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 September 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 November 6, 2017 there were 40,489,396 shares of Common Stock, $0.0001 par value per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10 Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements related to present facts or current conditions or historical facts, contained in this Quarterly Report on Form 10 Q, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward looking statements. Such statements relate to, among other things, the development of our product candidates, including duvelisib and defactinib, and our 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.

Applicable risks and uncertainties include the risks that the full data from the DUO study will not be consistent with the top-line results of the study; 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 even if data from clinical trials is positive, regulatory authorities may require additional studies for approval and the product may not prove to be safe and effective; that the degree of market acceptance of product candidates, if approved, may be lower than expected; that the timing, scope and rate of reimbursement for our product candidates is uncertain; that there may be competitive developments affecting our product candidates; that data may not be available when expected; that enrollment of clinical trials may take longer than expected; that our product candidates will cause unexpected safety events or result in an unmanageable safety profile as compared to their level of efficacy; that duvelisib will be ineffective at treating patients with lymphoid malignancies; that 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 Securities and Exchange Commission (SEC).

As a result of these and other factors, we may not achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. 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)

	September 30, 2017	December 31, 2016
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 51,270	$ 32,349
Short-term investments	8,994	48,548
Prepaid expenses and other current assets	940	398
Total current assets	61,204	81,295
Property and equipment, net	989	1,417
Restricted cash	162	162
Other assets	784	755
Total assets	$ 63,139	$ 83,629
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,363	$ 4,095
Accrued expenses	12,255	6,896
Total current liabilities	19,618	10,991
Non-current liabilities:		
Long-term debt	2,335	—
Other non-current liabilities	201	341
Total liabilities	22,154	11,332
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000 shares authorized, no shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	—	—
Common stock, $0.0001 par value; 100,000 shares authorized, 39,945 and 36,992 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	4	4
Additional paid-in capital	325,886	307,587
Accumulated other comprehensive income	2	29
Accumulated deficit	(284,907)	(235,323)
Total stockholders' equity	40,985	72,297
Total liabilities and stockholders' equity	$ 63,139	$ 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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Operating expenses:				
Research and development	$ 17,743	$ 4,216	$ 35,170	$ 12,887
General and administrative	5,394	3,843	14,582	12,315
Total operating expenses	23,137	8,059	49,752	25,202
Loss from operations	(23,137)	(8,059)	(49,752)	(25,202)
Interest income	121	137	416	417
Interest expense	(110)	—	(231)	—
Net loss	$ (23,126)	$ (7,922)	$ (49,567)	$ (24,785)
Net loss per share—basic and diluted	$ (0.61)	$ (0.21)	$ (1.33)	$ (0.67)
Weighted-average number of common shares used in net loss per share—basic and diluted	37,630	36,992	37,207	36,986
Net loss	$ (23,126)	$ (7,922)	$ (49,567)	$ (24,785)
Unrealized (loss) gain on available-for-sale securities	7	(17)	(27)	17
Comprehensive loss	$ (23,119)	$ (7,939)	$ (49,594)	$ (24,768)

See accompanying notes to the condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2017	2016
Operating activities		
Net loss	$ (49,567)	$ (24,785)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	428	518
Stock-based compensation expense	4,070	4,740
Amortization of deferred financing costs, debt discounts and premiums and discounts on available-for-sale marketable securities	170	(142)
Changes in operating assets and liabilities:		
Prepaid expenses, other current assets and other assets	(571)	154
Accounts payable	3,268	(1,980)
Accrued expenses and other liabilities	5,219	(1,968)
Liability classified stock-based compensation awards	—	(69)
Net cash used in operating activities	(36,983)	(23,532)
Investing activities		
Purchases of property and equipment	—	(39)
Purchases of investments	(6,461)	(60,221)
Maturities of investments	45,905	96,160
Decrease in restricted cash	—	41
Net cash provided by investing activities	39,444	35,941
Financing activities		
Proceeds from long-term debt, net	2,386	—
Deferred debt financing costs	(138)	—
Proceeds from the exercise of stock options	91	—
Proceeds from the issuance of common stock, net	14,121	—
Cash used to settle restricted stock liability	—	(5)
Net cash provided by (used in) financing activities	16,460	(5)
Increase in cash and cash equivalents	18,921	12,404
Cash and cash equivalents at beginning of period	32,349	24,870
Cash and cash equivalents at end of period	$ 51,270	$ 37,274

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 September 30, 2017, the Company had cash, cash equivalents and investments of $60.3 million and accumulated deficit of $284.9 million. The Company anticipates that it will continue to incur losses for the foreseeable future as it continues the research and development and clinical trials of, and seek marketing approval for, its lead product candidates. Without additional funding, the Company believes that it will not have sufficient funds to meet its obligations within the next twelve months from the date of issuance of these condensed consolidated financial statements. These factors raise substantial doubt about the Company's ability to continue as a going concern.

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

2. Summary of significant accounting policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) for interim financial reporting and as required by Regulation S-X, Rule 10-01 under the assumption that the Company will continue as a going concern for the next twelve months. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements, or any adjustments that might result from the uncertainty related to the Company's ability to continue as a going concern. In the opinion of management, all adjustments (including those which are normal and recurring) considered necessary for a fair presentation of the interim financial information have been included. When preparing financial statements in conformity with GAAP, the Company must make estimates and assumptions that affect the reported amounts and related disclosures at the date of the financial statements. Actual results could differ from those estimates. Additionally, operating results for the three and nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for any other interim period or for the 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 does not expect the adoption to have a material impact 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 does not expect the adoption to have a material impact 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 does not expect the adoption to have a material impact 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, 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.

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):

	September 30, 2017			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash equivalents	$ 49,389	$ 49,389	$ —	$ —
Short-term investments	8,994	—	8,994	—
Total financial assets	**$ 58,383**	**$ 49,389**	**$ 8,994**	**$ —**

Description	December 31, 2016 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 September 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):

	September 30, 2017 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash and money market accounts	$ 51,270	$ —	$ —	$ 51,270
Total cash and cash equivalents	$ 51,270	$ —	$ —	$ 51,270
Investments:				
Corporate bonds and commercial paper (due within 1 year)	$ 8,992	$ 2	$ —	$ 8,994
Total investments	$ 8,992	$ 2	$ —	$ 8,994
Total cash, cash equivalents, and investments	**$ 60,262**	**$ 2**	**$ —**	**$ 60,264**

	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 nine months ended September 30, 2017 or 2016. There were no investments that had been in an unrealized loss position for more than 12 months as of September 30, 2017 or December 31, 2016. There were 2 debt securities in an unrealized loss position for less than 12 months at September 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 September 30, 2017 and December 31, 2016 was approximately $400 and $24,000, respectively, and the fair value was $2.5 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 September 30, 2017.

5. Accrued expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2017	December 31, 2016
License fees (1)	$ 6,000	$ —
Contract research organization costs	3,669	3,258
Compensation and related benefits	1,581	2,505
Professional fees	608	403
Deferred rent	186	175
Consulting fees	173	527
Other	38	28
	$ 12,255	$ 6,896

(1) See Note 10. License Agreements for additional information

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 have been and 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. On October 12, 2017, the Borrower drew an additional $7.5 million under the Loan Agreement, and used $6.0 million of the proceeds to make a milestone payment pursuant to the Company's license agreement with Infinity Pharmaceuticals, Inc. (Infinity). See "Note 10. License Agreements" for additional information related to the milestone payment.

The Term Loan will mature on December 1, 2020. 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 September 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 September 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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Outstanding stock options	8,431,355	5,880,808	8,431,355	5,880,808
Outstanding warrants	—	142,857	—	142,857
	8,431,355	6,023,665	8,431,355	6,023,665

8. Stock-based compensation

Stock options

A summary of the Company's stock option activity and related information for the nine months ended September 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	2,864,930	$ 2.14		
Exercised	(98,857)	$ 0.92		
Forfeited/cancelled	(183,188)	$ 2.29		
Outstanding at September 30, 2017	8,431,355	$ 5.08	8.0	$ 15,010
Vested at September 30, 2017	4,257,760	$ 7.46	7.0	$ 4,843
Vested and expected to vest at September 30, 2017(1)	8,431,355	$ 5.08	8.0	$ 15,010

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

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

	Nine months ended September 30,	
	2017	2016
Risk-free interest rate	1.98 %	1.47 %
Volatility	79 %	75 %
Dividend yield	—	—
Expected term (years)	5.9	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. 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. In September 2017, the Company determined that the remaining performance conditions had been achieved and as a result the remaining 250,000 shares vested and the Company recognized stock-based compensation expense of approximately $379,000 during the three months ended September 30, 2017. The increase in stock-based compensation expense recognized for the awards which vested during the three months ended September 30, 2017, as compared to the awards which vested during the year ended December 31, 2016, is a result of the revaluation of an award held by a non-employee to fair value on the vesting date.

Restricted stock units

The approximate total fair value of restricted stock units (RSUs) vested during the three and nine months ended September 30, 2016 was $0 and $65,000, respectively. As of September 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 nine months ended September 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 nine months ended September 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 September 30, 2016, the Company had no remaining tax liability related to these awards.

9. Common Stock

On March 30, 2017, the Company terminated the at-the-market equity offering program established in December 2013 and established a new at-the-market equity offering program pursuant to which it was able to offer and sell up to $35.0 million of its common stock at then current market prices from time to time through Cantor Fitzgerald & Co. (Cantor), as sales agent. On August 28, 2017, the Company amended its sales agreement with Cantor to increase the maximum aggregate offering price of shares of common stock that can be sold under the at-the-market equity offering program to $75.0 million. Through September 30, 2017, the Company sold 2,853,753 shares under this program for net proceeds of approximately $14.1 million (after deducting commissions and other offering expenses).

As of November 6, 2017, the Company has sold an additional 544,368 shares of common stock under the at-the-market equity offering program with net proceeds of $2.5 million (after deducting commissions and other offering expenses).

10. License agreements

Pursuant to the terms of the amended and restated license agreement with Infinity, the Company is required to make the following payments to Infinity in cash or, at our election, in whole or in part, in shares of our common stock: (i) $6.0 million upon determination that the results of the DUO study meet certain pre-specified criteria and (ii) $22.0 million upon the approval of a New Drug Application (NDA) in the United States or an application for marketing authorization with a regulatory authority outside of the United States for a product in an oncology indication containing duvelisib.

Upon achievement of the positive top-line results from the Phase 3 DUO study on September 6, 2017, the Company determined that the pre-specified criteria stipulated in the license agreement had been met. Accordingly, the Company made a milestone payment of $6.0 million to Infinity in October 2017. The Company recorded the $6.0 million as research and development expense in the statement of operations for the period ended September 30, 2017.

11. 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 and approximately $78,000 and approximately $713,000 was paid in the three and nine months ended September 30, 2016. As of September 30, 2016, all one-time severance and related costs had been paid and no liability remained.

12. Subsequent events

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

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those discussed below and elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for our fiscal year ended December 31, 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, utilize a multi-faceted approach to treat cancers originating either in the blood or major organ systems. We are currently evaluating these compounds in both preclinical and clinical studies as potential therapies for certain cancers, including leukemia, lymphoma, lung cancer, ovarian cancer, mesothelioma, and pancreatic cancer. We believe that these compounds may be beneficial as therapeutics either as single agents or when used in combination with immuno-oncology agents or other current and emerging standard of care treatments in aggressive cancers that are poorly served by currently available therapies.

Duvelisib targets the Phosphoinositide 3-kinase (PI3K) signaling pathway. The PI3K signaling pathway plays a central role in cancer proliferation and survival. Duvelisib is an investigational oral therapy designed to attack both malignant B-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. Duvelisib is being developed for the treatment of patients with hematological cancers including Chronic Lymphocytic Leukemia and Small Lymphocytic Lymphoma (CLL/SLL) and indolent Non-Hodgkin Lymphoma (iNHL), which includes Follicular Lymphoma (FL), Peripheral T-Cell Lymphoma (PTCL) and other subtypes of lymphoma. Duvelisib has U.S. Food and Drug Administration (FDA) Fast Track Designation for patients with CLL or PTCL who have received at least one prior therapy and for patients with FL who have received at least two prior therapies. In addition, duvelisib has orphan drug designation for patients with CLL, SLL and FL in the United States and European Union.

Duvelisib is currently being evaluated in late- and mid-stage clinical trials, including DUO™, a randomized, Phase 3 monotherapy study in patients with relapsed or refractory CLL/SLL, and DYNAMO™, a single-arm, Phase 2 monotherapy study in patients with refractory iNHL. Both DUO and DYNAMO achieved their primary endpoints upon top-line analysis of efficacy data. We anticipate submitting a New Drug Application (NDA) to the FDA requesting the full approval of duvelisib for the treatment of patients with CLL/SLL and accelerated approval for the treatment of patients with FL in the first quarter of 2018.

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

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

Our operations to date have been organizing and staffing our company, business planning, raising capital, identifying and acquiring potential product candidates and undertaking preclinical studies and clinical trials for our product candidates. To date, we have not generated any revenues. We have financed our operations to date through private placements of preferred stock, 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 programs.

As of September 30, 2017, we had an accumulated deficit of $284.9 million. Our net loss was $23.1 million, $49.6 million, $7.9 million and $24.8 million for the three and nine months ended September 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 nine months ended September 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 September 30, 2017 and 2016

Research and development expense. Research and development expense for the three months ended September 30, 2017 (2017 Quarter) was $17.7 million compared to $4.2 million for the three months ended September 30, 2016 (2016 Quarter). The $13.5 million increase from the 2016 Quarter to the 2017 Quarter was primarily related to the achievement of a $6.0 million milestone pursuant to our license agreement with Infinity Pharmaceuticals, Inc. (Infinity), an increase of $4.8 million in contract research organization (CRO) expense for outsourced biology, development and clinical services, which includes our clinical trial costs, an increase of approximately $2.0 million in consulting fees, an increase in stock-based compensation of approximately $423,000 and an increase in personnel related costs of approximately $153,000.

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 $1.2 million and $1.1 million for the 2017 Quarter and the 2016 Quarter, respectively.

	Three months ended September 30,	
	2017	2016
	(in thousands)	(in thousands)
Duvelisib	$ 13,600	$ —
Defactinib	807	1,029
Unallocated and other research and development expense	2,676	2,950
Unallocated stock-based compensation expense	660	237
Total research and development expense	$ 17,743	$ 4,216

General and administrative expense. General and administrative expense for the 2017 Quarter was $5.4 million compared to $3.8 million for the 2016 Quarter. The increase of $1.6 million from the 2016 Quarter to the 2017 Quarter primarily resulted from increases in consulting and professional fees of $1.3 million and personnel costs of approximately $330,000.

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 $110,000 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 nine months ended September 30, 2017 and 2016

Research and development expense. Research and development expense for the nine months ended September 30, 2017 (2017 Period) was $35.2 million compared to $12.9 million for the nine months ended September 30, 2016 (2016 Period). The $22.3 million increase from the 2016 Period to the 2017 Period was primarily related to an increase of $11.2 million in CRO expense for outsourced biology, development and clinical services, which includes our clinical trial costs, the achievement of a $6.0 million milestone pursuant to our license agreement with Infinity, an increase of $3.5 million in consulting fees, an increase in personnel related costs of $1.4 million, and a net increase of approximately $207,000 in stock-based compensation and other expenses.

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 $3.9 million and $2.6 million for the 2017 Period and the 2016 Period, respectively.

	Nine months ended September 30,	
	2017	2016
	(in thousands)	(in thousands)
Duvelisib	$ 23,125	$ —
Defactinib	2,326	3,387
Unallocated and other research and development expense	8,578	8,760
Unallocated stock-based compensation expense	1,141	740
Total research and development expense	$ 35,170	$ 12,887

General and administrative expense. General and administrative expense for the 2017 Period was $14.6 million compared to $12.3 million for the 2016 Period. The increase of $2.3 million from the 2016 Period to the 2017 Period primarily resulted from increases in consulting and professional fees of $3.1 million and personnel costs of approximately $213,000, partially offset by a decrease in stock-based compensation expense of $1.0 million.

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

Interest expense. Interest expense for the 2017 Period was approximately $231,000 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 at-the market equity offering programs.

As of September 30, 2017, we had $60.3 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):

	Nine months ended September 30,	
	2017	2016
Net cash (used in) provided by:		
Operating activities	$ (36,983)	$ (23,532)
Investing activities	39,444	35,941
Financing activities	16,460	(5)
Increase in cash and cash equivalents	$ 18,921	$ 12,404

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, payments of one-time severance and related costs of approximately $713,000 in the 2016 Period.

Investing activities. The cash provided by investing activities for the 2017 Period reflects the net maturities of investments of $39.4 million. The cash provided in investing activities for the 2016 Period reflects the net maturities of investments of $35.9 million.

Financing activities. The cash provided by financing activities for the 2017 Period primarily represents $14.1 million in net proceeds received under our at-the-market equity program, $2.4 million in net proceeds received from a loan and security agreement executed with Hercules, and approximately $91,000 received from the exercise of stock options, 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 have been and 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, 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. On October 12, 2017, the Borrower drew an additional $7.5 million under the Loan Agreement, and used $6.0 million of the proceeds to make a milestone payment pursuant to our license agreement with Infinity.

The Term Loan will mature on December 1, 2020. 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.

On March 30, 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 were able to offer and sell up to $35.0 million of our common stock at then current market prices from time to time through Cantor Fitzgerald & Co. (Cantor), as sales agent. On August 28, 2017, we amended our sales agreement with Cantor to increase the maximum aggregate offering price of shares of common stock that can be sold under the at-the-market program to $75.0 million. Through September 30, 2017, we sold 2,853,753 shares under this program for net proceeds of approximately $14.1 million (after deducting commissions and other offering expenses).

As of November 6, 2017, we sold an additional 544,368 shares of common stock under the at-the-market equity offering program with net proceeds of $2.5 million (after deducting commissions and other offering expenses).

Funding requirements

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

- prepare our NDA filing for duvelisib and for the anticipated commercialization of duvelisib;
- 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
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval.

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

- the scope, progress and results of our ongoing and potential future clinical trials;
- the extent to which we acquire or in-license other products and technologies;
- the costs, timing and outcome of regulatory review of our product candidates (including our efforts to seek approval and fund the preparation and filing of regulatory submissions);
- the costs and timing of future commercialization activities for such product candidates, for which we receive marketing approval;
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval;

- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property related claims; and
- our ability to establish collaborations on favorable terms, if at all.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or 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 $60.3 million and $80.9 million as of September 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 September 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 and an additional $7.5 million on October 12, 2017. 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 September 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 nine months ended September 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 September 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 September 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 nine months ended September 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 and as supplemented or updated by the risk factors described below.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

The currently reported results of the DUO study are based on top-line data and may differ from the final, complete study results once all data are fully analyzed.

The reported results of our DUO study consist of only top-line data. Top-line data are based on a preliminary analysis of efficacy and safety data, and therefore these currently reported results are subject to change following a completion of the more extensive data analysis we expect to perform. Top-line data are based on important assumptions, estimations, calculations and information currently available to us, and we have not had an opportunity to evaluate all of the data from the DUO study. As a result, the top-line results may differ from the final results, or different conclusions or considerations may qualify such top-line results, once the complete data have been fully evaluated. If these top-line data differ from the results of the full data or subsequent data from patients during the remainder of the DUO study or subsequent treatment, our ability to obtain or maintain approval for, and commercialize, duvelisib may be harmed, which could materially adversely affect our business, financial condition, results of operations and prospects and the value of our common stock.

Even if any of our product candidates receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

If any of our product candidates receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors and others in the medical community. If our product candidates do not achieve an adequate level of acceptance, or if we are unable to increase market acceptance of our products as compared to existing or competitive products, we may not generate significant product revenues and we may not become profitable. In addition, clinical studies of duvelisib showed side effects that may need to be managed to be profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- efficacy and potential advantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the line of therapy our products are designated under physician treatment guidelines;
- changes in the standard of care for the targeted indications for our products;
- limitations or warnings, including distribution or use restrictions, contained in the approved labeling for any of our products;

- the strength of marketing and distribution support;
- sufficient third-party coverage or reimbursement;
- the ability of the medical community to appropriately recognize and manage side effects;
- safety concerns with similar products marketed by others; and
- the prevalence and severity of any side effects as a result of treatment with our product candidates.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must complete extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. For example, a further review and analysis of this data may change the conclusions drawn from this unaudited data indicating less promising results than we currently anticipate.

In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. We do not know whether any clinical trial we may conduct will demonstrate consistent or adequate efficacy and safety sufficient to obtain regulatory approval to market our product candidates.

In addition, the design of a clinical trial may determine whether its results will support approval of a product and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products. Although we view the top-line results from our Phase 3 DUO, Phase 2 DYNAMO and other studies as promising, the FDA or other regulatory authorities may require additional testing to substantiate our claims, which could delay or prevent marketing approval for duvelisib.

A failure of one or more clinical trials could indicate a higher likelihood that subsequent clinical trials of the same product candidate in the same or other indications or subsequent clinical trials of other related product candidates will be unsuccessful for the same reasons as the unsuccessful clinical trials.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates, including:

- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may have delays in reaching or fail to reach agreement on clinical trial contracts or clinical trial protocols with prospective trial sites;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;

- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators or institutional review boards may require that we or our investigators suspend or terminate clinical trials for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; and
- our product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators, regulators or institutional review boards to suspend or terminate the trials.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions including imposition of a Risk Evaluation and Mitigation Strategy (REMS), or safety warnings, including boxed warnings;
- be subject to additional post marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

The FDA and foreign regulatory authorities may determine that the results from our ongoing and future trials do not support regulatory approval and may require us to conduct an additional clinical trial or trials. If these agencies take such a position, the costs of development of our product candidates could increase materially and their potential market introduction could be delayed. The regulatory agencies could also require that we conduct additional clinical, nonclinical or manufacturing validation studies and submit that data before it will consider a New Drug Application (NDA). Our product development costs will also increase if we experience delays in clinical testing or marketing approvals. We do not know whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

In September 2017, we announced top-line results from our Phase 3 DUO study of duvelisib. We plan to use these clinical data together with the data from our Phase 2 DYNAMO study and other clinical studies of duvelisib to submit an NDA to the FDA during the first quarter of 2018.

Defactinib is in Phase 1 and Phase 2 clinical trials and the development program continues to progress. The toxicities reported thus far are consistent with other drugs in this class.

As a result of adverse events observed to date, or further safety or toxicity issues that we may experience in our clinical trials in the future, we may not receive approval to market any product candidates, which could prevent us from ever generating revenue from the sale of products or achieving profitability. Results of our trials could reveal an unacceptably high severity and prevalence of side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our products candidates for any or all targeted indications.

Many compounds that initially showed promise in early stage testing for treating cancer have later been found to cause side effects that prevented further development of the compound. In addition, while we and our clinical trial investigators currently determine if serious adverse or unacceptable side effects are drug related, the FDA or other non-U.S. regulatory authorities may disagree with our or our clinical trial investigators' interpretation of data from clinical trials and the conclusion that a serious adverse effect or unacceptable side effect was not drug related.

Even if we are able to commercialize any product candidates, the products may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, which would harm our business.

The regulations that govern marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. In the United States, recently passed legislation may significantly change the purchase of pharmaceutical products, resulting in lower prices and a reduction in product demand. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted.

As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain marketing approval.

Our ability to commercialize any products successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will cover and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that coverage and reimbursement will be available for any product that we commercialize and, if reimbursement is available, the level of reimbursement. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. Obtaining coverage and reimbursement for our products may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If coverage and reimbursement is not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside the United States. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Risks Related to Our Financial Position and Need for Additional Capital

We require additional financing to execute our operating plan and continue to operate as a going concern.

Our unaudited condensed consolidated financial statements for the quarter ended September 30, 2017 have been prepared assuming we will continue to operate as a going concern, but we believe that our continuing operating losses raise substantial doubt about our ability to continue as such. Because we continue to experience net operating losses, our ability to continue as a going concern is subject to our ability to obtain necessary capital from outside sources, including obtaining additional capital from the sale of our securities or assets, obtaining loans from financial institutions or entering into partnership arrangements. Our continued net operating losses increase the difficulty in obtaining such capital, and there can be no assurances that we will be able to obtain such capital on favorable terms or at all. If we are unable to obtain sufficient capital from the sale of our securities or from alternative sources, we may be required to reduce, defer, or discontinue certain or all of our research and development activities, including discontinuing development of duvelisib and defactinib, or we may not be able to continue as a going concern.

We have incurred significant losses since our inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability.

Since inception, we have incurred significant operating losses. As of September 30, 2017, we had an accumulated deficit of $284.9 million. To date, we have not generated any revenues and have financed our operations through private placements of our preferred stock, public offerings of our common stock, and sales of our common stock pursuant to our at-the-market equity offering programs. In March 2017, Verastem, Inc. (Borrower) entered into a term loan facility with Hercules Capital, Inc. (Hercules), the proceeds of which will be used for our ongoing research and development programs and for general corporate purposes. We have devoted substantially all of our efforts to research and development. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter. We anticipate that our expenses will increase substantially if and as we:

- prepare our NDA filing for duvelisib and for the anticipated commercialization of duvelisib;
- continue our ongoing clinical trials with our product candidates, 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
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval.

To become and remain profitable, we must develop and eventually commercialize a product or products with significant market potential. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, obtaining marketing approval for these product candidates and manufacturing, marketing and selling those products for which we may obtain marketing approval. We may never succeed in these activities and, even if we do, may never generate revenues that are significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of the company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We will continue to need substantial additional funding. If we are unable to raise capital when needed, we would be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the clinical development of our product candidates. In addition, as we seek marketing approval for duvelisib on the basis of our clinical studies to date, 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. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our clinical development programs or commercialization efforts.

Our future capital requirements will depend on many factors, including:

- the scope, progress and results of our ongoing and potential future clinical trials;
- the extent to which we acquire or in-license other product candidates and technologies;
- the costs, timing and outcome of regulatory review of our product candidates (including our efforts to seek approval and fund the preparation and filing of regulatory submissions);
- the costs and timing of future commercialization activities for such product candidates, for which we receive marketing approval;
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property related claims; and
- our ability to establish collaborations or partnerships on favorable terms, if at all.

Conducting clinical trials is a time consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that may not be commercially available for several years, if at all. Accordingly, even if we receive regulatory approval of one of our product candidates, it will take several years to achieve peak sales and we will need to continue to rely on additional financing to further our clinical development objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Risk Related to Our Indebtedness

Our level of indebtedness and debt service obligations could adversely affect our financial condition, and may make it more difficult for us to fund our operations.

In March 2017, the Borrower entered into a Loan and Security Agreement (the Loan Agreement), with Hercules. Under the Loan Agreement, Hercules will provide access to term loans with an aggregate principal amount of up to $25.0 million (the Term Loan). Concurrently with the closing of the Loan Agreement, the Borrower borrowed an initial tranche of $2.5 million. On October 12, 2017, the Borrower drew an additional $7.5 million under the Loan Agreement, and used $6.0 million of the proceeds to make a milestone payment pursuant to the Company's license agreement with Infinity Pharmaceuticals, Inc.

All obligations under the Loan Agreement are secured by substantially all of the Borrower's existing property and assets, excluding its intellectual property. This indebtedness may create additional financing risk for the Borrower, particularly if its business or prevailing financial market conditions are not conducive to paying off or refinancing its outstanding debt obligations at maturity. This indebtedness could also have important negative consequences, including:

- we will need to repay our indebtedness by making payments of interest and principal, which will reduce the amount of money available to finance our operations, our research and development efforts and other general corporate activities; and
- our failure to comply with the restrictive covenants in the Loan Agreement could result in an event of default that, if not cured or waived, would accelerate our obligation to repay this indebtedness, and Hercules could seek to enforce our security interest in the assets securing such indebtedness.

To the extent additional debt is added to the Borrower's current debt levels, the risks described above could increase.

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 November 7, 2017, Verastem, Inc. announced its financial results for the quarter ended September 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.

EXHIBIT INDEX

10.1*	Employment agreement, dated October 9, 2017, by and between Verastem, Inc. and NgocDiep T. Le.
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 November 7, 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.

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: November 7, 2017

By: /s/ Robert Forrester

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

Date: November 7, 2017

By: /s/ Julie B. Feder

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

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated October 9, 2017 (the "Effective Date"), is by and between Verastem, Inc. (the "Company"), a Delaware corporation with its principal place of business at 117 Kendrick Street, Suite 500, Needham, MA 02494, and NgocDiep T. Le (the "Executive").

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

WHEREAS, the Company wishes to employ the Executive to serve as its Chief Medical Officer.

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

1. **Position and Duties.** Upon the terms and subject to the conditions set forth in this Agreement, the Company hereby offers and the Executive hereby accepts employment with the Company to serve as its Chief Medical Officer reporting initially to the Company's Chief Operating Officer. The Executive agrees to perform the duties of the Executive's position and such other duties as reasonably may be assigned to the Executive from time to time. The Executive also agrees that while employed by the Company, the Executive will devote one hundred percent (100%) of the Executive's business time and the Executive's reasonable commercial efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Company and to the discharge of the Executive's duties and responsibilities for it. Subject to prior approval of the President and Chief Executive Officer, the Executive may join the board of directors or advisory committee of one company, provided such service does not interfere with the Executive's duties hereunder, pose a conflict of interest or breach any provisions of this Agreement or the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement referenced below.

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

(a) Base Salary; Annual Bonus. The Company will pay the Executive a base salary at the rate of four hundred thousand dollars ($400,000) per year. Such amount shall be payable in accordance with the regular payroll practices of the Company for its executives, as in effect from time to time, and subject to increase from time to time by the Board of Directors of the Company (the "Board") in its discretion. The Executive shall have the opportunity to earn an annual target bonus, prorated for the initial partial year of employment, measured against performance criteria to be determined by the Board (or a committee thereof) of forty percent (40%) of the Executive's then current annual base salary, with the actual amount of the bonus, if any, to be

determined by the Board (or a committee thereof). Any bonus amount payable by the Company, if any, shall be paid no later than March 15 of the year following the year in which such bonus is earned. The Executive must remain employed through the last day of the year for which the bonus is earned in order to be eligible to receive any bonus.

(a) One Time Sign on Bonus. The Company will pay the Executive a one time sign on bonus in the amount of ninety-five thousand dollars ($95,000). Such bonus shall be earned on the second anniversary of the Effective Date, but will be advanced to the Executive on the first regular payroll date following Effective Date. Should the Executive resign from her employment with the Company for any reason before the second anniversary of the Effective Date, she agrees to repay the sign on bonus in full, within thirty days of the date of termination of her employment.

(a) Stock Options. Subject to Board approval, the Company will grant the Executive (i) a stock option to purchase three hundred thousand (300,000) shares of the Company's Common Stock at fair market value on the date of grant (the "Time-Based Option") and (ii) a stock option to purchase seventy thousand (70,000) shares of the Company's Common Stock at fair market value on the date of grant (the "Performance-Based Option"). The Time-Based Option will vest at the rate of twenty-five percent (25%) on the one year anniversary of the Effective Date subject to the Executive continuing employment with the Company, and no shares shall vest before such date, except as provided below. The remaining shares subject to the Time-Based Option shall vest quarterly over the next three (3) years in equal quarterly amounts subject to the Executive's continuing employment with the Company, except as noted below. The Performance-Based Option will vest in full on the date on which the Company receives notice of approval by the Federal Drug Administration of the New Drug Application for Duvelisib (such application, the "NDA") subject to the Executive's continuing employment with the Company. The Time-Based Option and the Performance-Based Option shall each be subject to the terms of the Company's equity plan, the applicable option award, and any applicable shareholder and/or option holder agreements and other restrictions and limitations generally applicable to common stock of the Company or equity awards held by Company executives or otherwise imposed by law.

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

(a) Business Expenses. The Company will pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of her duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as it may specify from time to time. Any such payment or reimbursement that would constitute nonqualified deferred compensation subject to Section 409A of the Internal Revenue Code

(including the regulations promulgated thereunder, "Section 409A") shall be subject to the following additional rules: (i) no payment or reimbursement of any such expense shall affect the Executive's right to payment or reimbursement of any other such expense in any other taxable year; (ii) payment or reimbursement of the expense shall be made, if at all, not later than the end of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.

(a) Relocation and Commuting Expenses. The Company will pay or reimburse the Executive up to fifty thousand ($50,000) for reasonable and customary relocation costs incurred in relocating to the Boston area by August 1, 2018 or, the event the initial filing of the NDA is delayed beyond March 30, 2018, September 30, 2018 (such date, the "Relocation Date"), subject to such reasonable documentation and substantiation as the Company may specify from time to time. The Company will also reimburse the Executive for reasonable and customary monthly commuting expenses, consistent with The Company's travel practices, through the Relocation Date (such commuting period, the "Commuting Period"). It is understood and agreed that through the initial filing and NDA filing, the Executive will be on site at the Company's offices in Massachusetts for a minimum of three to four (3-4) days per week. For the balance of the Commuting Period, the Executive will be on site at the Company's offices in Massachusetts for an average of at least two (2) weeks each month, unless she is traveling on behalf of the Company.

3. **Confidential Information, Non-Competition and Proprietary Information.** The Executive has executed or will execute within five (5) days following the date hereof the Company's standard Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement**.** It is understood and agreed that breach by the Executive of the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement shall constitute a material breach of this Agreement.

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

(a) The Company may terminate the Executive's employment for "Cause" upon written notice to the Executive received setting forth in reasonable detail the nature of the Cause**.** The following, as determined by the Board in good faith and using its reasonable judgment, shall constitute Cause for termination: (i) the Executive's willful failure to perform, or gross negligence in the performance of, the Executive's material duties and responsibilities to the Company or its Affiliates which is not remedied within ten (10) days of written notice thereof; (ii) material breach by the Executive of any material provision of this Agreement or any other agreement with the Company or any of its Affiliates which is not remedied within ten (10) days of written notice thereof; (iii) fraud, embezzlement or other dishonesty with respect to the Company or any of its Affiliates; or (iv) the Executive's commission of a felony or other crime involving moral turpitude.

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

(a) The Executive may terminate her employment hereunder for Good Reason by providing notice to the Company of the condition giving rise to the Good Reason no later than

thirty (30) days following the occurrence of the condition, by giving the Company thirty (30) days to remedy the condition and by terminating employment for Good Reason within thirty (30) days thereafter if the Company fails to remedy the condition. For purposes of this Agreement, "Good Reason" shall mean, without the Executive's consent, the occurrence of any one or more of the following events: (i) material diminution in the nature or scope of the Executive's responsibilities, duties or authority, provided that neither (x) the Company's failure to continue the Executive's appointment or election as a director or officer of any of its Affiliates nor (y) any diminution in the nature or scope of the Executive's responsibilities, duties or authority that is reasonably related to a diminution of the business of the Company or any of its Affiliates shall constitute "Good Reason"; (ii) a material reduction in the Executive's base salary other than one temporary reduction of not more than 120 days and not in excess of 20% of the Executive's base salary in connection with and in proportion to a general reduction of the base salaries of the Company's executive officers; (iii) failure of the Company to provide the Executive the base salary or benefits owed to Executive in accordance with Section 2 hereof after thirty (30) days' notice during which the Company does not cure such failure; or (iv) relocation of the Executive's principal place of business more than forty (40) miles from the then current location of the Executive's principal place of business (excluding (i) the Executive's relocation to Massachusetts and (ii) the relocation of the Executive's principal place of business more than forty (40) miles from the Executive's home (as of the Effective Date) in Maryland.

(a) The Executive may terminate her employment with the Company other than for Good Reason at any time upon sixty (60) days' notice to the Company. In the event of termination of the Executive's employment in accordance with this Section 4(d), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive her then current base salary for the period so waived.

(a) This Agreement shall automatically terminate in the event of the Executive's death during employment. The Company may terminate the Executive's employment, upon notice to the Executive, in the event the Executive becomes disabled during employment and, as a result, is unable to continue to perform substantially all of her material duties and responsibilities under this Agreement for one-hundred and twenty (120) days during any period of three hundred and sixty-five (365) consecutive calendar days**.** If any question shall arise as to whether the Executive is disabled to the extent that the Executive is unable to perform substantially all of her material duties and responsibilities for the Company and its Affiliates, the Executive shall, at the Company's request and expense, submit to a medical examination by a physician selected by the Company to whom the Executive or the Executive's guardian, if any, has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue**.** If such a question arises and the Executive fails to submit to the requested medical examination, the Company's determination of the issue shall be binding on the Executive.

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

(a) Termination pursuant to Section 4(b) or 4(c). Except as provided in Section 5(c) below, in the event of termination of the Executive's employment either by the Company other

than for Cause pursuant to Section 4(b) of this Agreement or by the Executive for Good Reason pursuant to Section 4(c) of this Agreement:

i. The Company shall pay, in either case in accordance with the Company's payroll practice then in effect, beginning on the Payment Commencement Date: (i) if such termination occurs following the Executive's relocation to Massachusetts, the Executive's then-current annual base salary for a period of nine (9) months or (ii) if such termination occurs prior to Executive's relocation to Massachusetts, the Executive's then-current annual base salary for a period of one (1) month for each full month that has elapsed between the Effective Date and the date of termination, up to a maxium of nine (9) months (such payment period under (i) or (ii), the "Severance Period").

iii. If the Executive is participating in the Company's group health plan and/or dental plan at the time the Executive's employment terminates, and the Executive exercises her right to continue participation in those plans under the federal law known as COBRA, or any successor law, the Company will pay the Executive a monthly cash amount equal to the full premium cost of that participation (the "Benefits Payment") for the duration of the Severance Period or, if earlier, until the date the Executive becomes eligible to enroll in the health (or, if applicable, dental) plan of a new employer, payable in accordance with regular payroll practices for benefits beginning on the Payment Commencement Date.

iii. The Company will also pay the Executive on the date of termination any base salary earned but not paid through the, date of termination (collectively, the "Accrued Amounts"). In addition, the Company will pay the Executive any bonus which has been awarded to the Executive, but not yet paid on the date of termination of her employment, payable in a lump sum on the later of such date when bonuses are paid to executives of the Company generally in accordance with the timing rules of Section 2(a) and the Payment Commencement Date.

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

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

(a) Upon a Change of Control. If, within ninety (90) days prior to a Change of Control or within eighteen (18) months following a Change of Control (as defined in Section 6 hereof), the Company or any successor thereto terminates the Executive's employment other than for Cause pursuant to Section 4(b) of this Agreement, or the Executive terminates her employment for Good Reason pursuant to Section 4(c) of this Agreement, then, in lieu of any payments to the Executive or on the Executive's behalf under Section 5(a) hereof:

i. All of the Executive's then remaining unvested stock options, restricted stock and restricted stock units which, by their terms, vest only based on the passage of time (disregarding any acceleration of the vesting of such options, restricted stock or restricted stock units based on individual or Company performance) that are outstanding immediately prior to the date of termination shall (notwithstanding anything to the contrary in the applicable award agreement) remain outstanding and eligible to vest until the Payment Commencement Date and, subject to Section 5(c)(iii), automatically become fully vested as of the Payment Commencement Date.

iii. The Company shall pay, on the Payment Commencement Date, a lump sum payment equal to twelve (12) months of the Executive's then-current annual base salary; provided, however, that if such termination occurs prior to a Change of Control, such severance payments shall be made at the time and in the manner set forth in Section 5(a)(i) during the period beginning on the date of termination through the date of the Change of Control with any severance remaining to be paid under this Section 5(c)(i) payable in a lump sum on the closing date of the Change of Control (or, if later, the Payment Commencement Date).

iii. If the Executive is participating in the Company's group health plan and/or dental plan at the time the Executive's employment terminates, and the Executive exercises her right to continue participation in those plans under the federal law known as COBRA, or any successor law, the Company will pay the Executive the Benefits Payment for twelve (12) months following the date on which the Executive's employment with the Company terminates or, if earlier, until the date the Executive becomes eligible to enroll in the health (or, if applicable, dental) plan of a new employer, with such amount payable on a pro-rata basis in accordance with the Company's regular payroll practices for benefits beginning on the Payment Commencement Date.

iii. The Company will also pay the Executive the Accrued Amounts. In addition, the Company will pay the Executive any bonus which has been awarded to the Executive, but not yet paid on the date of termination of her employment, payable in a lump sum on the later of

such date when bonuses are paid to executives of the Company generally in accordance with the timing rules of Section 2(a) and the Payment Commencement Date.

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

(a) Except for any right the Executive may have under applicable law to continue participation in the Company's group health and dental plans under COBRA, or any successor law, benefits shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of the Executive's employment, without regard to any continuation of base salary or other payment to the Executive following termination. Notwithstanding anything herein to the contrary, if the payment by the Company of the Benefits Payments will subject or expose the Company to taxes or penalties, the Executive and the Company agree to renegotiate the provisions of Section 5(a)(ii) or 5(b)(iii), as applicable, in good faith and enter into a substitute arrangement pursuant to which the Company will not be subjected or exposed to taxes or penalties and the Executive will be provided with payments or benefits with an economic value that is no less than the economic value of the Benefits Payments.

(a) Provisions of this Agreement shall survive any termination if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the Executive's obligations under Section 3 of this Agreement and under the Employee Non-Solicitation, Non- Competition, Confidential Information and Inventions Assignment Agreement. The obligation of the Company to make payments to the Executive or on the Executive's behalf under Section 5 of this Agreement is expressly conditioned upon the Executive's continued full performance of the Executive's obligations under Section 3 hereof, under the Employee Non-Solicitation, Non-Competition, Confidential Information and Inventions Assignment Agreement to be executed herewith, and under any subsequent agreement between the Executive and the Company or any of its Affiliates relating to confidentiality, non-competition, proprietary information or the like.

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

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

"Change of Control" shall mean (i) the acquisition of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly by any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) of securities of the Company representing a majority

or more of the combined voting power of the Company's then outstanding securities, other than an acquisition of securities for investment purposes pursuant to a bona fide financing of the Company; (ii) a merger or consolidation of the Company with any other corporation in which the holders of the voting securities of the Company prior to the merger or consolidation do not own more than 50% of the total voting securities of the surviving corporation; or (iii) the sale or disposition by the Company of all or substantially all of the Company's assets other than a sale or disposition of assets to an Affiliate of the Company or a holder of securities of the Company; notwithstanding the foregoing, no transaction or series of transactions shall constitute a Change of Control unless such transaction or series of transactions constitutes a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

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

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

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

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

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

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

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

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

[Rest of page intentionally left blank.]

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

THE EXECUTIVE	THE COMPANY
/s/ NgocDiep T. Le	/s/ Daniel Paterson
NgocDiep T. Le	Daniel Paterson Chief Operating Officer

Exhibit A

Payments Subject to Section 409A

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

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

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

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

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

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

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

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

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

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: November 7, 2017

Exhibit 31.2

CERTIFICATIONS

I, Julie B. Feder, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ JULIE B. FEDER

Julie B. Feder
Chief Financial Officer

Date: November 7, 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 September 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: November 7, 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 September 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: November 7, 2017

Verastem

Verastem Reports Third Quarter 2017 Financial Results

BOSTON – (Business Wire) – Nov. 7, 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 third quarter ended September 30, 2017 and provided an overview of certain corporate developments and plans.

"The third quarter was a pivotal time for Verastem with the announcement of positive top-line data from the pivotal Phase 3 DUO™ study evaluating oral duvelisib monotherapy in patients with relapsed or refractory chronic lymphocytic leukemia (CLL)/small lymphocytic lymphoma (SLL)," said Robert Forrester, President and Chief Executive Officer of Verastem. "The DUO study met its primary endpoint, with progression-free survival (PFS) significantly favoring duvelisib monotherapy over ofatumumab, an approved standard of care treatment for patients with CLL/SLL. We recently met with the U.S. Food and Drug Administration (FDA), and based on the meeting and written feedback, we intend to submit, during the first quarter of 2018, a New Drug Application (NDA) requesting the full approval of duvelisib for the treatment of patients with relapsed or refractory CLL/SLL and accelerated approval for the treatment of patients with relapsed or refractory follicular lymphoma (FL). The NDA will be based on a comprehensive clinical data package, including the Phase 3 DUO and Phase 2 DYNAMO studies evaluating duvelisib in patients with advanced hematologic malignancies."

Mr. Forrester concluded, "At the upcoming American Society of Hematology 2017 Annual Meeting (ASH 2017), we will be presenting data from multiple studies, including the detailed positive results from the Phase 3 DUO study, which were selected for an oral presentation."

Third Quarter 2017 and Recent Highlights:

Duvelisib

- ***Announced Regulatory Strategy for Duvelisib NDA*** – Verastem recently announced that a meeting was held with the U.S. Food and Drug Administration (FDA) regarding the regulatory path for duvelisib. Based on the meeting with, and written feedback from the FDA, Verastem intends to submit a New Drug Application (NDA) requesting the full approval of duvelisib for the treatment of patients with relapsed or refractory CLL/SLL and accelerated approval for the treatment of patients with relapsed or refractory FL. Along with the clinical data from the DUO study, the duvelisib NDA submission will also contain the favorable results from the Phase 2 DYNAMO™ study in double-refractory indolent non-Hodgkin's lymphoma (iNHL), which also achieved its primary endpoint with an ORR of 46% ($p<0.0001$). In the subset of patients enrolled in the DYNAMO study with double-refractory FL (n=83), duvelisib demonstrated an ORR of 41%. The Company expects to submit the duvelisib NDA during the first quarter of 2018.

- ***Reported Positive Top-line Data from the Pivotal Phase 3 DUO Study in Relapsed or Refractory CLL/SLL*** – In September 2017, Verastem reported that the Phase 3 DUO study met its primary endpoint with oral duvelisib monotherapy demonstrating superiority over ofatumumab for PFS in patients with CLL/SLL. In this study, duvelisib achieved a statistically significant improvement in median PFS of 13.3 months, compared to 9.9 months for ofatumumab with a hazard ratio of 0.52 ($p<0.0001$), representing a 48% reduction in the risk of progression or death. Duvelisib monotherapy had a manageable safety profile, with results from this study consistent with the well-characterized safety profile of duvelisib monotherapy in patients with advanced hematologic malignancies.

- ***Expanded Duvelisib Program to Include Peripheral T-Cell Lymphoma*** – In September 2017, Verastem announced the expansion of its duvelisib development program to include targeting the treatment of patients with Peripheral T-Cell Lymphoma (PTCL). Duvelisib was granted Fast Track designation by the FDA for the treatment of patients with PTCL who have received at least one prior therapy. Development of duvelisib in PTCL is supported by encouraging Phase 1 clinical data which demonstrated a 50% investigator-assessed overall response rate in 16 heavily pre-treated patients with relapsed or refractory PTCL, including 3 (19%) complete responses and 5 (31%) partial responses. Verastem intends to initiate an open-label, multicenter, Phase 2 clinical trial evaluating the efficacy and safety of duvelisib in patients with relapsed or refractory PTCL by the end of 2017.

- ***Clinical Data from Pivotal Phase 3 DUO Study Selected for Oral Presentation at ASH 2017*** – Verastem recently announced that an abstract highlighting clinical data from the Phase 3 DUO study was selected for oral presentation at ASH 2017. The presentation, titled "Results from the Phase 3 DUO Trial: A Randomized Comparison of Duvelisib Vs Ofatumumab in Patients with Relapsed/Refractory Chronic Lymphocytic Leukemia or Small Lymphocytic Lymphoma," will be presented by principal investigator, Ian Flinn, M.D., Ph.D., Director of the Blood Cancer Research Program at Sarah Cannon Research Institute, on Sunday, December 10, 2017 at 4:30pm ET at the Georgia World Congress Center, in Building B, Level 5, Murphy BR 3-4.

- ***Additional Duvelisib Abstracts Selected for Presentation at ASH 2017*** – Along with the Phase 3 DUO results, two additional duvelisib abstracts were selected for presentation at ASH 2017. The abstract, titled "*In Vitro*, *In Vivo*, and Parallel Phase I Evidence Support the Safety and Activity of Duvelisib, a PI3K-δ,γ Inhibitor, in Combination with Romidepsin or Bortezomib in Relapsed/Refractory T-Cell Lymphoma," will be given as an oral presentation by Steven Horowitz, M.D., Memorial Sloan Kettering Cancer Center, on Monday, December 11, 2017 at 5:00pm ET at the Georgia World Congress Center, in Building A, Level 4, Marcus Auditorium. The abstract, titled "The Dual PI3K-δ,γ Inhibitor Duvelisib Stimulates Anti-Tumor Immunity and Enhances Efficacy of Immune Checkpoint and Co-Stimulatory Antibodies in a B Cell Lymphoma Model," will be given as a poster presentation by Jonathan Pachter, Ph.D., Chief Scientific Officer of Verastem, on Saturday, December 9, 2017 from 5:30-7:30pm ET at the Georgia World Congress Center, in Building A, Level 1, Hall A2.

- ***Verastem to Host Key Opinion Leader Event at ASH 2017*** – On Sunday, December 10, 2017, Verastem will host an investor and analyst reception, which will feature a moderated panel discussion/Q&A including Ian Flinn, MD, Director of the Blood Cancer Research Program at Sarah Cannon Cancer Center in Nashville, TN. The event will take place during the ASH 2017 annual meeting and interested parties can access a live webcast of the event beginning December 10, 2017 at 8pm ET by going to the "News and Press" section of the Verastem website at www.verastem.com.

Defactinib

- ***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.

- ***Defactinib Preclinical Abstract Selected for Presentation at ASH 2017 –*** An abstract describing preclinical data in combination with BCL-2 was selected for presentation at ASH 2017. The abstract, titled "Combinatorial Inhibition of Focal Adhesion Kinase and BCL-2 in AML," will be given as a poster presentation by Xiangmeng Wang, Ph.D., on Sunday, December 10, 2017 from 6:00-8:00pm ET at the Georgia World Congress Center, in Building A, Level 1, Hall A2.

Corporate and Financial

- ***Brian Stuglik, R.Ph. Appointed to the Board of Directors*** – In September 2017, Verastem announced the appointment of Mr. Stuglik to its Board. Mr. Stuglik, former Chief Marketing Officer for Lilly Oncology, brings to Verastem 35 years of experience in pharmaceutical and oncology commercialization in both the U.S. and international markets. He has successfully launched several multi-billion dollar brands over his career, including Gemzar®, Alimta® and Erbitux®.

- ***NgocDiep Le, M.D., Ph.D., Appointed Chief Medical Officer*** – In October 2017, Verastem announced the appointment of Dr. Le as its Chief Medical Officer. A trained medical oncologist, Dr. Le is board certified in internal medicine and has 15 years of drug development experience across all phases in both solid and hematologic malignancies as well as IND and NDA submissions. Dr. Le joins Verastem from MedImmune (a subsidiary of AstraZeneca) where she served as Vice President, Immuno-Oncology Innovative Medicines and led the product development teams for multiple high-priority immuno-oncology assets. Prior to joining MedImmune, Dr. Le held roles of increasing responsibilities at Novartis and at GlaxoSmithKline where she led the MEK inhibitor, trametinib (Mekinist™), from the first-in-human studies to FDA approval. Dr. Le received a Bachelor in Science degree from the California Institute of Technology, and earned both MD and PhD degrees from Stanford University School of Medicine. Dr. Le will oversee the development strategy and activities for Verastem's duvelisib and defactinib.

- ***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 function. 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.

- ***Achieved First Development Milestone Related to the Duvelisib License Agreement***– In September 2017, upon achievement of positive top-line results from the Phase 3 DUO study, Verastem determined that the pre-specified criteria for the first milestone under the license agreement with Infinity Pharmaceuticals, Inc. (Infinity) had been met and recorded $6.0 million as research and development expense. Subsequently, in October 2017, Verastem made the milestone payment of $6.0 million to Infinity. The milestone was paid using funds drawn from Verastem's existing loan and security agreement with Hercules Capital, Inc.

Third Quarter 2017 Financial Results

Net loss for the three months ended September 30, 2017 (2017 Quarter) was $23.1 million, or $0.61 per share, as compared to a net loss of $7.9 million, or $0.21 per share, for the three months ended September 30, 2016 (2016 Quarter). Net loss includes non-cash stock-based compensation expense of $1.7 million and $1.3 million for the 2017 Quarter and 2016 Quarter, respectively. Verastem used $11.8 million for operating activities during the 2017 Quarter.

Research and development expense for the 2017 Quarter was $17.7 million compared to $4.2 million for the 2016 Quarter. The $13.5 million increase from the 2016 Quarter to the 2017 Quarter was primarily related to the achievement of a $6.0 million milestone pursuant to Verastem's license agreement with Infinity, an increase of $4.8 million in contract research organization (CRO) expense for outsourced biology, development and clinical services, which includes Verastem's clinical trial costs, an increase of approximately $2.0 million in consulting fees, an increase in stock-based compensation of approximately $423,000 and an increase in personnel related costs of approximately $153,000.

General and administrative expense for the 2017 Quarter was $5.4 million compared to $3.8 million for the 2016 Quarter. The increase of $1.6 million from the 2016 Quarter to the 2017 Quarter primarily resulted from increases in consulting and professional fees of $1.3 million and personnel costs of approximately $330,000.

As of September 30, 2017, Verastem had cash, cash equivalents and investments of $60.3 million compared to $80.9 million as of December 31, 2016.

The number of outstanding common shares as of September 30, 2017, was 39,945,028.

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 the second half of 2018.

About Duvelisib

Duvelisib is an investigational, dual inhibitor of phosphoinositide 3-kinase (PI3K)-delta and PI3K-gamma, two enzymes known to help support the growth and survival of malignant B-cells and T-cells. PI3K signaling may lead to the proliferation of malignant B-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 or refractory chronic lymphocytic leukemia (CLL)/small lymphocytic lymphoma (SLL),[4] and DYNAMO™, a single-arm, Phase 2 monotherapy study in patients with refractory indolent non-Hodgkin lymphoma (iNHL).[5] Both DUO and DYNAMO achieved their primary endpoints and Verastem is preparing to submit a New Drug Application to the U.S. Food and Drug Administration for the treatment of patients with relapsed or refractory CLL/SLL and patients with follicular lymphoma (FL) whose disease has progressed and are refractory to rituximab and to either chemotherapy or radioimmunotherapy. Duvelisib is also being developed by Verastem for the treatment of peripheral T-cell lymphoma (PTCL), and is being investigated in combination with other agents through investigator-sponsored studies.[6] Information about duvelisib clinical trials can be found on www.clinicaltrials.gov.

About Defactinib

Defactinib is an investigational inhibitor of 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 in iNHL and a Phase 3 clinical trial in patients with 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 cancer, ovarian cancer, 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, 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 and regulatory submissions. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement. Applicable risks and uncertainties include the risks that the full data from the DUO study will not be consistent with the top-line results of the study; 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 even if data from clinical trials is positive, regulatory authorities may require additional studies for approval and the product may not prove to be safe and effective; that the degree of market acceptance of product candidates, if approved, may be lower than expected; that the timing, scope and rate of reimbursement for our product candidates is uncertain; that there may be competitive developments affecting our product candidates; that data may not be available when expected; that enrollment of clinical trials may take longer than expected; that our product candidates will cause unexpected safety events or result in an unmanageable safety profile as compared to their level of efficacy; that duvelisib will be ineffective at treating patients with lymphoid malignancies; that 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.

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

	September 30, 2017 (unaudited)	December 31, 2016
Cash, cash equivalents and investments	$ 60,264	$ 80,897
Prepaid expenses and other current assets	940	398
Property and equipment, net	989	1,417
Other assets	946	917
Total assets	**$ 63,139**	**$ 83,629**
Accounts payable and accrued expenses	$ 19,618	$ 10,991
Long-term debt	2,335	—
Other liabilities	201	341
Stockholders' equity	40,985	72,297
Total liabilities and stockholders' equity	**$ 63,139**	**$ 83,629**

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Operating expenses:				
Research and development	$ 17,743	$ 4,216	$ 35,170	$ 12,887
General and administrative	5,394	3,843	14,582	12,315
Total operating expenses	23,137	8,059	49,752	25,202
Loss from operations	(23,137)	(8,059)	(49,752)	(25,202)
Interest income	121	137	416	417
Interest expense	(110)	—	(231)	—
Net loss	**$ (23,126)**	**$ (7,922)**	**$ (49,567)**	**$ (24,785)**
Net loss per share—basic and diluted	**$ (0.61)**	**$ (0.21)**	**$ (1.33)**	**$ (0.67)**
Weighted-average number of common shares used in net loss per share-basic and diluted	**37,630**	**36,992**	**37,207**	**36,986**