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 June 30, 2017

OR

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

For the transition period from to

Commission file number: 001-35403

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

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

(781) 292-4200
(Registrant's telephone number, including area code)

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

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

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

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

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

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

As of August 4, 2017 there were 36,992,418 shares of Common Stock, $0.0001 par value per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements related to present facts or current conditions or historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward looking statements. Such statements relate to, among other things, the development of our product candidates, including duvelisib and defactinib (VS-6063), and our PI3K and FAK programs generally, the timeline for clinical development and regulatory approval of our product candidates, the expected timing for the reporting of data from on-going trials, the structure of our planned or pending clinical trials, additional planned studies, our rights to develop or commercialize our product candidates and our ability to finance contemplated development and commercialization activities and fund operations for a specified period. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements are not guarantees of future performance and our actual results could differ materially from the results discussed in the forward-looking statements we make. 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 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 products that we license from them, the fact that the preclinical and clinical testing of our product candidates and preliminary data from clinical trials 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, that enrollment of clinical trials may take longer than expected, that our product candidates may cause unexpected safety events, that we will be unable to successfully initiate or complete the clinical development of our product candidates, including duvelisib and defactinib, that development of our product candidates will take longer or cost more than planned, that we or Infinity Pharmaceuticals, Inc. (Infinity) will fail to fully perform under our license agreement for duvelisib, that the transition of the duvelisib program from Infinity will not be completed, 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 (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.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	June 30, 2017	December 31, 2016
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 27,583	$ 32,349
Short-term investments	30,335	48,548
Prepaid expenses and other current assets	1,835	398
Total current assets	59,753	81,295
Property and equipment, net	1,127	1,417
Restricted cash	162	162
Other assets	797	755
Total assets	$ 61,839	$ 83,629
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 6,825	$ 4,095
Accrued expenses	4,241	6,896
Total current liabilities	11,066	10,991
Non-current liabilities:		
Long-term debt	2,293	—
Other non-current liabilities	248	341
Total liabilities	13,607	11,332
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000 shares authorized, no shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	—	—
Common stock, $0.0001 par value; 100,000 shares authorized, 36,992 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	4	4
Additional paid-in capital	310,014	307,587
Accumulated other comprehensive (loss) income	(5)	29
Accumulated deficit	(261,781)	(235,323)
Total stockholders' equity	48,232	72,297
Total liabilities and stockholders' equity	$ 61,839	$ 83,629

See accompanying notes to the condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Operating expenses:				
Research and development	$ 9,042	$ 4,492	$ 17,427	$ 8,671
General and administrative	4,425	4,217	9,188	8,472
Total operating expenses	13,467	8,709	26,615	17,143
Loss from operations	(13,467)	(8,709)	(26,615)	(17,143)
Interest income	140	140	295	280
Interest expense	(109)	—	(121)	—
Net loss	$ (13,436)	$ (8,569)	$ (26,441)	$ (16,863)
Net loss per share—basic and diluted	$ (0.36)	$ (0.23)	$ (0.71)	$ (0.46)
Weighted-average number of common shares used in net loss per share—basic and diluted	36,992	36,992	36,992	36,983
Net loss	$ (13,436)	$ (8,569)	$ (26,441)	$ (16,863)
Unrealized (loss) gain on available-for-sale securities	(17)	(58)	(34)	34
Comprehensive loss	$ (13,453)	$ (8,627)	$ (26,475)	$ (16,829)

See accompanying notes to the condensed consolidated financial statements.

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

	Six months ended June 30,	
	2017	2016
Operating activities		
Net loss	$ (26,441)	$ (16,863)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	290	359
Stock-based compensation expense	2,410	3,433
Amortization of deferred financing costs, debt discounts and premiums and discounts on available-for-sale marketable securities	105	(92)
Changes in operating assets and liabilities:		
Prepaid expenses, other current assets and other assets	(1,479)	(41)
Accounts payable	2,730	(1,832)
Accrued expenses and other liabilities	(2,748)	(2,408)
Liability classified stock-based compensation awards	—	(69)
Net cash used in operating activities	(25,133)	(17,513)
Investing activities		
Purchases of investments	(6,461)	(40,398)
Maturities of investments	24,580	72,610
Net cash provided by investing activities	18,119	32,212
Financing activities		
Proceeds from long-term debt, net	2,386	—
Deferred debt financing costs	(138)	—
Cash used to settle restricted stock liability	—	(5)
Net cash provided by (used in) financing activities	2,248	(5)
(Decrease) increase in cash and cash equivalents	(4,766)	14,694
Cash and cash equivalents at beginning of period	32,349	24,870
Cash and cash equivalents at end of period	$ 27,583	$ 39,564
Supplemental disclosure of non-cash financing activities		
Purchases of property and equipment in accounts payable	$ —	$ 39

See accompanying notes to the condensed consolidated financial statements.

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

1. Nature of business

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

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

As of June 30, 2017, the Company had cash, cash equivalents and investments of $57.9 million and accumulated deficit of $261.8 million. Although the Company has incurred recurring losses and expects to continue to incur losses for the foreseeable future, the Company expects its cash, cash equivalents and investments to be sufficient to fund its current operating plan for at least the next twelve months from the date of issuance of these condensed consolidated financial statements.

2. Summary of significant accounting policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) for interim financial reporting and as required by Regulation S-X, Rule 10-01. 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 and related disclosures at the date of the financial statements. Actual results could differ from those estimates. Additionally, operating results for the three and six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for any other interim period or for the fiscal year ending December 31, 2017. 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, 2016 as filed with the Securities and Exchange Commission (SEC) on March 23, 2017.

Recently Issued Accounting Standards Updates

In May 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting*. ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based award require an entity to apply modification accounting under Topic 718. Specifically, an entity would not apply modification accounting if the fair value, vesting conditions and classification of the awards are the same immediately before and after a modification. ASU 2017-09 is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company has not elected to early adopt this standard and is currently evaluating the impact the adoption will have on its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company has not elected to early adopt this standard and is currently evaluating the impact the adoption will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* ASU 2016-15 adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. The standard is effective for annual and interim periods beginning after December 15, 2017, with early adoption permitted. The Company has not elected to early adopt this standard and is currently evaluating the impact the adoption of the standard will have on its consolidated financial statements and related disclosures.

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

Recently Adopted Accounting Standards Updates

In January 2017, the FASB issued ASU 2017-03, *Accounting Changes and Error Corrections (Topic 250) and Investments – Equity Method and Joint Ventures (Topic 323): Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings.* ASU 2017-03 clarifies the SEC staff's expectations about the extent of disclosures that a registrant is expected to provide regarding the impact that the adoption of ASUs 2014-09 (Revenue from Contracts with Customers), 2016-02 (Leases) and 2016-13 (Measurement of Credit Losses on Financial Instruments) will have on its financial statements. It also conforms SEC guidance on accounting for tax benefits resulting from investments in affordable housing projects to the guidance in ASU 2014-01, *Investments -Equity Method and Joint Ventures (Topic 323)*. The guidance under this ASU was effective upon issuance and did not have a material impact on the Company's disclosures.

In October 2016, the FASB issued ASU 2016-17, *Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control*. ASU 2016-17 updates ASU 2015-02. Under the amendments, a single decision maker is not required to consider indirect interests held through related parties that are under common control with the single decision maker to be the equivalent of direct interests in their entirety. Instead, a single decision maker is required to include those interests on a proportionate basis consistent with indirect interests held through other related parties. ASU 2016-17 is effective for annual and interim periods beginning after December 15, 2016. The Company adopted this standard effective January 1, 2017. The adoption of this ASU did not have an effect on the Company's financial statements or disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 simplifies the accounting for share-based compensation arrangements, including the accounting for forfeitures, income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The standard was effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted. The Company adopted ASU 2016-09 effective January 1, 2017. Upon adoption, the Company elected to begin accounting for forfeitures as they occur, rather than estimating a forfeiture rate, and recorded an immaterial cumulative-effect adjustment to opening accumulated deficit. Also upon adoption, the Company recognized all previously unrecognized tax benefits, which would have resulted in the recognition of an immaterial cumulative-effect adjustment to opening accumulated deficit; however, these unrecognized tax benefits were recorded as a deferred tax asset, which was fully offset by a valuation allowance. Therefore, the recognition of these benefits had no net cumulative-effect on opening accumulated deficit upon adoption.

Significant accounting policies

There have been no material changes, other than those described above, to the significant accounting policies included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC on March 23, 2017.

3. Fair value of financial instruments

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

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

Items Measured at Fair Value on a Recurring Basis

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

	June 30, 2017			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash equivalents	$ 25,627	$ 25,627	$ —	$ —
Short-term investments	30,335	—	30,335	—
Total financial assets	**$ 55,962**	**$ 25,627**	**$ 30,335**	**$ —**

	December 31, 2016			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash equivalents	$ 30,540	$ 20,540	$ 10,000	$ —
Short-term investments	48,548	—	48,548	—
Total financial assets	**$ 79,088**	**$ 20,540**	**$ 58,548**	**$ —**

The Company's cash equivalents and investments are comprised of U.S. Government money market funds and corporate bonds and commercial paper of publicly traded companies. These investments 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 June 30, 2017 and December 31, 2016.

Fair Value of Financial Instruments

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

4. Investments

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

	June 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash and money market accounts	$ 27,583	$ —	$ —	$ 27,583
Total cash and cash equivalents	$ 27,583	$ —	$ —	$ 27,583
Investments:				
Corporate bonds and commercial paper (due within 1 year)	$ 30,340	$ 6	$ (11)	$ 30,335
Total investments	$ 30,340	$ 6	$ (11)	$ 30,335
Total cash, cash equivalents, and investments	**$ 57,923**	**$ 6**	**$ (11)**	**$ 57,918**

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash and money market accounts	$ 22,349	$ —	$ —	$ 22,349
Overnight repurchase agreements	10,000	—	—	10,000
Total cash and cash equivalents	$ 32,349	$ —	$ —	$ 32,349
Investments:				
Corporate bonds and commercial paper (due within 1 year)	$ 48,519	$ 53	$ (24)	$ 48,548
Total investments	$ 48,519	$ 53	$ (24)	$ 48,548
Total cash, cash equivalents, and investments	**$ 80,868**	**$ 53**	**$ (24)**	**$ 80,897**

There were no realized gains or losses on investments for the three and six months ended June 30, 2017 or 2016. There were no investments that had been in an unrealized loss position for more than 12 months as of June 30, 2017 or December 31, 2016. There were 8 debt securities in an unrealized loss position for less than 12 months at June 30, 2017 and there were 14 debt securities that had been in an unrealized loss position for less than 12 months at December 31, 2016. The aggregate unrealized loss on these securities as of June 30, 2017 and December 31, 2016 was approximately $11,000 and $24,000, respectively, and the fair value was $17.4 million and $23.6 million, respectively. The Company considered the decline in the market value for these securities to be primarily attributable to current economic conditions. As it was not more likely than not that the Company would be required to sell these securities before the recovery of their amortized cost basis, which may be at maturity, the Company did not consider these investments to be other-than-temporarily impaired as of June 30, 2017.

5. Accrued expenses

Accrued expenses consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Contract research organization costs	$ 2,493	$ 3,258
Compensation and related benefits	1,102	2,505
Professional fees	346	403
Deferred rent	182	175
Consulting fees	81	527
Other	37	28
	$ 4,241	$ 6,896

6. Long-term debt

On March 21, 2017 (Closing Date), Verastem, Inc. (Borrower) entered into a term loan facility of up to $25.0 million (Term Loan) with Hercules Capital, Inc., a Maryland corporation (Hercules), the proceeds of which will be used for its ongoing research and development programs and for general corporate purposes. The Term Loan is governed by a loan and security agreement, dated March 21, 2017 (Loan Agreement), which provides for up to four separate advances subject to certain conditions of funding. The first tranche of $2.5 million was drawn on the Closing Date.

The Term Loan will mature on December 1, 2020 (Loan Maturity Date). Each advance accrues interest at a floating per annum rate equal to the greater of either (a) 10.5% or (b) the lesser of (i) 12.75% and (ii) the sum of (x) 10.5% plus (y) (A) the prime rate minus (B) 4.5%. As of June 30, 2017, the interest rate was 10.5%. The Term Loan provides for interest-only payments until November 1, 2018. The interest-only period may be extended to May 1, 2019 if the Borrower obtains minimum cash proceeds of $20.0 million from a sale of equity securities or subordinated debt and/or ongoing commercial partnerships. Thereafter, amortization payments will be payable monthly in twenty-six installments (or, if the period requiring interest-only payments has been extended to May 1, 2019, in twenty installments) of principal and interest (subject to recalculation upon a change in prime rates).

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

The Company assessed all terms and features of the Loan Agreement in order to identify any potential embedded features that would require bifurcation or any beneficial conversion features. As part of this analysis, the Company assessed the economic characteristics and risks of the Loan Agreement, including put and call features. The Company determined that all features of the Loan Agreement were clearly and closely associated with a debt host and did not require bifurcation as a derivative liability, or the fair value of the feature was immaterial to the Company's financial statements. The Company reassesses the features on a quarterly basis to determine if they require separate accounting.

The future principal payments under the Loan Agreement are as follows as of June 30, 2017 (in thousands):

Remainder of 2017	$ —
2018	146
2019	936
2020	1,418
Total	$ 2,500

7. Net loss per share

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

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Outstanding stock options	7,573,155	6,691,059	7,573,155	6,691,059
Outstanding warrants	—	142,857	—	142,857
	7,573,155	6,833,916	7,573,155	6,833,916

8. Stock-based compensation

Stock options

A summary of the Company's stock option activity and related information for the six months ended June 30, 2017 is as follows:

	Shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2016	5,848,470	$ 6.35	8.0	$ 62
Granted	1,905,000	$ 1.32		
Exercised	—	$ —		
Forfeited/cancelled	(180,315)	$ 2.31		
Outstanding at June 30, 2017	7,573,155	$ 5.19	8.0	$ 2,939
Vested at June 30, 2017	3,921,304	$ 7.74	7.1	$ 694
Vested and expected to vest at June 30, 2017(1)	7,323,155	$ 5.32	8.0	$ 2,737

(1) This represents the number of vested options as of June 30, 2017, plus the number of unvested options expected to vest as of June 30, 2017.

The fair value of each stock option granted during the six months ended June 30, 2017 and 2016 was estimated on the grant date using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	Six months ended June 30,	
	2017	2016
Risk-free interest rate	2.05 %	1.47 %
Volatility	79 %	75 %
Dividend yield	—	—
Expected term (years)	6.4	5.9

In June 2016, the Company granted stock options to purchase a total of 500,000 shares of common stock to certain employees that vest only upon the achievement of specified performance conditions. The grant date fair value of these options was approximately $445,000. In October 2016, the Company determined that 50% of performance conditions had been achieved and as a result 250,000 shares vested and the Company recognized stock-based compensation expense of approximately $222,000 for the year ended December 31, 2016. The Company determined that the remaining 50% of the performance conditions were not considered probable of achievement as of June 30, 2017 and as a result, has not recognized any stock-based compensation expense related to the remaining unvested awards.

Restricted stock units

The approximate total fair value of restricted stock units (RSUs) vested during the three and six months ended June 30, 2016 was $0 and $65,000, respectively. As of June 30, 2016, all RSUs had vested and there was no remaining unrecognized stock-based compensation expense. There were no RSUs granted during or subsequent to the three and six months ended June 30, 2016.

During the first quarter of 2013, the Company amended the terms of certain RSUs related to a total of 697,060 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 were considered to be liability instruments. As a result of this modification, the Company recorded 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. During the three and six months ended June 30, 2016, the Company made approximate deposits with the taxing authorities of $0 and $5,000 in respect of the tax liability for awards that settled during the period. As of June 30, 2016, the Company had no remaining tax liability related to these awards.

9. Equity offerings

In March 2017, the Company terminated the at-the-market equity offering program established in December 2013 and established a new at-the-market equity offering program pursuant to which it is able to offer and sell up to $35.0 million of its common stock at then current market prices from time to time through Cantor Fitzgerald & Co., as sales agent. The Company has not commenced sales under this program.

10. Reduction in force

In October 2015, the Company announced a reduction of workforce by approximately 50% to 20 full time employees. All affected employees received severance pay and outplacement assistance. As a result of the reduction in force and associated costs, the Company paid one-time severance and related costs of $1.1 million. Of these one-time severance and related costs, approximately $349,000 was paid through December 31, 2015, approximately $114,000 and approximately $635,000 was paid in the three and six months ended June 30, 2016, and approximately $78,000 was paid in the 2016 fiscal year subsequent to June 30, 2016. As of December 31, 2016, all one-time severance and related costs have been paid and no liability remains.

11. Subsequent events

The Company reviews all activity subsequent to the end of the quarter but prior to issuance of the condensed consolidated financial statements for events that could require disclosure or that could impact the carrying value of assets or liabilities as of the balance sheet date. There are no material subsequent events to the three and six months ended June 30, 2017.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2016. Please also refer to the sections under headings "Forward-Looking Statements" and "Risk Factors" in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2016.

OVERVIEW

We are a biopharmaceutical company focused on discovering and developing drugs to improve the survival and quality of life of cancer patients. Our most advanced product candidates, duvelisib and defactinib (VS-6063), utilize a multi-faceted approach to treat cancers originating either in the blood or major organ systems. We are currently evaluating these compounds in both preclinical and clinical studies as potential therapies for certain cancers, including leukemia, lymphoma, lung cancer, ovarian cancer, mesothelioma, and pancreatic cancer. We believe that these compounds may be beneficial as therapeutics either as single agents or when used in combination with immuno-oncology agents or other current and emerging standard of care treatments in aggressive cancers that are poorly served by currently available therapies.

Duvelisib targets the Phosphoinositide 3-kinase (PI3K) and defactinib targets the Focal Adhesion Kinase (FAK) signaling pathways. The PI3K signaling pathway plays a central role in cancer proliferation and survival. Duvelisib is an investigational oral therapy designed to attack both malignant B-cells and T-cells and disrupt the tumor microenvironment to help thwart their growth and proliferation for patients with lymphatic cancers through the dual inhibition of PI3K delta and gamma. FAK is a non-receptor tyrosine kinase that is involved in cellular adhesion and, in cancer, metastatic capability. Defactinib is a targeted inhibitor of FAK. Similar to duvelisib, defactinib is also orally available and designed to be a potential therapy for patients to take at home under the advice of their physician.

Duvelisib is currently being studied in the DUO™ study, which is a Phase 3, randomized, open-label, two-arm trial of duvelisib versus treatment with ofatumumab. This study will evaluate the safety and efficacy of duvelisib as compared to ofatumumab in approximately 300 patients with relapsed or refractory chronic lymphocytic leukemia (CLL) or small lymphocytic lymphoma (SLL).

Duvelisib has successfully completed the Phase 2 DYNAMO™ study which is an open-label, single-arm trial of duvelisib that evaluated the safety and efficacy of duvelisib in 129 patients with refractory indolent non-Hodgkin lymphoma (iNHL). This study met its primary endpoint of overall response rate and the majority of reported side effects were expected, reversible and clinically manageable.

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

Our operations to date have been organizing and staffing our company, business planning, raising capital, identifying and acquiring potential product candidates and undertaking preclinical studies and clinical trials for our product candidates. To date, we have not generated any revenues. We have financed our operations to date through private placements of preferred stock, our initial public offering in February 2012, our follow-on offerings in July 2013 and January 2015, our loan and security agreement executed with Hercules Capital, Inc. (Hercules) in March 2017, and sales of common stock under our at-the market equity offering program.

As of June 30, 2017, we had an accumulated deficit of $261.8 million. Our net loss was $13.4 million, $26.4 million, $8.6 million and $16.9 million for the three and six months ended June 30, 2017 and 2016, 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, 2016 related to accrued research and development expenses and stock-based compensation. There were no material changes to these critical accounting policies in the three and six months ended June 30, 2017. It is important that the discussion of our operating results that follows be read in conjunction with the critical accounting policies disclosed in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (SEC) on March 23, 2017.

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 June 30, 2017 and 2016

Research and development expense. Research and development expense for the three months ended June 30, 2017 (2017 Quarter) was $9.0 million compared to $4.5 million for the three months ended June 30, 2016 (2016 Quarter). The $4.5 million increase from the 2016 Quarter to the 2017 Quarter was primarily related to an increase of $3.6 million in contract research organization (CRO) expense for outsourced biology, development and clinical services, which includes our clinical trial costs, an increase of approximately $894,000 in consulting fees, and an increase in personnel related costs of approximately $244,000. These increases were offset by a decrease in stock-based compensation and other expenses of approximately $176,000.

We allocate the expenses related to external research and development services, such as CROs, clinical sites, manufacturing organizations and consultants by project. The table below summarizes our allocation of research and development expenses to our clinical programs, including duvelisib and defactinib, for the 2017 Quarter and the 2016 Quarter. We use our employee and infrastructure resources across multiple research and development projects. Our project costing methodology does not allocate personnel and other indirect costs to specific clinical programs. These unallocated research and development expenses are summarized in the table below and include approximate personnel related costs of $1.1 million and $869,000 for the 2017 Quarter and the 2016 Quarter, respectively.

	Three months ended June 30,	
	2017	2016
	(in thousands)	(in thousands)
Duvelisib	$ 5,478	$ —
Defactinib	911	859
Unallocated and other research and development expense	2,416	3,416
Unallocated stock-based compensation expense	237	217
Total research and development expense	$ 9,042	$ 4,492

General and administrative expense. General and administrative expense for the 2017 Quarter was $4.4 million compared to $4.2 million for the 2016 Quarter. The increase of approximately $208,000 from the 2016 Quarter to the 2017 Quarter primarily resulted from an increase in consulting and professional fees of approximately $870,000, partially offset by decreases in stock-based compensation expense of approximately $534,000 and personnel costs of approximately $152,000.

Interest income. Interest income remained flat from the 2016 Quarter to the 2017 Quarter primarily as a result of higher interest rates on investments in the 2017 Quarter, offset by a lower investment cost basis.

Interest expense. Interest expense for the 2017 Quarter was approximately $109,000 related to our loan and security agreement executed with Hercules in March 2017. We did not incur any interest expense in the 2016 Quarter.

Comparison of the six months ended June 30, 2017 and June 30, 2016

Research and development expense. Research and development expense for the six months ended June 30, 2017 (2017 Period) was $17.4 million compared to $8.7 million for the six months ended June 30, 2016 (2016 Period). The $8.7 million increase from the 2016 Period to the 2017 Period was primarily related to an increase of $6.4 million in CRO expense for outsourced biology, development and clinical services, which includes our clinical trial costs, an increase of $1.4 million in consulting fees, and an increase in personnel related costs of $1.2 million. These increases were offset by a decrease in stock-based compensation and other expenses of approximately $263,000.

We allocate the expenses related to external research and development services, such as CROs, clinical sites, manufacturing organizations and consultants by project. The table below summarizes our allocation of research and development expenses to our clinical programs, including duvelisib and defactinib, for the 2017 Period and the 2016 Period. We use our employee and infrastructure resources across multiple research and development projects. Our project costing methodology does not allocate personnel and other indirect costs to specific clinical programs. These unallocated research and development expenses are summarized in the table below and include approximate personnel related costs of $2.7 million and $1.5 million for the 2017 Period and the 2016 Period, respectively.

	Six months ended June 30,	
	2017	2016
	(in thousands)	(in thousands)
Duvelisib	$ 9,525	$ —
Defactinib	1,519	2,357
Unallocated and other research and development expense	5,902	5,810
Unallocated stock-based compensation expense	481	504
Total research and development expense	$ 17,427	$ 8,671

General and administrative expense. General and administrative expense for the 2017 Period was $9.2 million compared to $8.5 million for the 2016 Period. The increase of approximately $716,000 from the 2016 Period to the 2017 Period primarily resulted from an increase in consulting and professional fees of $1.8 million, partially offset by decreases in stock-based compensation expense of approximately $931,000 and personnel costs of approximately $117,000.

Interest income. Interest income increased to approximately $295,000 for the 2017 Period from approximately $280,000 for the 2016 Period. This increase was primarily due to higher interest rates on investments, offset by a lower investment cost basis.

Interest expense. Interest expense for the 2017 Period was approximately $121,000 related to our loan and security agreement executed with Hercules in March 2017. We did not incur any interest expense in the 2016 Period.

LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity

To date, we have not generated any revenues. We have financed our operations to date through private placements of preferred stock, our initial public offering in February 2012, our follow-on offerings in July 2013 and January 2015, our loan and security agreement executed with Hercules in March 2017, and sales of common stock under our former at-the market equity offering program.

As of June 30, 2017, we had $57.9 million in cash, cash equivalents and investments. We primarily invest our cash, cash equivalents and investments in a U.S. Government money market fund and corporate bonds and commercial paper of publicly traded companies.

Cash flows

The following table sets forth the primary sources and uses of cash for the 2017 Period and the 2016 Period (in thousands):

	Six months ended June 30,	
	2017	2016
Net cash (used in) provided by:		
Operating activities	$ (25,133)	$ (17,513)
Investing activities	18,119	32,212
Financing activities	2,248	(5)
(Decrease) increase in cash and cash equivalents	$ (4,766)	$ 14,694

Operating activities. The use of cash in both periods resulted primarily from our net losses adjusted for non-cash charges and changes in the components of working capital, including payments of one-time severance and related costs of approximately $635,000 in the 2016 Period.

Investing activities. The cash provided by investing activities for the 2017 Period reflects the net maturities of investments of $18.1 million. The cash provided in investing activities for the 2016 Period reflects the net maturities of investments of $32.2 million.

Financing activities. The cash provided by financing activities for the 2017 Period represents $2.4 million in net proceeds received from a loan and security agreement executed with Hercules, offset by approximately $138,000 of deferred financing costs. The cash used in financing activities for the 2016 Period represents approximately $5,000 used to satisfy the tax withholding obligations on certain restricted stock units that were net settled by employees.

On March 21, 2017 (Closing Date), Verastem, Inc. (Borrower) entered into a term loan facility of up to $25.0 million (Term Loan) with Hercules, the proceeds of which will be used for our ongoing research and development programs and for general corporate purposes. The Term Loan is governed by a loan and security agreement, dated March 21, 2017 (Loan Agreement), which provides for up to four separate advances subject to certain conditions of funding. The first tranche of $2.5 million was drawn on the Closing Date.

The Term Loan will mature on December 1, 2020 (Loan Maturity Date). Each advance accrues interest at a floating per annum rate equal to the greater of either (a) 10.5% or (b) the lesser of (i) 12.75% and (ii) the sum of (x) 10.5% plus (y) (A) the prime rate minus (B) 4.5%. The Term Loan provides for interest-only payments until November 1, 2018. The interest-only period may be extended to May 1, 2019 if the Borrower obtains minimum cash proceeds of $20.0 million from a sale of equity securities or subordinated debt and/or ongoing commercial partnerships. Thereafter, amortization payments will be payable monthly in twenty-six installments (or, if the period requiring interest-only payments has been extended to May 1, 2019, in twenty installments) of principal and interest (subject to recalculation upon a change in prime rates).

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

In March 2017, we terminated the at-the-market equity offering program established in December 2013 and established a new at-the-market equity offering program pursuant to which we are able to offer and sell up to $35.0 million of our common stock at then current market prices from time to time through Cantor Fitzgerald & Co., as sales agent. We have not commenced sales under this program.

Funding requirements

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

- continue our ongoing clinical trials, including with our most advanced product candidates duvelisib and defactinib;
- initiate additional clinical trials for our product candidates;
- maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other products and technologies;
- hire additional clinical, development and scientific personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval.

We expect our existing cash, cash equivalents and investments will be sufficient to fund our current operating plan for at least the next twelve months from the date of filing of this Quarterly Report on Form 10-Q. 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 and size of enrollment of, results from, and cost of completing our ongoing clinical trials;
- the scope, progress and results of our ongoing and potential future clinical trials;

- the extent to which we acquire or in-license other products and technologies;
- the costs, timing and outcome of regulatory review and/or approval of our product candidates;
- the costs and timing of future commercialization activities for any of our product candidates for which we receive marketing approval;
- revenue, if any, received from commercial sales of any of our product candidates for which we receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims; and
- our ability to establish collaborations on favorable terms, if at all.

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

OFF-BALANCE SHEET ARRANGEMENTS

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. We had cash, cash equivalents and investments of $57.9 million and $80.9 million as of June 30, 2017 and December 31, 2016, respectively, consisting of cash, U.S. Government money market funds and corporate bonds and commercial paper of publicly traded companies. 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 have contracts with CROs and contract manufacturers globally, which may be denominated in foreign currencies. We may be subject to fluctuations in foreign currency rates in connection with these agreements. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. As of June 30, 2017, an immaterial amount of our total liabilities was denominated in currencies other than the functional currency.

On March 21, 2017, we entered into a term loan facility of up to $25.0 million with Hercules Capital, Inc. (Term Loan). An initial term loan was made on March 21, 2017 in an aggregate principal amount equal to $2.5 million. The Term Loan bears interest per annum equal to the greater of either (a) 10.5% or (b) the lesser of (i) 12.75% and (ii) the sum of (x) 10.5% plus (y) (A) the prime rate minus (B) 4.5%. Changes in interest rates can cause interest charges to fluctuate under the Term Loan. As of June 30, 2017, principal payable under the Term Loan was $2.5 million. A 10%

increase in current interest rates would have resulted in an immaterial increase in the amount of cash interest expense paid for the three and six months ended June 30, 2017.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934 (Exchange Act), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2017, our Chief Executive Officer and our Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting during the three and six months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Item 1A. (Risk Factors) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed with the SEC on March 23, 2017. There have been no material changes from the factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

RECENT SALES OF UNREGISTERED SECURITIES

None.

PURCHASE OF EQUITY SECURITIES

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

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

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

On August 8, 2017, Verastem, Inc. announced its financial results for the quarter ended June 30, 2017 and commented on certain corporate accomplishments and plans. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 hereto.

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

Item 6. Exhibits.

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

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: August 8, 2017

By: /s/ ROBERT FORRESTER

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

Date: August 8, 2017

By: /s/ JULIE B. FEDER

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

EXHIBIT INDEX

10.1*	Amended and Restated Form of Indemnification Agreement between the Registrant and each director and officer.
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Press Release issued by Verastem, Inc. on August 8, 2017.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

Exhibit 10.1

VERASTEM, INC.
INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of [_____] [_], 2017, between Verastem, Inc., a Delaware corporation (the "**Company**"), and [_____] ("**Indemnitee**").

WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the board of directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Certificate of Incorporation and By-laws of the Company requires indemnification of the directors, officers and any person who at the request of the Company is or was serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprises, from any and all of the expenses, liabilities or other matters. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("**DGCL**"). The Certificate of Incorporation, By-laws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such liability insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of

Incorporation and By-laws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Certificate of Incorporation, By-laws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified; and

WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by other entities and/or organizations which Indemnitee and such other entities and/or organizations intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof.

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(d) Appointing Stockholder. If (i) Indemnitee is or was affiliated with one or more entities that has invested in the Company (an "**Appointing Stockholder**"), (ii) the Appointing Stockholder is, or is threatened to be made, a party to or a participant in any Proceeding, and (iii) the Appointing Stockholder's involvement in the Proceeding is related to Indemnitee's service to the Company as a director of the Company or any direct or indirect subsidiaries of the Company, then, to the extent resulting from any claim based on the Indemnitee's service to the Company as a director or other fiduciary of the Company, the Appointing Stockholder will be entitled to indemnification hereunder for Expenses to the same extent as Indemnitee, and the terms of this Agreement as they relate to procedures for indemnification of Indemnitee and advancement of Expenses shall apply to any such indemnification of the Appointing Stockholder.

The rights provided to the Appointing Stockholder under this Section 1(d) shall (i) be suspended during any period during which the Appointing Stockholder does not have a representative on the Company's Board and (ii) terminate on an initial public offering of the Company's Common Stock; provided, however, that in the event of any such suspension or termination, the Appointing Stockholder's rights to indemnification will not be suspended or terminated with respect to any Proceeding based in whole or in part on facts and circumstances occurring at any time prior to such suspension or termination regardless of whether the Proceeding arises before or after such suspension or termination. The Company and Indemnitee agree that the Appointing Stockholder is an express third party beneficiary of this Section 1(d).

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a)Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b)Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c)The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d)To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving

cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a)To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b)Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c)If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within 10 days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests

of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i)The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its

equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a)In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b)In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c)If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d)In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e)The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify

Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f)Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a)The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the By-laws, any agreement, a vote of stockholders, a resolution of the Board of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b)To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors and officers liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c)The Company hereby acknowledges that Indemnitee has or may have in the future certain rights to indemnification, advancement of expenses and/or insurance provided by other entities and/or organizations (collectively, the " **Fund Indemnitors**"). The

Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement, the Certificate of Incorporation or By-laws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 8(c).

(d)Except as provided in paragraph (c) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e)Except as provided in paragraph (c) above, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f)Except as provided in paragraph (c) above, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a)for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision, provided, that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors set forth in Section 8(c) above;

(b)for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of

the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c)in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a)The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer or other person in service of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer or other person in service of the Company.

(b)This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a)“ **Corporate Status**” describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b)“ **Disinterested Director**” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c)“ **Enterprise**” shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d)“ **Expenses**” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e)“ **Independent Counsel**” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f)“ **Proceeding**” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his or her Corporate Status, by reason of any action taken by him or of any inaction on his part while acting in his or her Corporate Status; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement,

but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Further, the invalidity or unenforceability of any provision hereof as to either Indemnitee or Appointing Stockholder shall in no way affect the validity or enforceability of any provision hereof as to the other. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee and Appointing Stockholder indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a)To Indemnitee at the address set forth below Indemnitee signature hereto.

(b)To the Company at:
Verastem, Inc.
117 Kendrick St.
Needham, MA 02494
Attn: Legal Department
Phone: (781) 292-4200

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

VERASTEM, INC.

By: _____
Name:
Title:

INDEMNITEE

_____
Name:
Address:

Exhibit 31.1

CERTIFICATIONS

I, Robert Forrester, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ ROBERT FORRESTER

Robert Forrester
President and Chief Executive Officer

Date: August 8, 2017

Exhibit 31.2

CERTIFICATIONS

I, Joseph Chiapponi, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ JULIE B. FEDER

Julie B. Feder
Chief Financial Officer

Date: August 8, 2017

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 June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert Forrester, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

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

/s/ ROBERT FORRESTER

Robert Forrester
President and Chief Executive Officer

Date: August 8, 2017

**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 June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Julie B. Feder, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

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

/s/ JULIE B. FEDER

Julie B. Feder
Chief Financial Officer

Date: August 8, 2017

Verastem Reports Second Quarter 2017 Financial Results

Company Expects to Report Top-line Data from Phase 3 DUO™ Study in Late Summer 2017

BOSTON, MA – August 8, 2017 – Verastem, Inc. (NASDAQ: VSTM), focused on discovering and developing drugs to improve the survival and quality of life of cancer patients, today reported financial results for the second quarter ended June 30, 2017 and provided an overview of certain corporate developments.

"The second quarter of 2017 was marked by several duvelisib data presentations at top hematology-focused medical meetings," said Robert Forrester, President and Chief Executive Officer of Verastem. "Long-term follow-up data from the Phase 2 DYNAMO™ study, which was presented at the 14th International Conference on Malignant Lymphoma (ICML), demonstrated a durable 47% response rate and a well characterized and manageable safety profile in patients with indolent non-Hodgkin Lymphoma (iNHL) whose disease is refractory to both rituximab and chemotherapy or radioimmunotherapy. These overall DYNAMO results were followed by promising subgroup data for DYNAMO patients with follicular lymphoma (FL) or small lymphocytic lymphoma (SLL), presented at the 22nd Congress of the European Hematology Association (EHA), which described high response rates of 43% and 68% in FL and SLL, respectively. We remain highly encouraged by the data generated to date from the duvelisib program and we look forward to reporting top-line data from the Phase 3 DUO™ study in relapsed/refractory chronic lymphocytic leukemia and small lymphocytic lymphoma (CLL/SLL) currently expected in the latter part of summer 2017."

Second Quarter 2017 and Recent Highlights:

Duvelisib

- ***Ongoing Phase 3 DUO Study in Relapsed or Refractory CLL/SLL*** – The efficacy and safety of duvelisib is currently being evaluated in the randomized Phase 3 DUO study in patients with relapsed or refractory CLL/SLL. In the DUO study, approximately 300 patients were randomized 1:1 to receive duvelisib or ofatumumab. The trial was fully enrolled in November 2015. The primary endpoint of this study is progression free survival (PFS). Key secondary endpoints include overall response rate (ORR), overall survival (OS), duration of response (DOR) and safety. Verastem expects to report top-line data from the DUO study in the latter part of summer 2017.

- ***Presented Long-Term Follow Up Data in Patients with Double-Refractory FL and SLL at EHA 2017*** – Long-term follow up data from the subsets of patients with FL or SLL who were enrolled in the ongoing Phase 2 DYNAMO study were the subject of presentations at EHA 2017 in Madrid, Spain. In an oral presentation, titled "DYNAMO: A Phase 2 Study Demonstrating the Clinical Activity of Duvelisib in Patients with Double-Refractory Follicular Lymphoma," Pier Luigi Zinzani, M.D., Ph.D., of the University of Bologna Institute of Hematology, reported that duvelisib monotherapy demonstrated an ORR of 43%, as determined by an independent review committee, with 83% of patients experiencing a reduction in the size of target lymph nodes. The median DOR was 7.9 months, the median PFS was 8.3 months, and the median overall survival

(OS) was 27.8 months. In an e-poster presentation, titled "DYNAMO: The Clinical Activity of Duvelisib in Patients with Double-Refractory Small Lymphocytic Lymphoma in a Phase 2 Study," Dr. Zinzani reported that duvelisib as a monotherapy demonstrated an ORR of 68%, as determined by an independent review committee, with 100% of patients experiencing a reduction in the size of target lymph nodes. With a median time on duvelisib of 12 months, median DOR was 10.1 months, median PFS was 11.7 months, and median OS was 28.9 months. The safety profile of duvelisib monotherapy remained consistent with what has been previously reported in iNHL and other hematologic malignancies. Copies of Dr. Zinzani's oral and e-poster presentations are available here and here.

- ***Presented Long-Term Follow Up Data from the Phase 2 DYNAMO Study at ICML 2017*** – Long-term follow up data from the ongoing Phase 2 DYNAMO study was highlighted in an oral presentation at ICML 2017 in Lugano, Switzerland. In the presentation, titled "DYNAMO: A Phase 2 Study Demonstrating the Clinical Activity of Duvelisib in Patients with Double-Refractory Indolent Non-Hodgkin Lymphoma," Dr. Zinzani, reported that duvelisib as a monotherapy demonstrated an ORR of 47%, as determined by an independent review committee, with 88% of patients experiencing a reduction in the size of target lymph nodes. Overall, the median DOR was 10 months, the median PFS was 9 months, and the median overall survival was 27.8 months. With additional follow-up (median 18 months), the safety profile of duvelisib monotherapy remained consistent with what has been previously reported in iNHL and other hematologic malignancies. The DYNAMO study met its primary ORR endpoint (p=0.0001) at the primary analysis. A PDF of Dr. Zinzani's oral presentation is available here.

Defactinib (VS-6063)

- ***Published Scientific Data Highlighting Potential Role of Focal Adhesion Kinase (FAK) Inhibition in Pancreatic and Breast Cancer*** – In July 2017, Verastem announced the publication of two papers in the peer-reviewed journals, *PLoS One* and *Oncotarget*. The two published articles reported scientific findings from studies evaluating FAK inhibition in preclinical models of pancreatic and breast cancer and continue to validate the underlying thesis for ongoing clinical collaborations evaluating Verastem's lead FAK inhibitor defactinib in combination with chemotherapeutic and leading immunotherapeutic agents in several difficult to treat types of cancer. The *PLoS One* paper in pancreatic cancer is available here and the *Oncotarget* paper in breast cancer is available here.

- ***Presented Preclinical Data at the 2017 American Association for Cancer Research Annual Meeting*** – In an oral presentation titled, "Reprogramming the tumor microenvironment to improve responses to therapy," Verastem scientific collaborator David G. DeNardo, Ph.D., Associate Professor of Medicine, Division of Oncology, Department of Immunology, Washington University School of Medicine in St. Louis, described data demonstrating that FAK inhibition can enable efficacy of PD-1 inhibition in preclinical models of pancreatic cancer that, like the clinical disease, are otherwise refractory to checkpoint inhibition. Verastem's FAK inhibitor, defactinib, is currently being evaluated in combination with Merck's PD-1 inhibitor, pembrolizumab, and gemcitabine in patients with advanced pancreatic ductal adenocarcinoma (PDAC). Initial analysis of immune biomarkers from matched pairs of metastatic biopsies, taken either pre- or post-treatment, from patients with PDAC showed an increase in activated proliferating cytotoxic T cells together with a reduction in tumor-associated macrophages (TAMs). A PDF copy of Dr. DeNardo's oral presentation is available here.

Corporate and Financial

- ***Julie B. Feder Appointed Chief Financial Officer*** – In July 2017, Verastem announced the appointment of Ms. Feder as its Chief Financial Officer. Ms. Feder is an accomplished financial professional with invaluable leadership experience in the healthcare industry. She joins Verastem from the Clinton Health Access Initiative, Inc. (CHAI), where she served as Chief Financial Officer. Prior to joining CHAI, Ms. Feder held finance roles of increasing responsibility at Genzyme Corporation including leading the internal audit process. Ms. Feder began her career at Deloitte & Touche LLP and she holds a Bachelor of Science in Accounting from Yeshiva University's Sy Syms School of Business.

- ***Eric K. Rowinsky, M.D. Appointed to the Board of Directors*** – Verastem announced the appointment of Eric K. Rowinsky, M.D., to its Board of Directors. Dr. Rowinsky brings to Verastem nearly 30 years of experience in the development of cancer treatments, such as cetuximab (Erbitux®) when he was Chief Medical Officer of ImClone Systems, as well as Cyramza®, Portrazza®, Taxol®, Taxotere®, Hycamtin®, Tarceva®, Camptosar®, Tykerb®, and cixutumumab, among others. He is a member of the board of directors of Biogen, Navidea, and Fortress Biotech, all public life sciences companies, and has served on the board of directors of BIND Therapeutics, a life-science company acquired by Pfizer. Dr. Rowinsky replaced Paul A. Friedman, M.D. who transitioned from his role as Director to become a member of Verastem's Clinical and Scientific Advisory Board.

Second Quarter 2017 Financial Results

Net loss for the three months ended June 30, 2017 (2017 Quarter) was $13.4 million, or $0.36 per share, as compared to a net loss of $8.6 million, or $0.23 per share, for the three months ended June 30, 2016 (2016 Quarter). Net loss includes non-cash stock-based compensation expense of $1.2 million and $1.7 million for the 2017 Quarter and 2016 Quarter, respectively. Verastem used $14.5 million for operating activities during the 2017 Quarter .

Research and development expense for the 2017 Quarter was $9.0 million compared to $4.5 million for the 2016 Quarter. The $4.5 million increase from the 2016 Quarter to the 2017 Quarter was primarily related to an increase of $3.6 million in contract research organization expense for outsourced biology, development and clinical services, which includes our clinical trial costs, an increase of approximately $894,000 in consulting fees, and an increase in personnel related costs of approximately $244,000. These increases were offset by a decrease in stock-based compensation and other expenses of approximately $176,000.

General and administrative expense for the 2017 Quarter was $4.4 million compared to $4.2 million for the 2016 Quarter. The increase of approximately $208,000 from the 2016 Quarter to the 2017 Quarter primarily resulted from an increase in consulting and professional fees of approximately $870,000, partially offset by decreases in stock-based compensation expense of approximately $534,000 and personnel costs of approximately $152,000.

As of June 30, 2017, Verastem had cash, cash equivalents and investments of $57.9 million compared to $80.9 million as of December 31, 2016.

The number of outstanding common shares as of June 30, 2017, was 36,992,418.

Financial Guidance

Based on our current operating plans, we expect to have sufficient cash, cash equivalents and investments to fund our research and development programs and operations into 2018.

About the Tumor Microenvironment

The tumor microenvironment encompasses various cellular populations and extracellular matrices within the tumor or cancer niche that support cancer cell survival. This includes immunosuppressive cell populations such as regulatory T-cells, myeloid-derived suppressor cells, M2 TAMS, as well as tumor-associated fibroblasts and extracellular matrix proteins which can hamper the entry and therapeutic benefit of cytotoxic immune cells and anti-cancer drugs. In addition to targeting the proliferative and survival signaling of cancer cells, Verastem's compounds duvelisib and defactinib target the tumor microenvironment as a mechanism of action to potentially improve a patient's response to therapy.

About Duvelisib

Duvelisib is an investigational, dual inhibitor of phosphoinositide 3-kinase (PI3K)-delta and PI3K-gamma, two enzymes that are known to help support the growth and survival of malignant B-cells and T-cells. PI3K signaling may lead to the proliferation of malignant B-cells and is thought to play a role in the formation and maintenance of the supportive tumor microenvironment.[1,2,3] Duvelisib is currently being evaluated in late- and mid-stage clinical trials, including DUO®, a randomized, Phase 3 monotherapy study in patients with relapsed/refractory CLL/SLL,[4] and DYNAMO®, a single-arm, Phase 2 monotherapy study in patients with refractory iNHL that achieved its primary endpoint of ORR upon topline analysis of efficacy data.[5] Duvelisib is also being evaluated for the treatment of hematologic malignancies through investigator-sponsored studies, including T-cell lymphoma.[6] Information about duvelisib clinical trials can be found on www.clinicaltrials.gov.

About Defactinib

Defactinib (VS-6063) is an investigational inhibitor of FAK, a non-receptor tyrosine kinase that mediates oncogenic signaling in response to cellular adhesion and growth factors.[7] Based on the multi-faceted roles of FAK, defactinib is used to treat cancer through modulation of the tumor microenvironment, enhancement of anti-tumor immunity, and reduction of cancer stem cells.[8,9] Defactinib is currently being evaluated in three separate clinical collaborations in combination with immunotherapeutic agents for the treatment of several different cancer types including pancreatic, ovarian, non-small cell lung cancer, and mesothelioma. These studies are combination clinical trials with pembrolizumab and avelumab from Merck & Co. and Pfizer/Merck KGaA, respectively.[10,11,12] Information about these and additional clinical trials evaluating the safety and efficacy of defactinib can be found on www.clinicaltrials.gov.

About Verastem, Inc.

Verastem, Inc. (NASDAQ:VSTM) is a biopharmaceutical company focused on discovering and developing drugs to improve outcomes for patients with cancer. Verastem is currently developing duvelisib, a dual inhibitor of PI3K-delta and PI3K-gamma, which has successfully met its primary endpoint in a Phase 2 study and is currently being evaluated in a Phase 3 clinical trial in patients with relapsed/refractory CLL/SLL. In addition, Verastem is developing the FAK inhibitor, defactinib, which is currently being evaluated in three separate clinical collaborations in combination with immunotherapeutic agents for the treatment of several different cancer types, including pancreatic, ovarian, non-small cell lung cancer, and mesothelioma. Verastem's product candidates seek to treat cancer by modulating the local tumor microenvironment, enhancing anti-tumor immunity and reducing cancer stem cells. For more information, please visit www.verastem.com.

Verastem, Inc. forward-looking statements notice:

This press release includes forward-looking statements about Verastem's strategy, future plans and prospects, including statements regarding the development and activity of Verastem's investigational product candidates, including duvelisib and defactinib (VS-6063), and Verastem's PI3K and FAK programs generally, the structure of our planned and pending clinical trials and the timeline and indications for clinical development, including reporting top-line data, and regulatory submissions, our rights to develop or commercialize our product candidates and our ability to finance contemplated development activities and fund operations for a specified period. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. 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 Verastem's product candidates and preliminary or interim data from clinical trials may not be predictive of the results or success of ongoing or later clinical trials; that data may not be available when expected, including for the Phase 3 DUO™ study; that enrollment of clinical trials may take longer than expected; that our product candidates will cause unexpected safety events or result in an unmanageable safety profile as compared to their level of efficacy; that duvelisib will be ineffective at treating patients with lymphoid malignancies; that Verastem will be unable to successfully initiate or complete the clinical development of its product candidates; that the development of Verastem's product candidates will take longer or cost more than planned; that Verastem may not have sufficient cash to fund its contemplated operations; that Verastem or Infinity Pharmaceuticals, Inc. (Infinity) will fail to fully perform under the duvelisib license agreement; that Verastem may be unable to make additional draws under its debt facility or obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity, debt financing or otherwise; that Verastem will not pursue or submit regulatory filings for its product candidates, including for duvelisib in patients with CLL or iNHL; and that Verastem's product candidates will not receive regulatory approval, become commercially successful products, or result in new treatment options being offered to patients. Other risks and uncertainties include those identified under the heading "Risk Factors" in Verastem's Annual Report on Form 10-K for the year ended December 31, 2016 and in any subsequent filings with the U.S. Securities and Exchange Commission. The forward-looking statements contained in this press release reflect Verastem's views as of the date of this release, and Verastem does not undertake and specifically disclaims any obligation to update any forward-looking statements.

Verastem, Inc.
Brian Sullivan, 781-292-4214
bsullivan@verastem.com

References

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[3] Schmid M et al. Receptor Tyrosine Kinases and TLR/IL1Rs Unexpectedly activate myeloid cell PI3K, a single convergent point promoting tumor inflammation and progression. Cancer Cell 2011;19:715-727.
[4] www.clinicaltrials.gov, NCT02004522
[5] www.clinicaltrials.gov, NCT01882803
[6] www.clinicaltrials.gov, NCT02783625, NCT02783625, NCT02158091
[7] Schaller M.D. and Parsons J.T. Focal adhesion kinase: an integrin-linked protein tyrosine kinase. Trends Cell Biol. 1993 3: 258-62.
[8] Jiang H et al. Targeting focal adhesion kinase renders pancreatic cancers responsive to checkpoint immunotherapy. Nat Med 2016: Aug 22(8) 851-60.
[9] Sulzmaier F.J. et al. FAK in cancer: mechanistic findings and clinical applications. Nature Rev Cancer. 2014 14: 598-610.
[10] www.clinicaltrials.gov, NCT02546531
[11] www.clinicaltrials.gov, NCT02943317
[12] www.clinicaltrials.gov, NCT02758587

Note: Presentations referenced in this press release can be downloaded at www.verastem.com/research/posters.aspx

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

	June 30, 2017	December 31, 2016
	(unaudited)	
Cash, cash equivalents and investments	$ 57,918	$ 80,897
Prepaid expenses and other current assets	1,835	398
Property and equipment, net	1,127	1,417
Other assets	959	917
Total assets	**$ 61,839**	**$ 83,629**
Accounts payable and accrued expenses	$ 11,066	$ 10,991
Long-term debt	2,293	—
Other liabilities	248	341
Stockholders' equity	48,232	72,297
Total liabilities and stockholders' equity	**$ 61,839**	**$ 83,629**

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

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Operating expenses:				
Research and development	$ 9,042	$ 4,492	$ 17,427	$ 8,671
General and administrative	4,425	4,217	9,188	8,472
Total operating expenses	13,467	8,709	26,615	17,143
Loss from operations	(13,467)	(8,709)	(26,615)	(17,143)
Interest income	140	140	295	280
Interest expense	(109)	—	(121)	—
Net loss	**$ (13,436)**	**$ (8,569)**	**$ (26,441)**	**$ (16,863)**
Net loss per share—basic and diluted	**$ (0.36)**	**$ (0.23)**	**$ (0.71)**	**$ (0.46)**
Weighted-average number of common shares used in net loss per share-basic and diluted	**36,992**	**36,992**	**36,992**	**36,983**