SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[x] Quarterly report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 For the quarterly period ended June 30, 1999

OR

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 For the transition period from _____ to _____

Commission File Number 000-19319

VERTEX PHARMACEUTICALS INCORPORATED
(Exact name of registrant as specified in its charter)

Massachusetts	04-3039129
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

130 Waverly Street, Cambridge, Massachusetts 02139-4242
(Address of principal executive offices, including zip code)

(617) 577-6000
(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 X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 4, 1999
Common Stock, Par Value $.01 Per Share	25,534,912

VERTEX PHARMACEUTICALS INCORPORATED

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Vertex Pharmaceuticals Incorporated:

We have reviewed the accompanying condensed consolidated balance sheet of Vertex Pharmaceuticals Incorporated as of June 30, 1999, and the related condensed consolidated statements of operations for each of the three-month and six-month periods ended June 30, 1999 and 1998 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 1999 and 1998. These financial statements are the responsibility of the company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 25, 1999, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1998, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Boston, Massachusetts
July 27, 1999

VERTEX PHARMACEUTICALS INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)
(Unaudited)

	June 30, 1999	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,173	$ 24,169
Short-term investments	193,819	221,483
Prepaid expenses and other current assets	6,342	3,056
Total current assets	211,334	248,708
Restricted cash	4,198	2,316
Property and equipment, net	19,658	14,476
Investment in equity affiliate	2,575	---
Other assets	867	846
Total assets	$ 238,632	$ 266,346
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Obligations under capital lease and debt	$ 2,561	$ 2,752
Accounts payable and accrued expenses	11,659	10,350
Total current liabilities	14,220	13,102
Obligations under capital leases and debt, excluding current portion	5,828	7,032
Total liabilities	20,048	20,134
Stockholders' equity:		
Preferred stock, $.01 par value; 1,000,000 shares authorized; none issued		
Common stock, $0.1 par value; 100,000,000 shares authorized; issued and outstanding--25,508,028 shares in 1999 and 25,358,559 in 1998	255	254
Additional paid-in capital	397,518	395,165
Accumulated other comprehensive income	(933)	654
Accumulated deficit	(178,256)	(149,861)
Total stockholders' equity	218,584	246,212
Total liabilities and stockholders' equity	$ 238,632	$ 266,346

The accompanying notes are an integral part of
these condensed consolidated financial statements.

VERTEX PHARMACEUTICALS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30,	
	1999	1998
Revenues:		
Royalties and product sales	$ 2,874	--
Collaborative and other research and development	9,642	$ 3,247
Investment income	2,812	3,905
Total revenues	15,328	7,152
Costs and expenses:		
Royalties and product costs	1,199	--
Research and development	19,029	12,631
General and administrative	5,466	4,164
Loss in equity affiliate	303	--
Interest	172	159
Total costs and expenses	26,169	16,954
Net loss	$(10,841)	$ (9,802)
Basic and diluted net loss per common share	$ (0.43)	$ (0.39)
Basic and diluted weighted average number of common shares outstanding	25,480	25,289

The accompanying notes are an integral part of these condensed consolidated financial statements.

VERTEX PHARMACEUTICALS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Six Months Ended June 30,	
	1999	1998
Revenues:		
Royalties and product sales	$ 2,874	--
Collaborative and other research and development	13,605	$ 6,420
Investment income	5,978	7,901
Total revenues	22,457	14,321
Costs and expenses:		
Royalties and product costs	1,199	--
Research and development	37,634	24,813
General and administrative	11,238	7,417
Loss in equity affiliate	425	--
Interest	356	307
Total costs and expenses	50,852	32,537
Net loss	$(28,395)	$(18,216)
Basic and diluted net loss per common share	$ (1.12)	$ (0.72)
Basic and diluted weighted average number of common shares outstanding	25,434	25,270

The accompanying notes are an integral part of
these condensed consolidated financial statements.

VERTEX PHARMACEUTICALS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	1999	1998
Cash flows from operating activities:		
Net loss	$ (28,395)	$ (18,216)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	2,649	1,975
Realized (gains)/losses on short-term investments	(193)	96
Loss in equity affiliate	425	--
Changes in assets and liabilities:		
Prepaid expenses and other current assets	(3,286)	164
Accounts payable and accrued expenses	1,309	(4,634)
Deferred revenue	--	(556)
Net cash used by operating activities	(27,491)	(21,171)
Cash flows from investing activities:		
Purchases of investments	(240,944)	(318,394)
Sales and maturities of investments	267,321	306,739
Expenditures for property and equipment	(7,831)	(4,497)
Restricted cash	(1,882)	--
Investment in equity affiliate	(3,000)	--
Other assets	(21)	(471)
Net cash provided (used) by investing activities	13,643	(16,623)
Cash flows from financing activities:		
Repayment of capital lease obligations and debt	(1,395)	(1,363)
Proceeds from debt	--	2,511
Proceeds from other issuances of common stock	2,354	1,466
Net cash provided by financing activities	959	2,614
Effect of exchange rate changes on cash	(107)	--
Decrease in cash and cash equivalents	(12,996)	(35,180)
Cash and cash equivalents at beginning of period	24,169	71,454
Cash and cash equivalents at end of period	$ 11,173	$ 36,274

The accompanying notes are an integral part of these condensed consolidated financial statements.

VERTEX PHARMACEUTICALS INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements are unaudited and have been prepared by the Company in accordance with generally accepted accounting principles.

Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. Certain prior year amounts have been reclassified to conform with current year presentation. The interim financial statements, in the opinion of management, reflect all adjustments (including normal recurring accruals) necessary for a fair statement of the results for the interim periods ended June 30, 1999 and 1998.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the fiscal year, although the Company expects to incur a substantial loss for the year ended December 31, 1999. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 1998, which are contained in the Company's 1998 Annual Report to its shareholders and in its Form 10-K filed with the Securities and Exchange Commission.

2. ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenue under research and development arrangements is recognized as earned under the terms of the respective agreements. License payments are recorded as revenue when contractual obligations have been met. Product research funding is recorded as revenue, generally on a quarterly basis, as research effort is incurred. Deferred revenue arises from payments received which have not yet been earned under research and development arrangements. The Company recognizes milestone payments when the milestones are achieved. Royalty revenue is recognized based on actual and estimated sales of licensed products in licensed territories. Product sales revenue is recorded upon shipment.

BASIC AND DILUTED LOSS PER COMMON SHARE

Basic earnings per share is based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share is based upon the weighted average number of common shares outstanding during the period plus additional weighted average common equivalent shares outstanding during the period when the effect is not anti-dilutive. Common equivalent shares result from the assumed exercise of outstanding stock options, the proceeds of which are then assumed to have been used to repurchase outstanding stock using the treasury stock method. Common equivalent shares have not been included in the per share calculations as the effect would be anti-dilutive. Total potential common equivalent shares consist of 5,831,328 stock options outstanding with a weighted average exercise price of $22.78 as of June 30, 1999.

3. COMPREHENSIVE INCOME

For the six months ended June 30, 1999 and 1998 total comprehensive loss was as follows (in thousands):

	June 30, 1999	June 30, 1998
Net loss	$(28,395)	$(18,216)
Other comprehensive income (loss):		
Unrealized holding gains (losses) on investments	(1,480)	89
Foreign currency translation adjustment	(107)	--
Total other comprehensive income (loss)	(1,587)	89
Total comprehensive loss	$(29,982)	$(18,127)

4. RESTRUCTURED INVESTMENT IN ALTUS BIOLOGICS INC.

Altus Biologics Inc. ("Altus") develops, manufactures and markets products based on a novel and proprietary technology for stabilizing proteins. At December 31, 1998, Vertex owned approximately 70% of the capital stock of Altus. On February 5, 1999, Vertex restructured its investment in Altus. As part of the transaction, Vertex provided Altus $3,000,000 of cash in exchange for preferred stock and warrants. The preferred stock provides Vertex with a minority ownership position in Altus, and the warrants become exercisable upon certain events. As a result of the transaction, Altus now operates independently from Vertex. In addition, Vertex has retained a non-exclusive royalty-free right to use Altus' technology for discovering, developing and manufacturing small molecule drugs. Vertex is recording its percentage of Altus' net income and losses using the equity method of accounting.

5. AGENERASE APPROVAL

Agenerase(TM) was granted accelerated approval by the U.S. Food and Drug Administration on April 15, 1999 for use in combination with other antiretrovirals for the treatment of HIV infection. In connection with approval of Agenerase, the Company earned a $5 million milestone payment under the agreement with Glaxo Wellcome plc. Agenerase royalty revenue was recognized for the first time in the second quarter of 1999.

6. SUBSEQUENT EVENT

In July 1999 the Company earned a $1,000,000 milestone payment from Kissei Pharmaceutical Co., Ltd. ("Kissei") as a result of Kissei's filing for approval to market ProzeiTM (amprenavir) in Japan. If and when approval is granted, the Company will receive a royalty from sales of the drug.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS WHICH ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT CAN CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED. FACTORS THAT MAY CAUSE SUCH DIFFERENCES INCLUDE BUT ARE NOT LIMITED TO THOSE DESCRIBED IN THE SECTION OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K ENTITLED "RISK FACTORS." READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS WHICH SPEAK ONLY AS OF THE DATE HEREOF. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF.

The Company is engaged in the discovery, development and commercialization of novel, small molecule pharmaceuticals for the treatment of major diseases for which there are currently limited or no effective treatments. The Company is a leader in the use of structure-based drug design, an approach to drug discovery that integrates advanced biology, biophysics, chemistry and information technologies. The Company is conducting research and development programs to develop pharmaceuticals for the treatment of viral diseases, multidrug resistance in cancer, autoimmune and inflammatory diseases and neurodegenerative disorders.

The Company's lead product, AgeneraseTM (amprenavir), received U.S. FDA approval through an expedited review process for the treatment of HIV infection on April 15, 1999. Glaxo Wellcome plc ("Glaxo Wellcome"), Vertex's partner, has also submitted applications for market approval to regulatory agencies in countries throughout the world. The Company recognized royalties on sales of Agenerase by Glaxo Wellcome for the first time this quarter. The Company has incurred operating losses since its inception and expects to incur a loss in 1999. The Company believes that operating losses may continue beyond 1999 even if significant royalties are realized on Agenerase sales because the Company is planning to make significant investments in research and development for its other potential products. The Company expects that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 1999 COMPARED WITH THREE MONTHS ENDED JUNE 30, 1998.

The Company's total revenues increased to $15,328,000 in the second quarter of 1999 from $7,152,000 in the second quarter of 1998. In the second quarter of 1999, revenues consisted of $2,874,000 in royalties and product sales, $9,642,000 under the Company's collaborative agreements and other revenue, and $2,812,000 in investment income. In the second quarter of 1998, the Company received $3,247,000 in revenue from its collaborative agreements and other revenue, and $3,905,000 in investment income.

Royalties and product sales consist of Agenerase royalty revenue from Glaxo Wellcome as well as initial sales of commercial drug substance to Kissei in Japan. Agenerase royalty revenue from Glaxo Wellcome was recognized for the first time in the quarter ended June 30, 1999 and is based upon the world-wide sales of the drug net of actual and estimated discounts, rebates, chargebacks, and product returns. This first quarter's sales reflect prescriptions as well as initial trade stocking which Vertex expects will adjust to be consistent with underlying demand over the remainder of the year.

Payments under the Company's current collaborative agreements increased from the second quarter of 1998 to the second quarter of 1999 primarily due to a $5,000,000 milestone payment by Glaxo Wellcome for U.S. FDA approval of Agenerase, a $1,000,000 payment by Schering AG for research support under a collaborative agreement signed in August of 1998, and certain development

reimbursements by collaborative partners for other programs. Investment income decreased due to a lower level of cash and investments in the second quarter of 1999 as compared with the same period in 1998.

The Company's total costs and expenses increased to $26,169,000 in the second quarter of 1999 from $16,954,000 in the second quarter of 1998. Royalties and product costs of $1,199,000, in the second quarter of 1999, consist of royalty payments to G.D. Searle & Co. and the cost of commercial drug substance sold to Kissei. Under the terms of the 1996 license agreement between the Company, Glaxo Wellcome and G.D. Searle & Co. ("Searle"), the Company agreed to pay Searle a royalty on the sales of Agenerase.

Research and development expenses increased to $19,029,000 in the second quarter of 1999 from $12,631,000 in the second quarter of 1998 principally due to the continued expansion of the Company's research organization. Vertex's UK subsidiary expanded from a business development operation to include scientific research and development staff and facilities in the second half of 1998. The Company's development expenses increased due to the continued growth in clinical trial activities, principally for the manufacturing of clinical material and the initiation of clinical studies.

General and administrative expenses increased to $5,466,000 in the second quarter of 1999 from $4,164,000 in the second quarter of 1998. The increase in general and administrative expenses principally reflects the impact of personnel additions and an increase in marketing activities associated with the launch of Agenerase. In addition, legal and patent expenses have increased as the company continues to protect its intellectual property and contests a suit filed by Chiron Corporation claiming infringement of various U.S. patents issued to Chiron. While the final outcome of the litigation with Chiron cannot be determined, the Company believes, based on information currently available, that the ultimate outcome of the action will not have a material impact on its consolidated financial position.

Using the equity method of accounting, the Company recorded $303,000 as its share of the loss in Altus for the second quarter of 1999.

Interest expense was $172,000 in the second quarter of 1999 as compared to $159,000 in the second quarter of 1998 due to a higher blended interest rate on similar levels of equipment lease financing during the year.

For the reasons stated above, the Company recorded a net loss of $10,841,000 or $0.43 per share in the second quarter of 1999 compared to a net loss of $9,802,000 or $0.39 per share in the second quarter of 1998.

SIX MONTHS ENDED JUNE 30, 1999 COMPARED WITH SIX MONTHS ENDED JUNE 30, 1998.

The Company's total revenues increased to $22,457,000 for the six months ended June 30, 1999 from $14,321,000 for the six months ended June 30, 1998. In 1999, the Company's revenues consisted of $2,874,000 in royalties and product sales, $13,605,000 under the Company's collaborative agreements and other revenue, and $5,978,000 in investment income. In 1998, the Company's revenues consisted of $6,420,000 earned under the Company's collaborative agreements and $7,901,000 in investment income.

Royalties and product sales consist of Agenerase royalty revenue from Glaxo Wellcome as well as initial sales of commercial drug substance to Kissei in Japan. Agenerase royalty revenue from Glaxo Wellcome was recognized for the first time in the second quarter of 1999 and is based upon the world-wide sales of the drug net of actual and estimated discounts, rebates, chargebacks, and product returns. These sales reflect prescriptions as well as initial trade stocking which Vertex expects will adjust to be consistent with underlying demand over the remainder of the year.

Revenue under the Company's collaborative agreements increased $7,185,000 for the six months ended June 30, 1999 as compared with the same period in 1998 primarily due to a $5,000,000 milestone payment by Glaxo Wellcome for U.S. FDA approval of Agenerase and a $2,000,000 payment by Schering

AG for research support under a collaborative agreement signed in August of 1998. The decrease in investment income is due to lower cash and investment levels for the first half of 1999 as compared with the first half of 1998.

The Company's total costs increased to $50,852,000 for the six months ended June 30, 1999 from $32,537,000 for the six months ended June 30, 1998. Royalties and product costs of $1,199,000 consist of royalty payments to Searle and the cost of commercial drug substance sold to Kissei in the second quarter of 1999.

Research and development expenses increased to $37,634,000 in the first half of 1999 from $24,813,000 in the first half of 1998. The first half of 1999 includes expenses for the UK research and development staffing and facilities growth initiated in the second half of 1998. Additionally, development expenses were higher in the first half of 1999 due to the commencement of clinical trials in the second half of 1998 and an increase in activities associated with the Company's IMPDH program for psoriasis and hepatitis C, its neurophilins program for diabetic neuropathy, and its P38 program for inflammatory diseases.

General and administrative expenses increased during the first half of 1999 to $11,238,000 from $7,417,000 in the first half of 1998 due primarily to increases in personnel and professional expenses, particularly associated with the market launch of Agenerase and corporate advertising activities. Legal and patent expenses have increased as the Company continues to protect its intellectual property and contests a suit filed by Chiron Corporation.

Using the equity method of accounting, the Company recorded $425,000 as its share of the loss in Altus in the first half of 1999.

Interest expense was $356,000 in the first half of 1999, an increase from $307,000 in the first half of 1998 due to a higher blended interest rate on similar levels of equipment lease financing during the year.

For the reasons stated above, the Company incurred a net loss of $28,395,000 or $1.12 per share in the six months ended June 30, 1999 compared to a net loss of $18,216,000 or $0.72 per share in the six months ended June 30, 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations have been funded principally through strategic collaborative agreements, public offerings and private placements of the Company's equity securities, equipment lease financing, and investment income. The Company expects to incur increased research and development and related supporting expenses and, consequently, may continue to experience losses on a quarterly and annual basis as it continues to develop existing and future compounds and conduct clinical trials of potential drugs. The Company also expects to incur substantial administrative and commercialization expenditures in the future and additional expenses related to the filing, prosecution, defense and enforcement of patent and other intellectual property rights.

The Company expects to finance these substantial cash needs with royalties from the sale of Agenerase, its existing cash and investments of approximately $205 million at June 30, 1999, together with investment income earned thereon, future payments under its existing and future collaborative agreements, and facilities and equipment financing. To the extent that funds from these sources are not sufficient to fund the Company's activities, it will be necessary to raise additional funds through public offerings or private placements of securities or other methods of financing. There can be no assurance that such financing will be available on acceptable terms, if at all.

The Company's aggregate cash and investments decreased by $40,660,000 during the six months ended June 30, 1999 to $204,992,000. Cash used by operations was $27,491,000 during the same period. Prepaids and other current assets have increased $3,286,000 during the first half of 1999 due primarily to the recording of a royalty receivable from Glaxo Wellcome for Agenerase sales. Restricted cash increased $1,882,000 during the six months ended June 30, 1999 as the Company issued a letter of credit for a security deposit under one of the Company's facilities leases. This was for the takedown of additional, available space at the end of 1998. The Company continues to invest in equipment and leasehold improvements for its facilities to match the growth in its headcount. The Company also restructured its investment in Altus and as part of the transaction Vertex provided Altus $3,000,000 of cash in exchange for new classes of preferred stock and warrants. As a result of the transaction, Altus now operates independently from Vertex.

YEAR 2000

The Company is conducting a program to address the impact of the Year 2000 on the processing of date sensitive information by the Company's computer systems and software ("IT Systems"), embedded systems in its non-computer equipment ("Non-IT Systems") and relationships with certain third parties.

In the first stage of the program, the Company determined which IT Systems, Non-IT Systems and third party relationships were critical to the Company's business. This review has been completed. The Company does not intend to perform a comprehensive review of systems and third parties that are not deemed critical, and the Company cannot guarantee that such systems and entities will be Year 2000 compliant.

The Company has completed its assessment of its critical IT Systems and determined the actions necessary in order to ensure that they will function without disruption. Based on this assessment, the Company has begun remediation and testing of certain critical IT Systems. The Company expects that remediation of all critical IT Systems will be completed by the end of August 1999 and testing will be completed by the end of September 1999.

The Company has completed its assessment and is currently in the process of remediation and testing of its critical Non-IT Systems for Year 2000 compliance. The Company expects that remediation of non-compliant critical Non-IT Systems will be completed by the end of August 1999 and testing will be completed by the end of September 1999. Some critical Non-IT Systems are non-compliant and, because of the age of those systems or other factors, cannot be made compliant. The Company intends to formulate contingency plans for each of those systems by the end of the third quarter of 1999.

The Company has contacted third parties that provide goods, services and information that are deemed critical to the Company's business. The Company is currently reviewing the responses and Year 2000 website statements of these entities to assess their Year 2000 compliance. The Company expects to formulate contingency plans by the end of October 1999 for the services provided by third parties that are found to be non-compliant, or where the Company is unable to determine whether a third party is compliant. There can be no assurance, however, that the Company will be able to locate alternate sources for goods or services furnished by non-compliant providers.

The Company is using both internal and external resources to conduct its Year 2000 program. The Company believes that the total costs, both out-of pocket and internal, of the Company's Year 2000 program will not be material. The Company plans to fund these Year 2000 costs through available cash. However, the Company may experience unexpected costs in achieving full Year 2000 compliance which could result in a material adverse effect on the Company's results of operations. Other IT Systems projects have not been significantly deferred as a result of the Company's Year 2000 program, because the Company was able to integrate much of its Year 2000 assessment and remediation effort into its routine maintenance and upgrade programs.

There can be no assurance that the Company's Year 2000 assessment and any required remedial actions and contingency plans will be successfully completed on a timely basis.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There are no material changes to the Company's assessment of market risk as disclosed in its 10-K filing for the year ended December 31, 1998.

PART II.

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS:

None

Item 2. CHANGES IN SECURITIES:

None

Item 3. DEFAULTS UPON SENIOR SECURITIES:

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

The Company's Annual Meeting of Stockholders was held on May 19, 1999. The stockholders elected Roger W. Brimblecombe and Donald R. Conklin to the class of directors whose term expires in 2002. The tabulation of votes with respect to the election of such directors is as follows:

	Total Vote For:	Total Vote Withheld:
Roger W. Brimblecombe	18,513,349	107,522
Donald R. Conklin	18,513,949	106,922

The stockholders approved an amendment to the Company's 1996 Stock and Option Plan, authorizing the addition of 1,250,000 shares to that plan, with 7,838,590 shares voted in favor, 6,076,014 shares voted against, 21,025 shares abstaining, and 4,685,242 broker non-votes.

The stockholders also approved an amendment to the Company's Employee Stock Purchase Plan, authorizing the addition of 200,000 shares to that plan, with 11,863,447 shares voted in favor, 2,061,792 shares voted against, 10,390 shares abstaining, and 4,685,242 broker non-votes.

In addition, the stockholders approved the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the 1999 fiscal year by a vote of 18,594,651 shares in favor, 19,405 shares against, and 6,815 shares abstaining.

Item 5. OTHER INFORMATION:

None

Item 6. EXHIBITS:

27 Financial Data Schedule. (Exhibit 27 is submitted as an exhibit only in the electronic format of this Quarterly Report on Form 10-Q submitted to the Securities and Exchange Commission.)

99 Letter of Independent Accountants

REPORTS ON FORM 8-K:
None

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.

VERTEX PHARMACEUTICALS INCORPORATED

Date: August 14, 1999

/s/ Thomas G. Auchincloss

Thomas G. Auchincloss, Jr.
Vice President of Finance and Treasurer
(Principal Financial Officer)

Date: August 14, 1999

/s/ Hans D. van Houte

Hans D. van Houte
Controller and Assistant Treasurer
(Principal Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S QUARTERLY REPORT ON FORM 10Q FOR THE NINE MONTHS ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000
US DOLLARS

6-MOS	
DEC-31-1999	
JAN-01-1999	
JUN-30-1999	
1	
11,173	
193,819	
0	
0	
0	
211,334	
50,452	
30,794	
238,632	
14,220	
0	
0	
0	
255	
218,329	
238,632	
2,874	
22,457	
0	
50,496	
0	
0	
356	
(28,395)	
0	
(28,395)	
0	
0	
0	
(28,395)	
(1.12)	
(1.12)	

Exhibit 99

August 13, 1999

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Commissioners:

We are aware that our report dated July 27, 1999 on our review of interim financial information of Vertex Pharmaceuticals Incorporated (the "Company") as of and for the period ended June 30, 1999 and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in its registration statements on Form S-8 (File Nos. 33-48030, 33-48348, 33-65742, 33-93224, 33-12325, 333-27011, 333-56179 and 333-79549). Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

Very truly yours,

PricewaterhouseCoopers LLP
Boston, MA