least [**] years following the end of the reporting period to which such records relate. They shall be available during normal business hours for examination and copying by an independent certified public accountant selected by TSRI, for the purpose of verifying Licensee's reports and payments hereunder and its compliance with this Agreement. In conducting examinations pursuant to this Section, TSRI's accountant shall have access to, and may disclose to TSRI, all records which TSRI reasonably believes to be relevant to the calculation of royalties under Section 3, non-royalty revenues under Section 4 and Licensee's compliance with this Agreement.

Except as set forth above, TSRI's accountant shall not disclose to TSRI any information other than information relating to the accuracy of reports and payments made hereunder and to Licensee's compliance with this Agreement.

Such examination by TSRI's accountant shall be at TSRI's expense. If there has been an underreporting or underpayment in excess of five percent (5%) for any twelve (12)-month period, then Licensee shall pay the cost of such examination (including without limitation TSRI's attorney's fees, accountant's fees and other costs) as well as any additional sum that would have been payable to TSRI had the Licensee reported correctly, plus interest on said sum

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at the rate of one and one-half percent (1-1/2 %) per month. All payments due hereunder shall be made within [**] days of receipt of a written demand from TSRI.

8. Patent Matters

8.1. Patent Prosecution and Maintenance

From and after the date of this Agreement, the provisions of this Section 8 shall control the prosecution of any patent application and maintenance of any patent included within the Licensed Patent Rights. Subject to the requirements, limitations and conditions set forth in this Agreement, TSRI shall (a) direct and control the preparation, filing and prosecution of the United States and foreign patent applications within Licensed Patent Rights (including without limitation any reissues, reexaminations, appeals to appropriate patent offices and/or courts, interferences and foreign oppositions); and (b) maintain the patents issuing therefrom. TSRI shall select the outside patent attorney, subject to Licensee's written approval, which approval shall not be unreasonably withheld. TSRI shall have the right, at its reasonable discretion, to utilize TSRI's Office of Patent Counsel in lieu of or in addition to independent counsel for patent prosecution and maintenance described herein, and the reasonable fees and expenses associated with the work done by such Office of Patent Counsel and/or independent counsel shall be paid as set forth below. Licensee shall have full rights of consultation with the patent attorney so selected on all matters relating to Licensed Patent Rights. TSRI shall use its best efforts to implement all reasonable and timely requests made by Licensee with regard to the preparation, filing, prosecution and/or maintenance of the patent applications and/or patents within the Licensed Patent Rights.

8.2. Information to Licensee

TSRI shall keep Licensee timely informed with regard to the patent application and maintenance processes and other submissions relating thereto and give Licensee and Licensee's counsel reasonable opportunity to review and comment on the text of each patent application within the Licensed Patent Rights and other submissions relating thereto before filing, including, but not limited to, the type and scope of the useful claims and the nature of supporting disclosures. TSRI shall deliver to Licensee copies of all patent applications, amendments, related correspondence, and other related matters in a timely matter.

8.3. Patent Costs

Licensee acknowledges and agrees that the license granted hereunder is in partial consideration for Licensee's assumption of patent costs and expenses as described herein. Licensee agrees to pay and shall pay for all expenses referenced in Section 8.1 hereof. In addition, Licensee agrees to reimburse, and shall reimburse, TSRI for all reasonable, unreimbursed patent costs and expenses previously paid or associated with Licensed Patent Rights as of the Effective Date. Licensee agrees to pay, and shall pay, all such unreimbursed past patent costs and expenses and all reasonable future patent expenses associated with the work on the Licensed Patent Rights performed by TSRI's Office of Patent Counsel and/or its independent counsel within thirty (30) days after Licensee receives an itemized invoice therefor. Failure of Licensee to pay patent costs and expenses as set forth in this Section 8.3 shall

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immediately relieve TSRI from its obligation to incur any further patent costs and expenses, For the avoidance of doubt, should Licensee be in arrears for any patent costs and expenses due to TSRI or independent counsel, TSRI shall have the right, at its sole discretion, to cease all patent prosecution and allow the Licensed Patent Rights to go abandoned. Such action by TSRI shall not constitute a breach of this Agreement. Payment can be made directly to independent counsel, or to TSRI. Licensee may elect with a minimum of ninety (90) days prior written notice to TSRI, to discontinue payment for the filing, prosecution and/or maintenance of any patent application and/or patent within the Licensed Patent Rights. Licensee shall remain liable for all patent prosecution and maintenance costs incurred prior to the date of notice of election and for a ninety (90) day period following the date of such notice. Any such patent application or patent so elected shall immediately be excluded from the definition of Licensed Patent Rights and from the scope of the licenses granted under this Agreement, and all rights relating thereto shall revert to TSRI and may be freely licensed by TSRI.

8.4. Ownership

The Licensed Patent Rights are owned by TSRI and no other third parties.

8.5. TSRI Right to Pursue Patent

If at any time during the term of this Agreement, Licensee's rights with respect to the Licensed Patent Rights are terminated, TSRI shall have the right to take whatever action TSRI deems appropriate to obtain or maintain the corresponding patent protection. If TSRI pursues patents under this Section 8.5, Licensee agrees to cooperate fully, including by providing, at no charge to TSRI, all appropriate technical data and executing all necessary legal documents.

8.6. Infringement Actions

8.6.1. Notice of Alleged Infringement

Each party shall inform the other party promptly in writing of any alleged infringement by a third party of the Licensed Patent Rights covering the Licensed Products which comes to its attention and of any reasonably available evidence thereof. During the term of this Agreement, the parties shall consult with each other regarding such infringement of any patent within the Licensed Patent Rights.

8.6.2. Prosecution and Defense of Infringements

Subject to the last sentence of this Section 8,6.2, Licensee shall prosecute any and all infringements in the Field of any Licensed Patent Rights by third parties, unless otherwise agreed to between TSRI and Licensee. Licensee may enter into settlements, stipulated judgments or other arrangements respecting such infringement, at its own expense, but only with the prior written consent of TSRI, which consent shall not be unreasonably withheld. TSRI shall permit any action to be brought in its name if required by law, and Licensee shall hold TSRI harmless from any costs, expenses or liability respecting all such infringements. TSRI agrees to provide reasonable assistance of a technical nature which Licensee may require in any litigation arising in accordance with the provisions of this Section 8.7.2, for which Licensee shall pay to TSRI a reasonable hourly rate of compensation. In the event Licensee decides not to prosecute any such

infringement, Licensee shall notify TSRI in writing promptly and TSRI shall have the right, but not the obligation, to prosecute such infringement on its own behalf. Failure on the part of Licensee to prosecute any such infringement shall be grounds for termination of the license granted to Licensee with respect to the patent(s) at issue, and such patents shall thereafter be excluded from the definition of Licensed Patent Rights, unless such prosecution would be unwarranted or unreasonable in view of: [**].

8.6.3. Allocation of Recovery

Any damages or other recovery from an infringement action undertaken by Licensee pursuant to Section 8.7.2 shall first be used to reimburse the parties for the costs and expenses incurred in such action, and shall thereafter be allocated between the parties as follows: (i) [**] to TSRI and (ii) [**] to Licensee. If Licensee fails to prosecute such action to completion and TSRI prosecutes such action to completion, then any damages or recovery, net of the parties' costs and expenses incurred in such infringement action, shall be allocated entirely to TSRI and shall be the sole property of TSRI.

8.7. Pre-Challenge Requirements

Licensee will provide written notice to TSRI at least [**] days prior to instituting a legal action that alleges that an issued patent included in the Licensed Patent Rights is invalid or unenforceable or by which it provokes interferences with a patent application included in the Licensed Patent Rights. Licensee will include with such written notice a list of all prior art and a description of the other facts and arguments that supports its contention that such patent is invalid or unenforceable, or such patent application does not contain patentable subject matter and should not issue, to enable the parties to attempt in good faith to mutually resolve such issues.

9. Indemnity and Insurance

9.1. Indemnity

Licensee hereby agrees to indemnify, defend (by counsel reasonably acceptable to TSRI) and hold harmless TSRI and any parent, subsidiary or other affiliated entity and their trustees, directors, officers, employees, scientists, agents, successors, assigns and other representatives (collectively, the "Indemnitees") from and against all damages, claims, liabilities, losses and other expenses, including without limitation reasonable attorney's fees, expert witness fees and costs , whether or not a lawsuit or other proceeding is filed, arising from claims asserted by third parties ("Claim"), that arise out of or relate to (a) Licensee's or any sublicensee's use of any of the Licensed Patent Rights, (b) alleged defects or other problems with any of the Licensed Products manufactured, sold, distributed or rendered by Licensee or any sublicensee, including without limitation any personal injuries, death or property damages related thereto, (c) any advertising or other promotion of the Licensed Products by Licensee or any sublicensees, (d) any allegations that the Licensed Products developed, manufactured, sold, distributed or rendered by Licensee or any sublicensee and/or any trademarks, service marks, logos, symbols, slogans or other materials used in connection with or to market Licensed Products violate or infringe upon the trademarks, service marks, trade dress, trade names, copyrights, patents, works of authorship,

inventorship rights, trade secrets, database rights, rights under unfair competition laws, rights of publicity, privacy or defamation, or any other intellectual or industrial property rights of any third party, (e) Licensee's or any sublicensee's failure to comply with any applicable laws, rules or regulations, (f) Licensee's or any sublicensee's transactions with third parties or the operation of their respective businesses, and/or (g) the negligent or willful acts or omissions of Licensee or any sublicensee; provided that to the extent any Claim directly arises out of any gross negligent action, or failure to act, by an Indemnitee, a material breach of any law or regulation by an Indemnitee, or TSRI's breach of this Agreement, that has been finally determined by a court of competent jurisdiction or by arbitration, Licensee's liability for the Claim hereunder will be apportioned. Licensee shall not enter into any settlement of such Claims that involve TSRI admitting any liability, paying any money or taking any action that would have an adverse effect on TSRI's reputation or business without TSRI's prior written consent. Notwithstanding the above, Indemnitees, at their expense, shall have the right to retain separate independent counsel to assist in defending any such Claims. In the event Licensee fails to promptly indemnify and defend such Claims and/or pay Indemnitees' expenses as provided above, Indemnitees shall have the right to defend themselves, and in that case, Licensee shall reimburse Indemnitees for all of their reasonable attorney's fees, costs and damages incurred in settling or defending such Claims within thirty (30) days of each of Indemnitees' written requests. This indemnity shall be a direct payment obligation and not merely a reimbursement obligation of Licensee to Indemnitees.

9.2. Insurance

Licensee shall name TSRI and Indemnitees as "additional insured" on any commercial general liability and product liability insurance policies maintained by Licensee, its Affiliates and sublicensees applicable to the Licensed Products.

9.2.1. Amount

During the time any such Licensed Product is involved in a clinical trial or being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by Licensee or by a sublicensee, Licensee (or its sublicensee, as the case may be) shall, at its sole cost and expense, procure and maintain (a) commercial general liability insurance in amounts not less than $[**] per occurrence and $[**] annual aggregate and naming TSRI and Indemnitees as additional insured and (b) product liability insurance in amounts not less than $[**] per claim and $[**] annual aggregate and naming TSRI and Indemnitees as additional insured. Such commercial general liability insurance shall provide (i) broad form contractual liability coverage for Licensee's indemnification under this Agreement and (ii) coverage for litigation costs. Such product liability insurance shall provide (x) product liability coverage, (y) broad form contractual liability coverage for Licensee's indemnification under this Agreement, and (z) coverage for litigation costs. If Licensee elects to self-insure all or part of the limits described above (including deductibles or retentions which are in excess of $[**] annual aggregate) such self-insurance program must be acceptable to TSRI in its reasonable discretion unless Licensee or its sublicensee has and maintains a market capitalization in excess of [**] Dollars ($[**]). The insurance coverage amounts specified herein or the maintenance of such insurance policies shall not in any way limit Licensee's indemnity or other liability under this Agreement.

9.2.2. Subrogation

In addition, Licensee, on behalf of itself and its insurance carriers, waives any and all claims and rights of recovery against TSRI and the Indemnitees for insured losses, including without limitation all rights of subrogation, with respect to either party's performance under this Agreement or for any loss of or damage to Licensee or its property or the property of others under its control. Licensee's commercial general liability insurance and product liability policies shall also include a waiver of subrogation consistent with this Section 9.2.2 in favor of TSRI and the Indemnitees. Licensee shall be responsible for obtaining such waiver of subrogation from its insurance carriers. Licensee's insurance policies shall be primary and not contributory to any insurance carried by its sublicensees or by TSRI. Upon TSRI's request, Licensee shall deliver to TSRI copies of insurance certificates or binders and such waiver of subrogation that complies with the requirements of this Section 9.

9.2.3. Notice

Licensee shall provide TSRI with written notice at least [**] days prior to the cancellation, non-renewal or material change in such insurance. If Licensee does not obtain replacement insurance providing comparable coverage within such [**] day period, TSRI shall have the right to terminate this Agreement effective at the end of such [**] day period without notice or any additional waiting periods.

9.2.4. Time Period

Licensee shall maintain such product liability insurance beyond the expiration or termination of this Agreement during (a) the period that any Licensed Product relating to, or developed pursuant to, this Agreement is being commercially distributed or sold by Licensee or by a sublicensee, Affiliate or agent of Licensee; and (b) a reasonable period after the period referred to in Section 9.2.4 (a) above which in no event shall be less than [**] years.

10. Limited Warranty

TSRI hereby represents and warrants that (a) it has the lawful right and power to grant the licenses provided herein and enter into this Agreement, (b) it is the owner of the Licensed Patent Rights set forth in Exhibit A, (c) as of the Effective Date, it has not granted any other party any interest in the Licensed Patent Rights and (d) to the best of its knowledge, it has not granted and will not grant any rights or licenses in conflict with this Agreement. TSRI MAKES NO OTHER WARRANTIES CONCERNING LICENSED PATENT RIGHTS, MATERIALS/INFORMATION IN EXHIBIT B OR ANY OTHER MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR ARISING OUT OF COURSE OF CONDUCT OR TRADE CUSTOM OR USAGE, AND TSRI DISCLAIMS ALL SUCH EXPRESS OR IMPLIED WARRANTIES. TSRI MAKES NO WARRANTY OR REPRESENTATION AS TO THE VALIDITY OR SCOPE OF LICENSED PATENT RIGHTS, OR THAT ANY LICENSED PRODUCT OR MATERIALS/INFORMATION IN EXHIBIT B WILL BE FREE FROM AN INFRINGEMENT OF PATENTS OR OTHER INTELLECTUAL PROPERTY RIGHTS OF

THIRD PARTIES, OR THAT NO THIRD PARTIES ARE IN ANY WAY INFRINGING UPON ANY LICENSED PATENT RIGHTS COVERED BY THIS AGREEMENT. FURTHER, TSRI HAS MADE NO INVESTIGATION AND MAKES NO REPRESENTATION THAT THE LICENSED PATENT RIGHTS OR MATERIALS/INFORMATION IN EXHIBIT B ARE SUITABLE FOR LICENSEE'S PURPOSES.

EXCEPT WITH RESPECT TO LICENSEE'S INDEMNITY IN SECTION 9.1, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF PROFITS OR EXPECTED SAVINGS OR OTHER ECONOMIC LOSSES, OR FOR INJURY TO PERSONS OR PROPERTY) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ITS SUBJECT MATTER. TSRI'S AGGREGATE LIABILITY, IF ANY, FOR ALL DAMAGES OF ANY KIND RELATING TO THIS AGREEMENT OR ITS SUBJECT MATTER SHALL NOT EXCEED THE AMOUNT PAID AT ANY TIME BY LICENSEE TO TSRI UNDER THIS AGREEMENT (WHICH LIABILITY, AS DETERMINED BY A COURT OF COMPETENT JURISDICTION OR BY ARBITRATION, LICENSEE MAY USE AS AN OFFSET AGAINST ITS FUTURE PAYMENTS DUE UNDER THIS AGREEMENT). THE FOREGOING EXCLUSIONS AND LIMITATIONS SHALL APPLY TO ALL CLAIMS AND ACTIONS OF ANY KIND AND ON

ANY THEORY OF LIABILITY, WHETHER BASED ON CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO NEGLIGENCE OR STRICT LIABILITY), OR ANY OTHER GROUNDS, AND REGARDLESS OF WHETHER TSRI HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. THE PARTIES FURTHER AGREE THAT EACH WARRANTY DISCLAIMER, EXCLUSION OF DAMAGES OR OTHER LIMITATION OF LIABILITY HEREIN IS INTENDED TO BE SEVERABLE AND INDEPENDENT OF THE OTHER PROVISIONS SINCE THEY EACH REPRESENT SEPARATE ELEMENTS OF RISK ALLOCATION BETWEEN THE PARTIES.

11. Confidentiality and Publication

11.1. Treatment of Confidential Information

The parties agree that during the term of this Agreement, and for a period of [**] years after this Agreement expires or terminates, a party receiving Confidential Information of the other party will (a) maintain in confidence such Confidential Information to the same extent such party maintains its own proprietary information; (b) not disclose such Confidential Information to any third party without prior written consent of the other party; and (c) not use such Confidential Information for any purpose except those permitted by this Agreement. TSRI agrees that Licensee and its sublicensees shall be permitted to disclose Confidential Information that relates to the Licensed Patent Rights in connection with the exercise of its licenses hereunder as long as the disclosure is on a need-to-know basis and is protected by a written obligation of confidentiality that is as restrictive as contained in this Agreement or the disclosure is to a governmental agency (provided the disclosing party complies with the procedure in the last paragraph of the definition of "Confidential Information" in Section 1).

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

11.2. Publications

Licensee agrees that TSRI shall have a right to publish in accordance with its general policies; provided, TSRI has complied with the terms of Section 5.2 of the Research Funding and Option Agreement between TSRI and Licensee dated August 4, 2005.

11.3. Publicity

Except as otherwise provided herein or required by law, no party shall originate any publication, news release or other public announcement, written or oral, whether in the public press, stockholders' reports, or otherwise, relating to this Agreement or to any sublicense hereunder, or to the performance hereunder or under any such sublicense agreements, without the prior written approval of the other party, which approval shall not be unreasonably withheld and which approval shall not be required for such publications by Licensee or its sublicensees that do not in any way mention or refer to TSRI or the Licensed Patent Rights, or with respect to a script or description previously approved by TSRI. Scientific publications published in accordance with Section 11.2 of this Agreement shall not be construed as publicity governed by this Section 11.3.

12. Term and Termination

12.1. Term

Unless terminated sooner in accordance with the terms set forth herein, this Agreement, and the licenses granted hereunder, shall expire upon the last to expire of any patents included in the Licensed Patent Rights.

12.2. Termination Upon Mutual Agreement

This Agreement may be terminated by mutual written consent of both parties.

12.3. Termination by TSRI

TSRI may terminate this Agreement as follows:

(a) If Licensee does not make a payment due hereunder and fails to cure such non-payment (including the payment of interest in accordance with Section 14.2) within thirty (30) days after the date of notice in writing of such non-payment by TSRI;

(b) If Licensee defaults in its indemnification and insurance obligations under Section 9 and has not cured such default within thirty (30) days of written notice thereof by TSRI;

(c) If Licensee shall become insolvent, shall make an assignment for the benefit of creditors, or shall have a petition in bankruptcy filed for or against it unless the petition filed by others is dismissed within ninety (90) days. Such termination shall be effective immediately upon TSRI giving written notice to Licensee;

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

(d) If an examination by TSRI's accountant pursuant to Section 7 leads to a determination of an underreporting or underpayment by Licensee of fifteen percent (15%) or more for any calendar year and a subsequent examination pursuant to Section 7 leads to a similar determination of underreporting or underpayment by Licensee of fifteen percent (15%) or more for any subsequent calendar year;

(e) If Licensee is convicted of a felony relating to the manufacture, use or sale of Licensed Products;

(f) In the event Licensee institutes any Challenges, TSRI has the right, within ninety (90) days of such Challenge, to immediately terminate this Agreement with respect to the Challenged patent or patent application without any liability and without any opportunity to cure by Licensee upon written notice to Licensee;

(g) If, at any time after two (2) years from the Effective Date, TSRI determines that this Agreement should be terminated pursuant to Section 6.2; or

(h) Except as provided in subparagraphs (a) - (g) above, if Licensee defaults in the performance of any material obligations under this Agreement and the default has not been remedied within sixty (60) days after the date of notice in writing of such default by TSRI.

12.4. Termination by Licensee

Licensee may terminate this Agreement or any portion of its license rights hereunder by giving ninety (90) days advance written notice of termination to TSRI and paying a termination fee of [**] ($[**]) to TSRI; provided, however, Licensee may terminate this Agreement without such fee if TSRI defaults in the performance of any material obligations under this Agreement and the default has not been remedied within sixty (60) days after the date of notice in writing of such default by License.

12.5. Rights Upon Expiration

Neither party shall have any further rights or obligations upon the expiration of this Agreement upon its regularly scheduled expiration date other than the obligation of Licensee to make any and all reports and payments for the final quarterly period; provided, however, that upon such expiration, each party shall be required to continue to abide by its non-disclosure obligations as described in Section 11.1 which shall survive such expiration. Sections 2.2, 2.4, 2.5, 6.3, 6.4, 6.5, 6.6, 7, 8.3, 8.4, 9, 10, 12 and 14 shall also survive the expiration of this Agreement.

12.6. Rights Upon Termination

Notwithstanding any other provision of this Agreement, upon any termination of this Agreement prior to the regularly scheduled expiration date of this Agreement, the licenses granted hereunder shall terminate and revert to TSRI, except that any sublicensee who is not then in breach of its sublicense shall have the right to continue its license rights as set forth in Section 2.2.2. Except as otherwise provided in Section 12.7 of this Agreement with respect to work-in-progress, upon such termination, Licensee shall have no further right under this Agreement to

develop, manufacture or market any Licensed Product or to otherwise use any Licensed Patent Rights hereunder. Upon any such termination, Licensee shall promptly return to TSRI or destroy all materials, samples, documents, information, and other materials that are covered by a Valid Claim of an issued patent included in the Licensed Patent Rights solely owned by TSRI ("Patent Rights Materials"); provided, however, that Licensee may retain one archival copy of the Patent Rights Materials and shall not be obligated to return to TSRI or destroy proprietary information which Licensee can show that it independently developed, Patent Rights Materials that may be used pursuant to 35 USC 271(e)(1) without infringing a Valid Claim of an issued patent included in the Licensed Patent Rights, or Patent Rights Materials to which Licensee has a non-exclusive license pursuant to the Research Funding and Option Agreement between TSRI and Licensee dated August 4, 2005. Any such termination shall not relieve either party from any obligations accrued to the date of such termination. Upon such termination, each party shall be required to abide by its nondisclosure obligations as described in Section 11.1 which shall survive such termination. Sections 2.3.2, 2.4, 2.5, 6.3, 6.4, 6.5, 6.6, 7, 8.3, 8.4, 9, 10, 12 and 14 shall also survive the termination of this Agreement.

12.7. Work-in-Progress

Upon any such early termination of the licenses granted hereunder in accordance with this Agreement, Licensee shall be entitled to finish any work-in-progress and to sell any completed inventory of a Licensed Product covered by such licenses which remain on hand as of the date of the termination, so long as Licensee sells such inventory in the normal course of business and at regular selling prices and pays to TSRI the royalties applicable to said subsequent sales in accordance with the terms and conditions as set forth in this Agreement, provided that no such sales shall be permitted after the expiration of [**] months after the date of termination.

12.8. Final Royalty Report

Upon termination or expiration of this Agreement, Licensee shall submit a final report to TSRI and any payments due TSRI and unreimbursed patent expenses invoiced by TSRI shall become immediately payable.

13. Assignment; Successors

13.1. Assignment

Any and all assignments of this Agreement or any rights granted hereunder without the prior written consent of the other party, which shall not be unreasonably withheld, are void; provided, however, that either party may, without such consent, assign this Agreement and transfer its rights and obligations hereunder in connection with a merger, consolidation or reorganization of that party or to an Affiliate or a purchaser of all or substantially all of its assets.

13.2. Binding Upon Successors and Assigns

Subject to the limitations on assignment herein, this Agreement shall be binding upon and inure to the benefit of any successors in interest and assigns of TSRI and Licensee. Any such successor or assignee of Licensee's interest shall expressly assume in writing the performance of

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

all the terms and conditions of this Agreement to be performed by Licensee and such written assumption shall be delivered to TSRI as a condition to TSRI's agreement to consent to any such assignment.

14. General Provisions

14.1. Independent Contractors

The relationship between TSRI and Licensee is that of independent contractors. TSRI and Licensee are not joint venturers, partners, principal and agent, master and servant, employer or employee, and have no other relationship other than independent contracting parties. TSRI and Licensee shall have no power to bind or obligate each other in any manner, other than as is expressly set forth in this Agreement.

14.2. Late Payments

Late payments of any and all payments due hereunder shall be subject to a charge of one and one-half percent (1-1/2%) per month, or two hundred and fifty dollars ($250) whichever is greater.

14.3. Governmental Approvals and Marketing of Licensed Products

Licensee shall be responsible for obtaining all necessary governmental approvals for the development, production, distribution, performance, sale and use of any Licensed Product at Licensee's expense, including, without limitation, any safety studies. Licensee shall have sole responsibility for any warning labels, packaging and instructions as to the use of Licensed Products and for the quality control for any Licensed Products.

14.4. Patent Marking

To the extent required by applicable law, Licensee shall mark all Licensed Products or their containers in accordance with the applicable patent marking laws.

14.5. No Use of Name

The use of the name "The Scripps Research Institute", "Scripps", "TSRI" or any variation thereof in connection with the advertising, sale or performance of Licensed Products is expressly prohibited.

14.6. U.S. Manufacture

To the extent required, Licensee agrees to abide by the Preference for United States Industry as set forth in 37 CFR 401.14 (I).

14.7. Foreign Registration

Licensee agrees to register this Agreement with any foreign governmental agency which requires such registration, and Licensee shall pay all costs and legal fees in connection therewith.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

In addition, Licensee shall ensure that all foreign laws affecting this Agreement or the sale of Licensed Products are fully satisfied.

14.8. Arbitration

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof shall be settled by binding confidential arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and the procedures set forth below. In the event of any inconsistency between the Rules of AAA and the procedures set forth below, the procedures set forth below shall control. Judgment upon the award rendered by the arbitrators may be enforced in any court having jurisdiction thereof.

14.8.1. Location

The location of the arbitration shall be in the County of San Diego. TSRI and Licensee hereby irrevocably submit to the exclusive jurisdiction and venue of the American Arbitration Association arbitration panel selected by the parties and located in San Diego County, California for any dispute regarding this Agreement and to the exclusive jurisdiction and venue of the federal and state courts located in San Diego County, California for any action or proceeding to enforce an arbitration award or as otherwise provided in Section 14.8.5 below, and waive any right to contest or otherwise object to such jurisdiction or venue.

14.8.2. Selection of Arbitrators

The arbitration shall be conducted by a panel of three neutral arbitrators who are independent and disinterested with respect to the parties, this Agreement, and the outcome of the arbitration. Each party shall appoint one neutral arbitrator, and these two arbitrators so selected by the parties shall then select the third arbitrator, and all arbitrators must have at least ten (10) years experience in mediating or arbitrating cases regarding the same or substantially similar subject matter as the dispute between Licensee and TSRI. If one party has given written notice to the other party as to the identity of the arbitrator appointed by the party, and the party thereafter makes a written demand on the other party to appoint its designated arbitrator within the next [**] days, and the other party fails to appoint its designated arbitrator within [**] days after receiving said written demand, then the arbitrator who has already been designated shall appoint the other two arbitrators.

14.8.3. Discovery

The arbitrators shall decide any disputes and shall control the process concerning these pre-hearing discovery matters. Pursuant to the Rules of AAA, the parties may subpoena witnesses and documents for presentation at the hearing.

14.8.4. Case Management

Prompt resolution of any dispute is important to both parties; and the parties agree that the arbitration of any dispute shall be conducted expeditiously. The arbitrators are instructed and directed to assume case management initiative and control over the arbitration process (including scheduling of events, pre-hearing discovery and activities, and the conduct of the hearing), in

order to complete the arbitration as expeditiously as is reasonably practical for obtaining a just resolution of the dispute.

14.8.5. Remedies

The arbitrators may grant any legal or equitable remedy or relief that the arbitrators deem just and equitable, to the same extent that remedies or relief could be granted by a state or federal court, provided however, that no punitive damages may be awarded. No court action shall be maintained seeking punitive damages. The decision of any two of the three arbitrators appointed shall be binding upon the parties. Notwithstanding anything to the contrary in this Agreement, prior to or while an arbitration proceeding is pending, either party has the right to seek and obtain injunctive and other equitable relief from a court of competent jurisdiction to enforce that party's rights hereunder.

14.8.6. Expenses

The expenses of the arbitration, including the arbitrators' fees, expert witness fees, and attorney's fees, may be awarded to the prevailing party, in the discretion of the arbitrators, or may be apportioned between the parties in any manner deemed appropriate by the arbitrators. Unless and until the arbitrators decide that one party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrators' fees as and when billed by the arbitrators.

14.8.7. Confidentiality

Except as set forth below, and as necessary to obtain or enforce a judgment upon any arbitration award, the parties shall keep confidential the fact of the arbitration, the dispute being arbitrated, and the decision of the arbitrators. Notwithstanding the foregoing, the parties may disclose information about the arbitration to persons who have a need to know, such as directors, trustees, management employees, witnesses, experts, investors, attorneys, lenders, insurers, and others who may be directly affected. Additionally, if a party has stock which is publicly traded, the party may make such disclosures as are required by applicable securities laws, but will use commercially reasonable efforts to seek confidential treatment for such disclosure.

14.9. Entire Agreement; Modification

This Agreement and all of the attached Exhibits, set forth the entire agreement and understanding between the parties as to the subject matter hereof, and supersede all prior or contemporaneous agreements or understandings, whether oral or written, except the Research Funding and Option Agreement between TSRI and Licensee dated August 4, 2005. There shall be no amendments or modifications to this Agreement, except by a written document which is signed by both parties.

14.10. California Law

This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to its conflicts or choice of laws principles thereof.

14.11. Headings

The headings for each article and section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

14.12. Severability

Should any one or more of the provisions of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, it shall be considered severed from this Agreement and shall not serve to invalidate the remaining provisions thereof. The parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by them when entering this Agreement may be realized.

14.13. No Waiver

Any delay in enforcing a party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

14.14. Name

Whenever there has been an assignment or a sublicense by Licensee as permitted by this Agreement, the term "Licensee" as used in this Agreement shall also include and refer to, if appropriate, such assignee or sublicensee, except the definition of Sublicense Revenue and the payment obligations related thereto shall not apply to a sublicensee as if it were the Licensee unless it receives a New License Agreement pursuant to Section 2.2.2

14.15. Attorneys' Fees

In the event of a dispute between the parties hereto or in the event of any default hereunder, the party prevailing in the resolution of any such dispute or default shall be entitled to recover its reasonable attorneys' fees and other costs incurred in connection with resolving such dispute or default. Notwithstanding anything to the contrary herein, the parties agree that this Section 14.15 shall not apply, and attorneys' fees shall not be awarded to either party, with respect to any Challenge or any action wherein Licensee alleges that it is not required to comply with or perform some or all of the provisions of this Agreement based upon a good faith claim that any of the Licensed Patent Rights are invalid or unenforceable. Each party acknowledges and agrees that this Agreement has been submitted to the scrutiny of the party and its own counsel, from whom the party has sought advice and received representation in the negotiation and execution of this Agreement. This Agreement shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to it having been drafted by, or on behalf of, one of the parties or its counsel.

[**] = Portions of this exhibit have been omitted pursuant to a confidential treatment request. An unredacted version of the exhibit has been filed separately with the Commission.

14.16. Notices

Any notices required by this Agreement, including approvals, pre-approvals and consents, shall be in writing, shall specifically refer to this Agreement and shall be sent by registered or certified airmail, postage prepaid, or by telefax, telex or cable, charges prepaid, or by overnight courier, postage prepaid and shall be forwarded to the respective addresses set forth below unless subsequently changed by written notice to the other party:

For TSRI:
The Scripps Research Institute
10550 North Torrey Pines Road, TPC-9
La Jolla, California 92037
Attention: Director, Technology Development
Fax No.: (858) 784-9910

With a copy to:
The Scripps Research Institute
10550 North Torrey Pines Road, TPC-8
La Jolla, California 92037
Attention: Chief Business Counsel
Fax No.: (858) 784-9399

For Licensee:
Poniard Pharmaceuticals, Inc.
300 Elliott Avenue West, Suite 500
Seattle, WA 98119
Attention: Vice President Legal Fax No.: (206) 286-2537

With a copy to:
Poniard Pharmaceuticals, Inc.
7000 Shoreline Court, Suite 270
South San Francisco, CA 94080
Attention: Vice President Business Development
Fax No: (650) 583-3789

Notices shall be deemed delivered upon the earlier of (a) when received; (b) three (3) days after deposit into the U.S. mail; (c) the date notice is sent via telefax, telex or cable; or (d) the day immediately following delivery to an overnight courier guaranteeing next-day delivery (except Sunday and holidays).

14.17. Compliance with U.S. Laws

Nothing contained in this Agreement shall require or permit TSRI or Licensee to do any act inconsistent with the requirements of any United States law, regulation or executive order as the same may be in effect from time to time.

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IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the date set forth above.

TSRI:	**LICENSEE:**
THE SCRIPPS RESEARCH INSTITUTE	PONIARD PHARMACEUTICALS, INC.
By: /s/ Polly Murphy	By: /s/ Gerald McMahon
Title: Senior Vice President, Business and Scientific Services	Title: CEO and Chairman

EXHIBIT A

LICENSED PATENT RIGHTS

TSRI Disclosure No(s)	Named Inventors	Title of Application	Filing Date	Serial No.
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]

EXHIBIT B

TRANSFER OF INFORMATION AND MATERIALS

The following information and materials shall be transferred to Licensee by TSRI promptly after execution of this Agreement:

Item	Detailed Description	Status
Chemistry		
Protocols for all analogs	[**]	[**]
SAR tables	[**]	[**]
Intermediates from project (both contracted and purchased)	[**]	[**]
Final compounds including PFE	[**]	[**]
Master list of cmpds: QA/QC, analytical data (LC/MS, NMR for final cmpds-Zip files)	[**]	[**]
Biology		
FAK biochemical assay information	[**]	[**]
Cellular assay information	[**]	[**]
PK and tolerability studies: in life protocol and analysis	[**]	[**]
PK in vitro and assay information	[**]	[**]
Bioanalytical methods for [**]	[**]	[**]
[**]	[**]	[**]
Bulk Materials	[**]	[**]
Other		
Final report on collaboration project	[**]	[**]

[**].

EXHIBIT C

TIMELINE BENCHMARKS AND DEVELOPMENT PLAN

Product Development	Time from Effective Date
[**]	[**] years
[**]	[**] years
[**]	[**] years
[**]	[**] years
[**]	[**] years

[**]

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated April 3, 2014, is by and between Verastem, Inc. (the "Company"), a Delaware corporation with its principal place of business at 215 First Street, Suite 440, Cambridge, MA 02142, and Monica Singh (the "Executive") of [ ].

WHEREAS, the Executive has certain experience and expertise that qualify her to provide management direction and leadership for the Company.

WHEREAS, the Company wishes to employ the Executive to serve as its General Counsel.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company offers and the Executive accepts employment upon the following terms and conditions:

1. **Position and Duties.** Upon the terms and subject to the conditions set forth in this Agreement, the Company hereby offers and the Executive hereby accepts employment with the Company to serve as its General Counsel, reporting initially to the Company's President and Chief Executive Officer. The Executive agrees to perform the duties of the Executive's position and such other duties as reasonably may be assigned to the Executive from time to time. The Executive also agrees that while employed by the Company, the Executive will devote one hundred percent (100%) of the Executive's business time and the Executive's reasonable commercial efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of the Executive's duties and responsibilities for it. Subject to prior approval of the President and Chief Executive Officer, with such approval not to be unreasonably withheld, the Executive may join the board of directors of one company.

2. **Compensation and Benefits.** During the Executive's employment, as compensation for all services performed by the Executive for the Company and subject to her performance of her duties and responsibilities for the Company, pursuant to this Agreement or otherwise, the Company will provide the Executive the following pay and benefits:

(a) **Base Salary; Annual Bonus.** Beginning on the commencement date of the Executive's employment (March 3, 2014), the Company will pay the Executive a base salary at the rate of Three Hundred Forty Thousand Dollars ($340,000) per year. Such amount shall be payable in accordance with the regular payroll practices of the Company for its executives, as in effect from time to time, and subject to increase from time to time by the Board of Directors of the Company (the "Board") in its discretion. The Executive shall have the opportunity to earn an annual target bonus, prorated for the initial partial year of employment, measured against performance criteria to be determined by the Board (or a committee thereof) of 35% of the Executive's then current annual base salary, with the actual amount of the bonus, if any, to be determined by the Board (or a committee thereof). Any bonus amount payable by the Company, if any, shall be paid no later than March 15 of the year following the year in which such bonus is earned.

(b) **Stock Option.** Subject to Board approval, the Company will grant the Executive a stock option to purchase One Hundred and Fifty Thousand (150,000) shares of the Company's Common Stock at fair market value on the date of grant. The stock option will vest over four years at the rate of 25% on the one year anniversary of the Executive's date of hire subject to her continuing employment with the Company, and no shares shall vest before such date, except as provided below. The remaining shares shall vest quarterly over the next three years in equal quarterly amounts subject to the Executive's continuing employment with the Company, except as noted below. The stock option shall be subject to the terms of the Company's equity plan, the applicable option award, and any applicable shareholder and/or optionholder agreements and other restrictions and limitations generally applicable to common stock of the Company or equity awards held by Company executives or otherwise imposed by law.

(c) **Participation in Employee Benefit Plans.** The Executive will be entitled to participate in all Employee Benefit Plans from time to time in effect for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided the Executive under this Agreement (e.g., severance pay) or under any other agreement. The Executive's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies. The Company may alter, modify, add to or delete its Employee Benefit Plans at any time as it, in its sole judgment, determines to be appropriate, without recourse by the Executive. For purposes of this Agreement, "Employee Benefit Plan" shall have the meaning ascribed to such term in Section 3(3) of ERISA, as amended from time to time.

(d) **Vacation.** The Executive will accrue three weeks paid vacation per year (or such greater amount as is generally made available to the Company's executive officers) in accordance with the Company's policies from time to time in effect and receive paid holidays in accordance with the Company holiday schedule. Vacation may be taken at such times and intervals as the Executive shall determine, subject to the business needs of the Company, and otherwise shall be subject to the policies of the Company, as in effect from time to time.

(e) **Business Expenses.** The Company will pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of her duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as it may specify from time to time. Any such payment or reimbursement that would constitute nonqualified deferred compensation subject to Section 409A of the Internal Revenue Code (including the regulations promulgated thereunder, "Section 409A") shall be subject to the following additional rules: (i) no payment or reimbursement of any such expense shall affect the Executive's right to reimbursement of any other such expense in any other taxable year; (ii) payment or reimbursement of the expense shall be made, if at all, not later than the end of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.

3. **Confidential Information, Non-Competition and Proprietary Information.** The Executive has executed or will execute the Company's standard Employee Non-Solicitation,

Non-Competition, Confidential Information and Inventions Assignment Agreement**.** It is understood and agreed that breach by the Executive of the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement shall constitute a material breach of this Agreement.

4. **Termination of Employment.** The Executive's employment under this Agreement shall continue until terminated pursuant to this Section 4.

(a) The Company may terminate the Executive's employment for "Cause" upon written notice to the Executive received at least five business days prior to such termination setting forth in reasonable detail the nature of the Cause**.** The following, as determined by the Board in good faith and using its reasonable judgment, shall constitute Cause for termination: (i) the Executive's willful failure to perform, or gross negligence in the performance of, the Executive's material duties and responsibilities to the Company or its Affiliates which is not remedied within thirty (30) days of written notice thereof; (ii) material breach by the Executive of any material provision of this Agreement or any other agreement with the Company or any of its Affiliates which is not remedied within thirty (30) days of written notice thereof; (iii) fraud, embezzlement or other dishonesty with respect to the Company or any of its Affiliates, taken as a whole, which, in the case of such other dishonesty, causes or could reasonably be expected to cause material harm to the Company or any of its Affiliates, taken as a whole; or (iv) the Executive's conviction of a felony.

(b) The Company may terminate the Executive's employment at any time other than for Cause upon one month's written notice to the Executive.

(c) The Executive may terminate her employment hereunder for Good Reason by providing notice to the Company of the condition giving rise to the Good Reason no later than thirty (30) days following the occurrence of the condition, by giving the Company thirty (30) days to remedy the condition and by terminating employment for Good Reason within thirty (30) days thereafter if the Company fails to remedy the condition. For purposes of this Agreement, "Good Reason" shall mean, without the Executive's consent, the occurrence of any one or more of the following events: (i) material diminution in the nature or scope of the Executive's responsibilities, duties or authority, provided that in the absence of a Change of Control neither (x) the Company's failure to continue the Executive's appointment or election as a director or officer of any of its Affiliates nor (y) any diminution in the nature or scope of the Executive's responsibilities, duties or authority that is reasonably related to a diminution of the business of the Company or any of its Affiliates shall constitute "Good Reason"; (ii) a material reduction in the Executive's base salary other than one temporary reduction of not more than 120 days and not in excess of 20% of the Executive's base salary in connection with and in proportion to a general reduction of the base salaries of the Company's executive officers; (iii) failure of the Company to provide the Executive the salary or benefits in accordance with Section 2 hereof after thirty (30) days' notice during which the Company does not cure such failure; or (iv) relocation of the Executive's office more than forty (40) miles from the location of the Company's principal offices as of the date of Executive's hire

(d) The Executive may terminate her employment with the Company other than for Good Reason at any time upon one month's notice to the Company. In the event of

termination of the Executive's employment in accordance with this Section 4(d), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive her then current base salary for the period so waived.

(e) This Agreement shall automatically terminate in the event of the Executive's death during employment. The Company may terminate the Executive's employment, upon notice to the Executive, in the event the Executive becomes disabled during employment and, as a result, is unable to continue to perform substantially all of her material duties and responsibilities under this Agreement for one-hundred and fifty (150) days during any period of three hundred and sixty-five (365) consecutive calendar days**.** If any question shall arise as to whether the Executive is disabled to the extent that the Executive is unable to perform substantially all of her material duties and responsibilities for the Company and its Affiliates, the Executive shall, at the Company's request and expense, submit to a medical examination by a physician selected by the Company to whom the Executive or the Executive's guardian, if any, has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue**.** If such a question arises and the Executive fails to submit to the requested medical examination, the Company's determination of the issue shall be binding on the Executive.

5. **Severance Payments and Other Matters Related to Termination**.

(a) **Termination pursuant to Section 4(b) or 4(c).**

i. Except as provided in Section 5(c) below, in the event of termination of the Executive's employment either by the Company other than for Cause pursuant to Section 4(a) of this Agreement or by the Executive for Good Reason pursuant to Section 4(c) of this Agreement, the Company shall pay the Executive's then-current annual base salary for a period of nine (9) months in accordance with the Company's payroll practice then in effect, beginning on the Payment Commencement Date.

ii. Except as provided in Section 5(c) below, in the event of termination of the Executive's employment either by the Company other than for Cause pursuant to Section 4(a) of this Agreement or by the Executive for Good Reason pursuant to Section 4(c) of this Agreement, if the Executive is participating in the Company's group health plan and/or dental plan at the time the Executive's employment terminates, and the Executive exercises her right to continue participation in those plans under the federal law known as COBRA, or any successor law, the Company will pay or, at its option, reimburse the Executive, for the full premium cost of that participation for nine (9) months following the date on which the Executive's employment with the Company terminates or, if earlier, until the date the Executive becomes eligible to enroll in the health (or, if applicable, dental) plan of a new employer, payable in accordance with regular payroll practices for benefits beginning on the Payment Commencement Date. Notwithstanding the foregoing, if the payment or reimbursement by the Company of the premium costs described in the preceding sentence will subject or expose the Company to taxes or penalties, the Executive and the Company agree to renegotiate the provisions of this Section 5(a)(ii) in good faith and enter into a substitute arrangement pursuant to which the Company will not be subjected or exposed to taxes or penalties and the Executive will be provided with payments or benefits with an economic value that is no less than the economic value of the premium costs described herein. The Company will also pay the

Executive on the date of termination any base salary earned but not paid through the, date of termination and pay for any vacation time accrued but not used to that date. In addition, the Company will pay the Executive any bonus which has been awarded to the Executive, but not yet paid on the date of termination of her employment, payable in a lump sum on the Payment Commencement Date.

ii. Any obligation of the Company to provide the Executive severance payments or other benefits under this Section 5(a) is conditioned on the Executive's signing an effective and reasonable release of claims in the form provided by the Company (the "Employee Release") within 60 days following the termination of the Executive's employment, which release shall not apply to (i) claims for indemnification in the Executive's capacity as an officer or director of the Company under the Company's Certificate of Incorporation, By-laws or agreement, if any, providing for director or officer indemnification, (ii) rights to receive insurance coverage and payments under any policy maintained by the Company and (iii) rights to receive retirement benefits that are accrued and fully vested at the time of the Executive's termination and rights under such plans protected by ERISA. Any severance payments to be made in the form of salary continuation pursuant to the terms of this Agreement shall be payable in accordance with the normal payroll practices of the Company, and will begin on the Payment Commencement Date but shall be retroactive to the date of termination. The Executive agrees to provide the Company prompt notice of the Executive's eligibility to participate in the health plan and, if applicable, dental plan of any employer. The Executive further agrees to repay any overpayment of health benefit premiums made by the Company hereunder.

(b) **Termination other than pursuant to Section 4(b) or 4(c).** In the event of any termination of the Executive's employment, other than a termination by the Company pursuant to Section 4(b) of this Agreement or a termination by the Executive for Good Reason pursuant to Section 4(c) of this Agreement, the Company will pay the Executive any base salary earned but not paid through the date of termination and pay for any vacation time accrued but not used to that date. In addition, the Company will pay the Executive any bonus which has been awarded to the Executive, but not yet paid on the date of termination of the Executive's employment, at such time when bonuses are paid to executives of the Company generally in accordance with the timing rules of Section 2(a). The Company shall have no other payment obligations to the Executive under this Agreement.

(c) **Upon a Change of Control.**

i. If, within ninety (90) days prior to the Change of Control or within eighteen (18) months following a Change of Control (as defined in Section 6 hereof), the Company or any successor thereto terminates the Executive's employment other than for Cause, or the Executive terminates her employment for Good Reason, then, in lieu of any payments to the Executive or on the Executive's behalf under Section 5(a) hereof, (i) all of the Executive's then remaining unvested options, restricted stock and restricted stock units which, by their terms, vest only based on the passage of time (disregarding any acceleration of the vesting of such options, restricted stock or restricted stock units based on individual or Company performance) shall automatically vest as of the date of termination (notwithstanding anything to the contrary in Section 2(b) of this Agreement), and (ii) the Company shall pay, on the Payment Commencement Date, a lump sum payment equal to the Executive's then-current annual base

salary; provided, however, that if such termination occurs prior to a Change of Control, such severance payments shall be made at the time and in the manner set forth in Section 5(a)(i) during the period beginning on the date of termination through the date of the Change of Control with any severance remaining to be paid under this Section 5(c)(i) payable in a lump sum on the closing date of the Change of Control; and,

ii. If the Executive is participating in the Company's group health plan and/or dental plan at the time the Executive's employment terminates (and such termination is as described in (i) above), and the Executive exercises her right to continue participation in those plans under the federal law known as COBRA, or any successor law, the Company will pay or, at its option, reimburse the Executive, for the full premium cost of that participation for twelve (12) following the date on which the Executive's employment with the Company terminates or, if earlier, until the date the Executive becomes eligible to enroll in the health (or, if applicable, dental) plan of a new employer, with such amount payable on a pro-rata basis in accordance with the Company's regular payroll practices for benefits beginning on the Payment Commencement Date. Notwithstanding the foregoing, if the payment or reimbursement by the Company of the premium costs described in the preceding sentence will subject or expose the Company to taxes or penalties, the Executive and the Company agree to renegotiate the provisions of this Section 5(b)(ii) in good faith and enter into a substitute arrangement pursuant to which the Company will not be subjected or exposed to taxes or penalties and the Executive will be provided with payments or benefits with an economic value that is no less than the economic value of the premium costs described herein. The Company will also pay the Executive on the date of termination any base salary earned but not paid through the, date of termination and pay for any vacation time accrued but not used to that date. In addition, the Company will pay the Executive any bonus which has been awarded to the Executive, but not yet paid on the date of termination of her employment, payable in a lump sum on the Payment Commencement Date.

iii. Any obligation of the Company to provide the Executive severance payments or other benefits under this Section 5(c) is conditioned on the Executive's signing an effective and reasonable release of claims in the form provided by the Company (the "Employee Release") within 60 days following the termination of the Executive's employment, which release shall not apply to (i) claims for indemnification in the Executive's capacity as an officer or director of the Company under the Company's Certificate of Incorporation, By-laws or agreement, if any, providing for director or officer indemnification, (ii) rights to receive insurance coverage and payments under any policy maintained by the Company and (iii) rights to receive retirement benefits that are accrued and fully vested at the time of the Executive's termination and rights under such plans protected by ERISA.

(d) Except for any right the Executive may have under applicable law to continue participation in the Company's group health and dental plans under COBRA, or any successor law, benefits shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of the Executive's employment, without regard to any continuation of base salary or other payment to the Executive following termination.

(e) Provisions of this Agreement shall survive any termination if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving

provisions, including without limitation the Executive's obligations under Section 3 of this Agreement and under the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement. The obligation of the Company to make payments to the Executive or on the Executive's behalf under Section 5 of this Agreement is expressly conditioned upon the Executive's continued full performance of the Executive's obligations

under Section 3 hereof, under the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement to be executed herewith, and under any subsequent agreement between the Executive and the Company or any of its Affiliates relating to confidentiality, non-competition, proprietary information or the like; provided however that any future agreement that Executive is asked to execute does not impose any greater restrictions or obligations upon Executive or upon her post-termination activities than the agreements signed at the outset of her employment with the Company.

6. **Definitions.** For purposes of this agreement; the following definitions apply:

"Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

"Change of Control" shall mean (i) the acquisition of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly by any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), of securities of the Company representing a majority or more of the combined voting power of the Company's then outstanding securities, other than an acquisition of securities for investment purposes pursuant to a bona fide financing of the Company; (ii) a merger or consolidation of the Company with any other corporation in which the holders of the voting securities of the Company prior to the merger or consolidation do not own more than 50% of the total voting securities of the surviving corporation; or (iii) the sale or disposition by the Company of all or substantially all of the Company's assets other than a sale or disposition of assets to an Affiliate of the Company or a holder of securities of the Company; notwithstanding the foregoing, no transaction or series of transactions shall constitute a Change of Control unless such transaction or series of transactions constitutes a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

"Payment Commencement Date" shall mean the Company's next regular payday for executives that follows the expiration of sixty (60) calendar days from the date the Executive's employment terminates.

"Person" means an individual, a corporation, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its Affiliates.

7. **Conflicting Agreements.** The Executive hereby represents and warrants that her signing of this Agreement and the performance of her obligations under it will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of the Executive's obligations under this Agreement. The Executive agrees that she will not disclose to or use on behalf of the Company any proprietary information of a third party without that party's consent.

8. **Withholding; Other Tax Matters.** Anything to the contrary notwithstanding, (a) all payments required to be made by the Company hereunder to Executive shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation, and (b) all severance payments and benefits payable pursuant to Sections 5(a) and 5(c) hereof shall be subject to the terms and conditions set forth on Exhibit A attached hereto.

9. **Assignment.** Neither the Executive nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the Executive's consent to one of its Affiliates or to any Person with whom the Company shall hereafter affect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon the Executive and the Company, and each of our respective successors, executors, administrators, heirs and permitted assigns.

10. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11. **Miscellaneous.** This Agreement, together with the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement, sets forth the entire agreement between the Executive and the Company and replaces all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by the Executive and an expressly authorized representative of the Board**.** The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This is a Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the conflict-of-laws principles thereof.

12. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person, consigned to a reputable national courier service for overnight delivery or deposited in the United States mail, postage prepaid, and addressed to the Executive at the Executive's last known address on the books of the Company or, in the case of the Company, to it by notice to the Chairman of the Board of Directors, c/o Verastem, Inc. at its principal place of business, or to such other addressees) as either party may specify by notice to the other actually received.

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first stated above.

THE EXECUTIVE THE COMPANY

/s/ Monica Singh
Monica Singh

/s/ Robert Forrester
Robert Forrester
President and Chief Executive Officer

Exhibit A

Payments Subject to Section 409A

1. Subject to this Exhibit A, any severance payments that may be due under the Agreement shall begin only upon the date of the Executive's "separation from service" (determined as set forth below) which occurs on or after the termination of Executive's employment. The following rules shall apply with respect to distribution of the severance payments, if any, to be provided to Executive under the Agreement, as applicable:

(a) It is intended that each installment of the severance payments under the Agreement provided under shall be treated as a separate "payment" for purposes of Section 409A. Neither the Company nor Executive shall have the right to accelerate or defer the delivery of any such payments except to the extent specifically permitted or required by Section 409A.

(b) If, as of the date of Executive's "separation from service" from the Company, Executive is not a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments shall be made on the dates and terms set forth in the Agreement.

(c) If, as of the date of Executive's "separation from service" from the Company, Executive is a "specified employee" (within the meaning of Section 409A), then:

(i) Each installment of the severance payments due under the Agreement that, in accordance with the dates and terms set forth herein, will in all circumstances, regardless of when Executive's separation from service occurs, be paid within the short-term deferral period (as defined under Section 409A) shall be treated as a short-term deferral within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid on the dates and terms set forth in the Agreement; and

(ii) Each installment of the severance payments due under the Agreement that is not described in this Exhibit A, Section 1(c)(i) and that would, absent this subsection, be paid within the six-month period following Executive's "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, Executive's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following Executive's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of payments if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under

Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of Executive's second taxable year following the taxable year in which the separation from service occurs.

2. The determination of whether and when Executive's separation from service from the Company has occurred shall be made and in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Exhibit A, Section 2, "Company" shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

3. The Company makes no representation or warranty and shall have no liability to Executive or to any other person if any of the provisions of the Agreement (including this Exhibit) are determined to constitute deferred compensation subject to Section 409A but that do not satisfy an exemption from, or the conditions of, that section.

QuickLinks -- Click here to rapidly navigate through this document

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
Chief Executive Officer

Date: May 8, 2014

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.2

CERTIFICATIONS

I, John B. Green, 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/ JOHN B. GREEN

John B. Green, CPA
Chief Financial Officer

Date: May 8, 2014

QuickLinks

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Verastem, Inc. (the "Company") for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert Forrester, 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
Chief Executive Officer

Date: May 8, 2014

QuickLinks

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Verastem, Inc. (the "Company") for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, John B. Green, 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/ JOHN B. GREEN

John B. Green, CPA
Chief Financial Officer

Date: May 8, 2014

QuickLinks

Verastem Reports First Quarter 2014 Financial and Corporate Results

CAMBRIDGE, MA — May 8, 2014 — Verastem, Inc. (NASDAQ: VSTM), focused on discovering and developing drugs to treat cancer by the targeted killing of cancer stem cells, today reported financial results for the first quarter ended March 31, 2014, and also provided an update of certain corporate accomplishments and plans.

"We continue to advance our development programs targeting cancer stem cells," said Robert Forrester, President and Chief Executive Officer of Verastem. "We have the financial stability, product candidates and experienced team to execute on our clinical and corporate goals. We are committed to our mission of bringing new treatment options to patients with cancer."

Verastem has multiple trials ongoing targeting cancer stem cells including the COMMAND study for patients with malignant mesothelioma. Mesothelioma is an aggressive form of lung cancer believed to be driven by cancer stem cells. Cancer stem cells are an underlying cause of cancer progression and recurrence. The incidence of mesothelioma is rapidly growing worldwide and the survival rate for these patients is very poor.

"In March, we reported on a Phase 1 trial in Japanese patients where VS-6063 was generally well tolerated and the safety and pharmacokinetic profile was comparable to that seen in the US Phase 1 trial," said Dr. Joanna Horobin, Chief Medical Officer of Verastem. "We have presented these data to the Japanese regulatory authorities and plan to open COMMAND clinical sites in Japan this year. In 2014, we also expect to finalize the results of the Japanese Phase 1 trial and to present interim data on the combination study of VS-6063 with weekly paclitaxel in patients with ovarian cancer, the Phase 2 study in patients with non-small cell lung cancer, and the Phase 1 studies of VS-4718 and VS-5584."

Q1 2014 and Recent Accomplishments

- **COMMAND (Control Of Mesothelioma with MAinteNance Defactinib)**
  - Registration-directed, randomized, double blind, placebo controlled study of VS-6063 immediately following frontline therapy in patients with malignant pleural mesothelioma
  - Open in 11 countries worldwide
- **Progressed the FAK inhibition program (VS-6063 and VS-4718)**
  - Reported preliminary data from the Phase 1 study of VS-6063 in Japanese patients
    - VS-6063 was well tolerated at all dose levels; no SAEs or evidence of dose-limiting toxicity
    - Confirmed the recommended Phase 2 dose as 400mg BID, consistent with dosing in other countries
    - Safety and pharmacokinetic results support the advancement of the VS-6063 development program in Japanese patients
  - Acquired additional license rights to VS-4718 from Encarta, reducing future milestones and royalties associated with ongoing development
- **Strengthened the dual PI3K/mTOR inhibition program (VS-5584)**
  - Granted new Japanese patent titled "Pyrimidine Substituted Purine Compounds As

Kinase(s) Inhibitors" with claims covering the composition of matter for VS-5584 and VS-5584's ability to inhibit and regulate cellular metabolism, growth, and proliferation

- **Increased the understanding of cancer stem cell biology**
  - Presented research results at the 2014 American Academy of Cancer Research (AACR) Annual Meeting. The data presented at AACR expanded understanding of the mechanisms of VS-6063, VS-4718 and VS-5584 and their ability to target cancer stem cells. Of significant interest is that VS-6063 inhibits the focal adhesion kinase family members FAK and PYK2 which leads to the preferential targeting of cancer stem cells both directly and through inhibition of tumor-associated macrophages in the tumor microenvironment. Published evidence in both mesothelioma and breast cancer has demonstrated a correlation between an increase in tumor-associated macrophages and poor prognosis in these patients. The posters presented at AACR can be accessed here: http://bit.ly/R3M6wc
  - Published data in *Cancer Research* on NF2 and merlin biology in cancer stem cells found in mesothelioma. The paper is titled "Tumor Suppressor Alterations Cooperate to Drive Aggressive Mesotheliomas with Enriched Cancer Stem Cells via a p53—miR-34a—c-Met Axis." The study results demonstrated that inactivation of specific tumor suppressors cooperate to drive the development of highly aggressive mesothelioma characterized by enhanced disease progression and an increase in cancer stem cells. The paper can be accessed here: http://bit.ly/1figRWX
  - Research was published in *Nature Immunology* highlighting the potential role of FAK inhibition in hematological malignancies. The paper can be accessed here: http://bit.ly/1bKYJ6M

- **Strengthened leadership team**

    - Appointed Timothy J. Barberich to the Board of Directors. Mr. Barberich founded Sepracor in 1984 and served as CEO and Chairman for more than 20 years. Under his leadership at Sepracor, revenues grew to more than a billion dollars as the company partnered and commercialized a number of successful products, including Allegra®, Clarinex®, Lunesta® and Xopenex®.

2014 Clinical Milestones

Verastem's planned upcoming clinical milestones include the following:

- Report interim data from the Phase 1/1b trial of VS-6063 in combination with weekly paclitaxel in patients with ovarian cancer at the 50th Annual American Society of Clinical Oncologists (ASCO) meeting
- Open COMMAND study sites in Japan in H2 2014
- Report the interim analysis for the Phase 2 study of VS-6063 in patients with Kras-mutated NSCLC in H2 2014
- Report interim data on the Phase 1 trial of VS-4718 in H2 2014
- Report interim data on the Phase 1 trial of VS-5584 in H2 2014

Upcoming Events

ASCO Breakfast

Sunday, June 1, 2014, at 6:30am CT at the Hyatt Regency McCormick Place, Chicago, IL. Special guest Professor Dean Fennell, Ph.D., FCRP, Chair of Thoracic Oncology, University of Leicester and Incoming President of the International Mesothelioma Interest Group, will be presenting together with Chief Medical Officer, Joanna Horobin, MB, ChB, and Head of Research, Jonathan Pachter, Ph.D. Topics will include a scientific update on the COMMAND study and the rationale for targeting cancer stem cells in mesothelioma. RSVP to verastem@argotpartners.com

Research and Development Day

Thursday, July 10, 2014, at the NASDAQ Marketsite in New York, NY. Verastem will provide updates on the status of research and development, anticipated clinical milestones and upcoming plans. Special guest speakers to include Jose Baselga, M.D., Ph.D., Physician in Chief, Memorial Sloan Kettering Cancer Center, Professor Dean Fennell, Ph.D., FCRP, Chair of Thoracic Oncology, University of Leicester, Mary Hesdorffer, N.P., Executive Director, Mesothelioma Applied Research Foundation. RSVP to verastem@argotpartners.com

First Quarter 2014 Financial Results

As of March 31, 2014, Verastem had cash, cash equivalents and investments of $113.9 million compared to $123.7 million on December 31, 2013. Verastem used $9.3 million for operating activities in the first quarter ended March 31, 2014 (the "2014 Quarter").

Net loss for the 2014 Quarter was $13.1 million, or $0.51 per share, as compared to net loss of $9.0 million, or $0.44 per share, for the same period in 2013 (the "2013 Quarter"). Net loss includes stock-based compensation expense of $3.6 million and $2.5 million for the 2014 Quarter and 2013 Quarter, respectively.

Research and development expense for the 2014 Quarter was $8.4 million compared to $5.3 million for the 2013 Quarter. The $3.1 million increase from the 2013 Quarter to the 2014 Quarter is primarily related to an increase of $1.3 million in contract research organization expense for outsourced biology, development and clinical services, which includes our clinical trial costs, a $1.2 million dollar increase in license fees related to the Encarta asset purchase, an approximate $419,000 increase in stock-based compensation expense and an approximate $200,000 increase in personnel costs primarily due to increased average headcount.

General and administrative expense for the 2014 Quarter was $4.7 million compared to $3.8 million for the 2013 Quarter. The approximately $900,000 increase from the 2013 Quarter to the 2014 Quarter primarily resulted from an approximate increase of $647,000 in stock-based compensation expense associated with restricted stock units, an approximate $215,000 increase in personnel costs primarily due to increase in salaries and headcount and an increase in consulting fees of approximately $151,000. These increases were partially offset by a decrease in professional fees of approximately $191,000.

The number of outstanding common shares as of March 31, 2014, was 25,834,945.

Financial Guidance

Based on current operating plans, we expect to have sufficient cash, cash equivalents and investments to fund our research and development programs and operations into the first half of 2016.

About VS-6063

VS-6063 is an orally available compound designed to target cancer stem cells through the potent inhibition of focal adhesion kinase (FAK). Cancer stem cells are an underlying cause of tumor resistance to chemotherapy, recurrence and ultimate disease progression. Research by Robert Weinberg, Ph.D., scientific cofounder and chair of Verastem's Scientific Advisory Board, and Verastem has demonstrated that the FAK pathway is critical for the growth and survival of cancer stem cells. VS-6063 is currently being studied in the registration-directed COMMAND trial in mesothelioma (www.COMMANDmeso.com), a Phase 1/1b study in combination with paclitaxel for patients with ovarian cancer, a Phase 1 study in Japan in patients with advanced solid tumors and a Phase 2 trial in patients with Kras-mutated non-small cell lung cancer. VS-6063 has been granted orphan drug designation in the U.S. and E.U. for use in mesothelioma.

About VS-4718

VS-4718 is an oral compound designed to target cancer stem cells through the potent inhibition of focal adhesion kinase (FAK). VS-4718 is currently being studied in a Phase 1 dose escalation study in patients with advanced cancers.

About VS-5584

VS-5584 is an orally available compound that has demonstrated potent and highly selective activity against class 1 PI3K enzymes and dual inhibitory actions against mTORC1 and mTORC2. In preclinical studies, VS-5584 has been shown to reduce the percentage of cancer stem cells and induce tumor regression in chemotherapy-resistant models. Verastem is currently conducting a Phase 1 dose escalation trial of VS-5584 in patients with advanced solid tumors and lymphomas.

About COMMAND

COMMAND is a registration-directed, double-blind, placebo-controlled trial of VS-6063 with Progression Free Survival (PFS) and Overall Survival (OS) as the primary endpoints. The design of COMMAND allows the opportunity to enrich for patients with tumors low in the biomarker, merlin. Preclinical and early clinical research has demonstrated that low merlin levels may be predictive of increased effectiveness of FAK inhibitors such as VS-6063. The COMMAND study stratifies patients to evaluate the effect of VS-6063 in both the overall patient population and the subgroup of patients whose tumors are low in merlin.

COMMAND is expected to enroll approximately 350-400 patients at clinical sites in 12 countries, including the US, UK, Australia, Canada, South Africa, New Zealand and countries in mainland Europe. Eligible patients who had a partial response or stable disease following standard first-line therapy with platinum/pemetrexed will be stratified to merlin low or high and then randomized to receive either placebo or 400 mg of defactinib. For more information visit www.COMMANDmeso.com

About Verastem, Inc.

Verastem, Inc. (NASDAQ:VSTM) is discovering and developing drugs to treat cancer by the targeted killing of cancer stem cells. Cancer stem cells are an underlying cause of tumor recurrence and metastasis. Verastem is developing small molecule inhibitors of signaling pathways that are critical to cancer stem cell survival and proliferation: FAK, PI3K/mTOR and Wnt. For more information, please visit www.verastem.com.

Forward-looking statements:

This press release includes forward-looking statements about the Company's strategy, future plans and prospects, including statements regarding the development of the Company's compounds, including VS-6063, VS-4718 and VS-5584 and the Company's FAK and mTOR/PI3K inhibition and diagnostic programs generally, the timeline for clinical development and regulatory approval of the Company's compounds, including the potential for opening COMMAND trial sites in Japan, the expected timing for the reporting of data from ongoing trials, and the structure of the Company's planned or pending clinical trials including estimates for enrollment, and potential indications for clinical development and the Company's ability to fund operations. The words "anticipate," "appear," "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 the preclinical testing of the Company's compounds and preliminary 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 we expect it to be, that enrollment of clinical trials will take longer than expected, that the Company will be unable to successfully complete the clinical development of its compounds, including VS-6063, VS-4718 and VS-5584, that the development of the Company's compounds will take longer or cost more than planned, and that the Company's compounds will not receive regulatory approval or become commercially successful products. 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, 2013 and in any subsequent SEC filings. The forward-looking statements contained in this presentation reflect the Company's current views with respect to future events, and the Company does not undertake and specifically disclaims any obligation to update any forward-looking statements.

Contact Verastem, Inc.
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(A development-stage company)
Unaudited Selected Consolidated Balance Sheet Information
(in thousands)

	March 31, 2014	December 31, 2013
Cash, cash equivalents and investments	$ 113,876	$ 123,656

Prepaid expenses and other current assets	943	643
Property and equipment, net	577	631
Other assets	330	331
Total assets	**$ 115,726**	**$ 125,261**
Accounts payable and accrued expenses	$ 6,100	$ 7,087
Other liabilities	301	728
Stockholders' equity	109,325	117,446
Total liabilities and stockholders' equity	**$ 115,726**	**$ 125,261**

Verastem, Inc.
(A development-stage company)
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three months ended, March 31,	
	2014	2013
Operating expenses:		
Research and development	$ 8,411	$ 5,296
General and administrative	4,723	3,785
Total operating expenses	13,134	9,081
Loss from operations	(13,134)	(9,081)
Interest income	72	44
Net loss	$ (13,062)	$ (9,037)
Net loss per share	$ (0.51)	$ (0.44)
Weighted-average number of common shares used in net loss per share	25,478	20,483