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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 3, 2005**

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

MASSACHUSETTS	**000-19319**	**04-3039129**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.

130 Waverly Street
Cambridge, Massachusetts 02139
(Address of principal executive offices) (Zip Code)

(617) 444-6100
Registrant's telephone number, including area code:

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

(a) On February 7, 2005, Vertex Pharmaceuticals Incorporated ("Vertex" or the "Company") entered into a Severance Agreement and Release ("Severance Agreement") with Vicki L. Sato, who serves as the Company's President. Under the terms of the Severance Agreement, Dr. Sato's employment by the Company will terminate on May 11, 2005 (the "Termination Date"). On the Termination Date, the Company will make a one-time payment to Dr. Sato in an amount equal to 18 months' salary and 18 months' bonus. Under Dr. Sato's agreements with the Company with respect to outstanding stock options and unvested shares of restricted stock, she will be entitled to 18 months' accelerated vesting, and her options will remain exercisable until November 11, 2006. The Severance Agreement provides for mutual releases by Dr. Sato and the Company of claims against each other.

(b) Effective on February 3, 2005, the Company executed a letter agreement with Victor Hartmann, M.D., 55, to serve as the Company's Executive Vice President, Strategic and Corporate Development. Dr. Hartmann will be responsible for portfolio management of the Company's development stage assets, business development and licensing and strategic corporate development. Initially Dr. Hartmann will report to Dr. Vicki Sato, the Company's President, and thereafter, upon Dr. Sato's departure on May 11, 2005, to Dr. Joshua Boger, the Company's Chairman and CEO. Under the terms of the letter agreement, the Company and Dr. Hartmann will enter into an Employment Agreement, Restricted Stock Agreement and Employee Non-Disclosure, Non-Competition and Inventions Agreement, each in the form attached to the letter agreement, on the first day of Dr. Hartmann's employment by the Company, which currently is expected to be February 15, 2005 (the "Start Date").

The Employment Agreement provides that the Company will pay Dr. Hartmann a base salary in the initial annualized amount of $429,000. Dr. Hartmann will be eligible to participate in the Company's performance bonus program, and other incentive compensation programs, if any, applicable to senior executives of the Company. Dr. Hartmann also will be entitled to a sign-on bonus in the amount of $150,000, which shall be repayable to the Company if Dr. Hartmann voluntarily terminates his employment prior to the first anniversary of the Start Date.   On the Start Date, the Company shall grant to Dr. Hartmann (i) an option to purchase 150,000 shares of the Company's common stock, exercisable at the fair market value of the Company's common stock on the Start Date, and vesting in 20 equal quarterly installments; and (ii) 70,000 shares of restricted stock of the Company, of which 20,000 shares will vest on the first anniversary of the Start Date, 25,000 shares will vest on the third anniversary of the Start Date and 25,000 shares will vest on the earlier of the fifth anniversary of the Start Date or the date on which the Company achieves profitability, as defined in the Restricted Stock Agreement.

The Employment Agreement further provides that if Dr. Hartmann's employment is terminated under certain circumstances without cause or in connection with a change-in-control, Dr. Hartmann will be entitled to 12 months' severance pay, 18 months' acceleration of the vesting of outstanding stock options and restricted stock, and

continuation of certain employee benefits for up to 12 months. The Restricted Stock Agreement with respect to the initial 70,000 share grant provides for 100% vesting of shares subject to that agreement, if Dr. Hartmann's employment is terminated under certain circumstances without cause (including in the event of a change-in-control).

(c) On February 3, 2005, the Management Development and Compensation Committee (the "Committee") of the Board of Directors of Vertex (the "Board") adopted an Employee Compensation Plan for officers and other employees of the Company (the "Plan"), together with Company-wide performance goals for calendar year 2005. The Plan addresses three components of employee compensation – base salary, performance bonus (short-term incentive) and equity grants (long-term incentive) — that are designed to motivate, reward and retain employees by aligning compensation with the achievement of strategic corporate goals as well as individual performance objectives.

Upon completion of each performance period (usually a calendar year), the Company's Board assigns the Company a performance rating on the basis of the Company's achievement of goals set by the Board early in the performance period. The amount available for payment of performance bonuses is established on the basis of the Company's performance rating, and is allocated to employees on the basis of salary tier and individual performance rating. Merit increases to base salary similarly are made on the basis of individual performance rating. Annual equity grants, made in the form of stock options, restricted stock grants, or a combination of both are made on the basis of salary tier and individual performance.

The Committee retains broad discretion to determine the appropriate form and level of compensation, particularly for the Company's executives, on the basis of its assessment of the Company's executives, the demand for talent, the Company's performance and other factors. On February 3, 2005, the Committee awarded bonuses for 2004 performance ranging from 0% - 55% of base salary. Key corporate performance factors for 2004 were, and for 2005 will include, among other things, achievement of specific financial objectives, research productivity, development progression with respect to both internal development efforts and collaborative development, and other aspects of Company performance. The Committee and Board reserve the right to modify the Plan, and the key corporate performance factors and criteria under the Plan, at any time.

Item 1.02. Termination of Material Definitive Agreement.

On February 7, 2005, the Company entered into a Severance Agreement and Release with its President, Dr. Vicki Sato, the terms of which supersede the Employment Agreement dated as of November 1, 1999, as amended, between the Company and Dr. Sato.

Item 5.02. Departure of Directors or Principal Officers: Election of Directors; Appointment of Principal Officers.

On February 8, 2005, the Company announced the resignation of Dr. Vicki Sato, President of the Company, to be effective on May 11, 2005.

Also on February 8, 2005, the Company announced the appointment of Victor Hartmann, M.D., 55, as Executive Vice President, Strategic and Corporate Development, of the Company. Prior to joining Vertex, Dr. Hartmann held various positions at Novartis Pharma A.G., most recently as Senior Vice President, Head Global Business Development and Licensing from 2000 to 2005. Prior to that, Dr. Hartmann was Vice President, Head Scientific and Business Evaluation, and from 1996 to 1999, Dr. Hartmann was Vice President, Head Global Project Management. He earned his B.S. in Biology from Macalester College. He earned his M.D. degree at the University of Bonn, Germany and has a degree as a specialist in internal medicine. See Item 1.01 for the material terms of Dr. Hartmann's employment agreement.

Item 9.01 Financial Statements and Exhibits

(c) *Exhibits*

10.1 Form of Stock Option Agreement under 1996 Stock and Option Plan
10.2 Form of Restricted Stock Agreement under 1996 Stock and Option Plan – Annual Vesting
10.3 Form of Restricted Stock Agreement under 1996 Stock and Option Plan – Performance Accelerated Restricted Stock

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 hereunto duly authorized.

VERTEX PHARMACEUTICALS
INCORPORATED
(Registrant)

Date: February 8, 2005

/s/ Kenneth S. Boger
Kenneth S. Boger
Senior Vice President and General Counsel

Exhibit 10.1

VERTEX PHARMACEUTICALS INCORPORATED

1996 STOCK AND OPTION PLAN

[Form of Stock Option Grant]

This Stock Option Agreement sets forth the terms and conditions of an Option granted pursuant to the provisions of the 1996 Stock And Option Plan (the "Plan") of Vertex Pharmaceuticals Incorporated (the "Company") to the Participant whose name appears below, covering the number of Shares of Common Stock of the Company set forth below, pursuant to the provisions of the Plan and on the following express terms and conditions. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

1. Name and address of Participant to whom this Option is granted:

[name and address]

2. Number of Shares of Common Stock subject to this Option:

[ ] Shares

3. Purchase price of Shares subject to this Option:

[ ] per Share

4. Date of grant of this Option:

[ ]

5. Expiration date of this Option: [ ], subject to earlier termination in the event of any termination of service of the Participant or otherwise in accordance with the provisions of the Plan. This Option may not be exercised later than three (3) months after the Participant's termination of employment with the Company and its Affiliates except as provided in the Plan in the event of death or disability of the Participant.

6. Vesting.

6.1 Vesting Schedule. This Option shall vest and become exercisable, so long as the Participant continues to serve as an employee of the Company or an Affiliate, in sixteen (16) equal quarterly installments, with the first such installment vesting three (3) months after the date of grant and subsequent installments vesting quarterly thereafter until fully vested, except as otherwise provided in paragraphs 6.2 and 6.3 below. The amounts of such installments are set forth on the attached schedule.

6.2 Absence. This Option shall not vest during any period of long-term disability or personal leave of absence of the Participant from the Company or an Affiliate (as determined under applicable Company policies). If the Participant resumes employment with the Company after a personal leave of absence or long-term disability in accordance with applicable Company policies, vesting shall resume upon the resumption of employment, and the Option will continue vesting at the rate provided in paragraph 6.1 above until the Option is fully exercisable. Notwithstanding the foregoing, in no event shall the term of the Option be extended beyond the date set forth in Section 5 above.

6.3 Death of the Participant. In the event of the death of the Participant while an employee of the Company or an Affiliate, the vesting of those installments of this Option that would otherwise vest during the one-year period following the date of death shall be accelerated, and the Option shall be exercisable as to such installments, together with any previously vested but unexercised portion of the Option, effective as of the date of death.

7. [Option type]. This Option is [**NOT**] designated as an incentive stock option ("ISO") within the meaning of Section 422(b) of the Internal Revenue Code of 1986 (the "Code").

8. Plan. The Participant hereby acknowledges receipt of a copy of the Plan as presently in effect. The text and all of the terms and provisions of the Plan are incorporated herein by reference, and this Option is subject to these terms and provisions in all respects.

9. Exercise. At any time when the Participant wishes to exercise this Option, in whole or in part, the Participant shall submit a duly executed Notice of Exercise, in a form reasonably satisfactory to the Company, together with payment of the purchase price therefore (a) in U.S. dollars in cash or by check, or (b) in accordance with a cashless exercise program established with a securities brokerage firm and approved by the Company, or (c) as otherwise permitted under the Plan. The Participant agrees to notify the Company in writing immediately after the Participant makes any Disqualifying Disposition of any Shares acquired pursuant to the exercise hereof.

VERTEX PHARMACEUTICALS INCORPORATED

By: ______________________________

Exhibit 10.2

VERTEX PHARMACEUTICALS INCORPORATED

1996 STOCK AND OPTION PLAN

[Form of Restricted Stock Award]

This Stock Agreement sets forth the terms and conditions of shares of stock granted pursuant to the provisions of the 1996 Stock And Option Plan (the "Plan") of Vertex Pharmaceuticals Incorporated (the "Company") to the Key Employee whose name appears below, for the number of Shares of Common Stock of the Company set forth below, pursuant to the provisions of the Plan and on the following express terms and conditions. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

1. Name and address of participant to whom the Shares are granted:

[name and address]

2. Number of Shares of Common Stock ("Shares"):

[ ] Shares

3. Purchase price of Shares:

$0.01 per Share

4. Date of grant of the Shares:

[ ]

5. Vesting.

5.1 Vesting Schedule and Company's Repurchase Right. Except as otherwise provided in section 5.2, the Shares shall vest in four (4) equal annual installments, with the first such installment vesting on the first anniversary of the date of grant of the Shares, and subsequent installments vesting annually on subsequent anniversaries thereafter until all of the granted Shares have vested. Upon any Termination of Service of the Participant, vesting of the Shares shall immediately cease, and the Company shall have a right to repurchase any unvested Shares from the Participant at a price per Share equal to the purchase price per Share set forth in section 3 above. The Company's right to so repurchase the Shares shall be valid for a period of one year beginning on the date of any Termination of Service of the Participant, or, if the Company is prohibited by law from such repurchase at the time of Termination of Service, for thirty days after any such prohibition is terminated.

5.2 Death of the Participant. In the event of the death of the Participant while an employee of the Company or an Affiliate, the vesting of those installments of this Stock Agreement that would otherwise vest during the one-year period following the date of death shall be accelerated.

5.3 Agreement with respect to Tax Payments and Withholding. The Participant acknowledges and agrees that any income or other taxes due from the Participant with respect to the Shares issued pursuant to this Stock Agreement, including on account of the vesting of the Shares, shall be the Participant's responsibility. By accepting this Stock Award, the Participant agrees and acknowledges that (i) the Company promptly will withhold from the Participant's pay the amount of taxes the Company is required to withhold upon any vesting of Shares pursuant to this Stock Agreement, and (ii) the Participant shall make immediate payment to the Company in the amount of any tax required to be withheld by the Company in excess of the Participant's pay available for such withholding.

6. Restrictions on Transfer. The Shares may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, at any time before they become vested Shares pursuant to Section 5. Any such purported transfer shall be null and void, and shall not be recognized by the Company or recorded on its books.

7. Escrow. All Shares which have not vested pursuant to Section 5, together with any securities distributed in respect thereof such as through a stock split or other recapitalization, shall be held by the Company in escrow until such time as the Shares have vested. The Company promptly shall release vested Shares from escrow.

8. Plan. The Participant hereby acknowledges receipt of a copy of the Plan as presently in effect and the Prospectus with respect thereto. All of the terms and provisions of the Plan are incorporated herein by reference, and this Stock Agreement is subject to those terms and provisions in all respects.

VERTEX PHARMACEUTICALS INCORPORATED

By: ______________________

VERTEX PHARMACEUTICALS INCORPORATED

1996 STOCK AND OPTION PLAN

[Form of Restricted Stock Award (PARS)]

This Stock Agreement sets forth the terms and conditions of shares of stock granted pursuant to the provisions of the 1996 Stock And Option Plan (the "Plan") of Vertex Pharmaceuticals Incorporated (the "Company") to the Key Employee whose name appears below, for the number of Shares of Common Stock of the Company set forth below, pursuant to the provisions of the Plan and on the following express terms and conditions. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

1. Name and address of participant to whom the Shares are granted:

2. Number of Shares of Common Stock ("Shares"):

3. Purchase price of Shares:

$0.01 per Share

4. Date of grant of the Shares:

5. Vesting.

5.1 Vesting Schedule and Company's Repurchase Right.

(a) Except as otherwise provided in Sections 5.1(b) and 5.2, the Shares shall vest on the fourth anniversary of the date of grant of the Shares. Upon any Termination of Service of the Participant, vesting of the Shares shall immediately cease, and the Company shall have a right to repurchase any unvested Shares from the Participant at a price per Share equal to the purchase price per Share set forth in Section 3 above. The Company's right to so repurchase the Shares shall be valid for a period of one year beginning on the date of any Termination of Service of the Participant, or, if the Company is prohibited by law from such repurchase at the time of Termination of Service, for thirty days after any such prohibition is terminated.

(b) Notwithstanding the foregoing: [Describe Performance Objectives and Acceleration of Vesting for Achievement of Performance Objectives]

5.2 Death of the Participant. If, at any time before all the Shares granted hereunder shall have vested as provided in Section 5.1, the Participant shall die while an employee of the Company or an

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Affiliate, the Company's repurchase rights with respect to the Pro-Rata Portion of Shares shall lapse, and that number of Shares immediately shall vest. For purposes of this Restricted Stock Award, the "*Pro-Rata Portion of Shares*" shall mean that portion of the unvested Shares calculated by multiplying the number of unvested Shares by a fraction, the numerator of which is the sum of the number of days that have passed from the date of grant until the date of the Participant's death, plus the number of days in one year, and the denominator of which is the total number of days in four years.

5.3 Agreement with respect to Tax Payments and Withholding. The Participant acknowledges and agrees that any income or other taxes due from the Participant with respect to the Shares issued pursuant to this Restricted Stock Award, including on account of the vesting of the Shares, shall be the Participant's responsibility. By accepting this Restricted Stock Award, the Participant agrees and acknowledges that (i) the Company promptly will withhold from the Participant's pay the amount of taxes the Company is required to withhold upon any vesting of Shares pursuant to this Restricted Stock Award, and (ii) the Participant shall make immediate payment to the Company in the amount of any tax required to be withheld by the Company in excess of the Participant's pay available for such withholding.

6. Restrictions on Transfer. The Shares may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, at any time before they become vested Shares pursuant to Section 5. Any such purported transfer shall be null and void, and shall not be recognized by the Company or recorded on its books.

7. Escrow. Any Shares that have not vested pursuant to Section 5, together with any securities distributed in respect thereof, such as through a stock split or other recapitalization, shall be held by the Company in escrow until such Share shall have vested. The Company promptly shall release vested Shares from escrow.

8. Plan. The Participant hereby acknowledges receipt of a copy of the Plan as presently in effect and the Prospectus with respect thereto. All of the terms and provisions of the Plan are incorporated herein by reference, and this Restricted Stock Award is subject to those terms and provisions in all respects.

VERTEX PHARMACEUTICALS INCORPORATED

By: ______________________________