As filed with the Securities and Exchange Commission on April 21, 2005

Registration No. 333-122108

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Amendment No. 3 to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SYNTA PHARMACEUTICALS CORP.

(Exact name of registrant as specified in its charter)

Delaware	**2834**	**04-3508648**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

45 Hartwell Avenue
Lexington, Massachusetts 02421
(781) 274-8200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Safi R. Bahcall, Ph.D.
President and Chief Executive Officer
Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, Massachusetts 02421
(781) 274-8200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the

Securities Act registration statement number of the earlier registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

PROSPECTUS (Subject to Completion)
Issued April 21, 2005

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where such offer or sale is not permitted.

6,000,000 Shares

COMMON STOCK

We are offering 6,000,000 shares of our common stock. This is our initial public offering, and no public market currently exists for our shares. We anticipate the initial public offering price will be between $14.00 and $16.00 per share.

We have applied to have our common stock approved for listing on the Nasdaq National Market under the symbol "SNTA."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 7.

PRICE $ A SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Synta
Per Share	*$*	*$*	*$*
Total	*$*	*$*	*$*

We have granted the underwriters the right to purchase up to an additional 900,000 shares of common stock to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Morgan Stanley & Co. Incorporated expects to deliver the shares to purchasers on , 2005.

MORGAN STANLEY

LEHMAN BROTHERS

LAZARD

, 2005

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

Until , 2005 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

The following summary highlights information appearing elsewhere in this prospectus. It may not contain all of the information that may be important to you in deciding whether to invest in our common stock. You should read the entire prospectus carefully, including the "Risk Factors" section and the financial statements and related notes appearing at the end of this prospectus, before making an investment decision.

Synta Pharmaceuticals Corp.

We are a biopharmaceutical company focused on discovering, developing, and commercializing novel, small-molecule drugs for inflammatory diseases and cancer. Our pipeline of drug candidates is diverse – each of our seven clinical and preclinical drug programs is based on a unique chemical class with a distinct mechanism of action – and addresses some of the largest pharmaceutical markets in the world. All of our drug candidates were discovered internally, using the chemistry, biology, and pharmaceutical development assets and capabilities built over the combined history of Synta and predecessor companies. We use these capabilities to discover and develop new drug candidates, and to increase and protect the value of our drug candidates in clinical trials. We have retained worldwide rights to all of our drug candidates in all indications.

We have three drug candidates in human clinical trials and four additional programs in preclinical studies. For our two most advanced drug candidates, we are conducting six Phase 2 clinical trials across five therapeutic indications, including Crohn's disease, psoriasis, and multiple cancer types. We have enrolled approximately 500 patients in these Phase 2 trials at over 100 trial sites. STA-5326, an orally administered, small-molecule inhibitor of interleukin-12, or IL-12, and interleukin-23, or IL-23, is currently in Phase 2 clinical development for the treatment of Crohn's disease and psoriasis. STA-4783, a small-molecule anticancer therapeutic, is in three separate Phase 2 trials for the treatment of non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma. STA-5312, a small-molecule anticancer agent we are developing initially for the treatment of chemotherapy-resistant cancers, is currently in two Phase 1 trials for the treatment of solid-tumor cancers and cancers of the blood. Given the current stage of development of these drug candidates, we do not expect to receive regulatory approval for any of our drug candidates until 2008 at the earliest, if at all. Our drug candidates are described in greater detail below.

STA-5326

STA-5326 is a novel, orally administered, small-molecule drug candidate that selectively and potently inhibits the production of the IL-12 family of proteins, including IL-12 and IL-23. Over-production of these proteins plays a central role in chronic inflammatory diseases, driving the body's immune system to infiltrate and damage tissues and organs. In particular, IL-12 has been recognized as a key regulator of a type of immune cell known as T_H1. Inflammatory diseases known to be mediated by T_H1 cells include Crohn's disease, psoriasis, rheumatoid arthritis, and multiple sclerosis.

A category of approved drugs, including Remicade, Enbrel, and Humira, that inhibit a protein known as tumor necrosis factor-alpha, or TNFα, has achieved significant commercial success as a treatment for certain T_H1-biased diseases. However, for many patients these TNFα-antagonist drugs are ineffective or poorly tolerated. Recent results have shown that inhibiting IL-12 is a promising alternative therapeutic strategy. Clinical trials in Crohn's disease and psoriasis for antibodies targeting IL-12 have indicated significant therapeutic benefit to patients, and offer promise that inhibiting IL-12 activity may be a more advantageous therapeutic approach for the treatment of T_H1-biased inflammatory diseases than inhibiting TNFα activity. We believe that STA-5326, as an orally administered, small-molecule IL-12 inhibitor, may offer additional advantages over both the TNFα-antagonists and anti-IL-12 antibodies, which require intravenous or subcutaneous injection.

Our initial therapeutic focus for STA-5326 has been on the treatment of Crohn's disease and psoriasis. We have completed enrollment of a 73-patient Phase 2a clinical trial in moderate-to-severe Crohn's

disease. This trial was designed as an open-label, dose-escalating study to assess the safety, pharmacokinetics, and efficacy of STA-5326. Patients were assigned to one of five dose levels of STA-5326 – 14 mg twice-a-day, 35 mg once-a-day, 28 mg twice-a-day, 35 mg twice-a-day, and 70 mg once-a-day – and treated for four weeks. Efficacy was assessed using the Crohn's Disease Activity Index, or CDAI, which is a composite index of symptomatic and other parameters that has been the basis of pivotal studies for previously approved Crohn's disease therapies.

In this trial, we observed clinical improvement at all but the lowest dose level and an onset of therapeutic benefit within two weeks of initiation of treatment. In addition, STA-5326 has demonstrated an acceptable safety profile over four weeks of treatment. These results are based on a small number of patients, and may not be supported by further results in subsequent clinical trials. We plan to initiate a randomized, double-blind, placebo-controlled clinical trial in Crohn's disease in the second half of 2005.

In the second half of 2004, we initiated two Phase 2 trials for the treatment of chronic plaque psoriasis, the most common form of psoriasis. The first psoriasis trial is a randomized, double-blind, placebo-controlled Phase 2b trial. We recently completed enrollment of 214 patients in this trial. The second psoriasis trial is a complementary open-label Phase 2a trial designed to enroll approximately 60 patients, 40 of whom have been enrolled to date. Results from both trials are expected to be available in the second half of 2005. If the data are favorable and no additional studies are required by the FDA before commencing pivotal trials, we expect to initiate a pivotal Phase 3 clinical trial for the treatment of chronic plaque psoriasis by the end of 2005.

STA-4783

STA-4783 is a novel, small-molecule compound that we are currently evaluating in three separate Phase 2 trials for the treatment of non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma, in combination with taxanes, a leading class of anticancer therapeutic agents. STA-4783 induces the expression of heat shock protein 70, or Hsp70, on the surface of tumor cells, which flags the cells for destruction and elimination by the immune system. STA-4783 also disrupts the function of the centrosome, a critical component of cellular infrastructure. Preclinical studies demonstrated that the combination of STA-4783 with a taxane achieved superior antitumor activity compared to the taxane alone, with minimal or no increase in toxicity. Based on the encouraging results seen during the initial stages of the ongoing Phase 2 trials, we began the second-stage, randomized portion of each of the non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma trials. In January 2005, we completed enrollment of 87 patients in the second stage of the non-small cell lung cancer trial. We continue to enroll patients in the second stage of the malignant melanoma trial and have reached our target enrollment of 80 patients in the soft tissue sarcoma trial. We expect to report data from our Phase 2 cancer trials in the second half of 2005 or early 2006. The results seen to date are preliminary and are based on a small number of patients, and may not be supported by the second stages of these trials or subsequent clinical trials. If supported by continued favorable clinical data, we expect to initiate a pivotal Phase 3 clinical trial of STA-4783 for the treatment of one of these cancer types by the end of 2005 or early 2006.

STA-5312

STA-5312 is a novel, small-molecule anticancer agent that we are initially developing for the treatment of chemotherapy-resistant cancers. STA-5312 inhibits the assembly of microtubules, fibers inside cells which play an essential role in cell division. By inhibiting microtubule assembly, STA-5312 disrupts the process of cell division, thereby causing cell death. This inhibition is more pronounced in rapidly dividing cells, such as cancer cells. In preclinical studies, STA-5312 has been shown to have considerably higher anticancer activity in chemotherapy-resistant cancer cells than standard treatments and to significantly increase animal survival in chemotherapy-resistant cancer models. We have initiated two dose-escalating Phase 1 trials of STA-5312 for the treatment of solid-tumor cancers and cancers of the blood. Results from these trials are expected by the end of 2005.

Our Business Strategy

Our mission is to extend and enhance the lives of patients by discovering, developing, and commercializing novel pharmaceutical products for treating severe medical conditions. To achieve this objective, we intend to continue to:

- *Focus on novel therapies for severe diseases with large market potential* . Our clinical and discovery programs are focused on severe or life-threatening diseases, including chronic inflammatory diseases and cancer, each of which represents a large therapeutic market and an attractive commercial opportunity.

- *Use our drug discovery capabilities to maximize the value of our ongoing clinical-stage programs* . We apply our discovery capabilities to improve, expand, and protect the value of our ongoing clinical programs.

- *Expand our pipeline of unique drug candidates, with a focus on inflammatory diseases and cancer.* Applying our discovery capabilities to rapidly and efficiently develop new drug candidates enhances the value of our pipeline through increased market potential and through diversification of our product, regulatory, and market risks.

- *Maximize the retained value of our drug candidates* . At present, we own worldwide rights to all of our drug candidates in development. Based on our strong financial position, we intend to independently develop and commercialize certain drug candidates, and for other candidates, to develop them to a more advanced clinical stage before entering into development and commercial agreements. We believe this approach will allow us to retain a higher share of the value from our drug candidates.

- *Maintain our focus on small-molecule drug development* . We discover and develop small-molecule drug candidates, not large molecule biologic agents such as proteins or antibodies, which are complex and costly to manufacture. Small-molecule drugs have the potential for development into orally administered drugs, thereby offering patients greater convenience. They also typically require lower infrastructure investment, face fewer manufacturing constraints, and may enable us to realize greater potential profit margins.

- *Build on the strength of our intellectual property estate* . We are continuing to strengthen our intellectual property estate, which provides us with the ability to maximize the value of our internal discoveries and to protect these discoveries from competition. As of April 15, 2005, we had a total of 254 issued patents and pending patent applications worldwide, including issued U.S. composition-of-matter patents for each of our drug candidates in clinical development.

Risks Associated with Our Business

Our business is subject to numerous risks, as more fully described in the section entitled "Risk Factors" immediately following this prospectus summary. We have a limited operating history, have incurred substantial net losses, and had an accumulated deficit of $110.4 million as of December 31, 2004. We expect to continue to incur substantial losses for the foreseeable future, and we expect these losses to increase substantially as we conduct larger scale trials for our drug candidates. All of our drug candidates are undergoing clinical trials or are in early stages of development, and failure is common and can occur at any stage of development. Our two lead clinical drug candidates, STA-5326 and STA-4783, are currently in Phase 2 clinical trials where the historical rate of failure is significantly higher than in pivotal Phase 3 clinical trials. In addition, we expect to replace the formulations of STA-5326, STA-4783, and possibly STA-5312 used in clinical trials to date with commercial formulations. This transition will require the successful completion of comparability studies (which have been largely completed for STA-5326), other testing, and additional manufacturing development, which cannot be assured. While there have been a limited number of serious adverse events reported to date in connection with our clinical trials of STA-5326, STA-4783, and STA-5312, we cannot assure you that the number of serious adverse events will

not increase as we expand our clinical trial programs for these drug candidates. Our ability to generate product revenue in the future will depend heavily on the successful development and commercialization of our drug candidates, particularly our clinical drug candidates, STA-5326, STA-4783, and STA-5312. Even if we succeed in obtaining regulatory approval of one or more of our drug candidates, we have no experience in commercializing drug products. Accordingly, we may never generate sufficient revenue to achieve and then sustain profitability.

Company History and Information

Our current drug candidates and drug discovery capabilities have their origins in research begun in 1992 by the U.S.-based research subsidiary of a Japanese imaging company. A unique chemical compound library developed by this entity was acquired in 1998 by Shionogi BioResearch Corp., a U.S.-based research company formed by Shionogi & Co., Ltd., a Japanese pharmaceutical company. Synta commenced operations in July 2001, and in September 2002, we acquired Principia Associates, Inc., which had acquired Shionogi BioResearch Corp. a few months earlier. Through this acquisition, we obtained the chemical compound library, a pipeline of preclinical and research programs, and the chemistry, biology, and pharmaceutical development assets built over the preceding decade. A core group of our scientists contributed to the development of our drug candidates at predecessor companies and continue at Synta as key members of our scientific team, including our scientific founder; Senior Vice President, Drug Development; Vice President, Chemistry; and Vice President, Clinical Development. Since the Principia acquisition, we have devoted our efforts to advancing the clinical development of our current drug candidates and discovering new drug candidates. We remain, however, a development-stage company and, as Synta Pharmaceuticals, have a limited operating history.

Our principal executive offices are located at 45 Hartwell Avenue, Lexington, Massachusetts 02421, and our telephone number is (781) 274-8200. Our website address is www.syntapharma.com. The information contained on our website is not incorporated by reference into, and does not form any part of, this prospectus. We have included our website address as a factual reference and do not intend it to be an active link to our website. Our trademarks include Synta Pharmaceuticals and our logo. Other service marks, trademarks and trade names appearing in this prospectus are the property of their respective owners. Unless the context requires otherwise, references in this prospectus to "the company," "the Company," "we," "our," "us," and "Synta" refer to Synta Pharmaceuticals Corp.

The Offering

Common stock offered by Synta	6,000,000 shares
Common stock to be outstanding after this offering	38,903,233 shares
Over-allotment option	900,000 shares
Use of proceeds	To fund clinical trials, preclinical testing and other research and development activities, general and administrative expenses, working capital needs, and other general corporate purposes. See "Use of Proceeds."
Proposed Nasdaq National Market symbol	SNTA

The information above is based on the number of shares of common stock outstanding as of April 15, 2005. It does not include:

- 4,463,326 shares of common stock issuable upon the exercise of stock options outstanding as of April 15, 2005, including 109,090 shares of common stock issuable upon the exercise of stock options granted outside of our stock plans, at a weighted average exercise price of $9.38 per share;
- 460,610 shares of common stock reserved for future awards under our 2001 Stock Plan, which terminates upon completion of this offering; and
- 3,500,000 shares of common stock reserved for future awards under our 2005 Stock Plan, which becomes effective upon completion of this offering.

Unless otherwise indicated, all information contained in this prospectus:

- assumes that the underwriters do not exercise their over-allotment option to purchase up to 900,000 shares of our common stock;
- reflects a 1-for-2.75 reverse split of our common stock to be effected prior to the completion of this offering; and
- assumes the adoption of our restated certificate of incorporation and restated bylaws upon the completion of this offering.

Summary Financial Data
(in thousands, except per share data)

The following tables summarize our consolidated financial data for the periods presented. We prepared this information using our consolidated financial statements for each of the periods presented. You should read this information in conjunction with our audited and unaudited consolidated financial statements and related notes, "Selected Historic Consolidated Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The unaudited as adjusted balance sheet data set forth below gives effect to our sale of 6,000,000 shares of common stock in this offering at an assumed initial public offering price of $15.00 per share, after deducting estimated underwriting discounts and commissions and offering expenses payable by us.

	Period from inception (March 10, 2000) to December 31, 2000	Years ended December 31			
		2001	2002(1)	2003	2004
	(unaudited)				
Consolidated Statement of Operations Data:					
Revenues	$ —	$ —	$ —	$ 1,304	$ 173
Operating expenses					
Research and development	—	277	7,292	24,337	38,136
In-process research and development	—	—	18,088	—	1,583
General and administrative	78	124	1,569	5,261	7,383
Other compensation expense	—	—	9,315	—	—
Total operating expenses	78	401	36,264	29,598	47,102
Loss from operations	(78)	(401)	(36,264)	(28,294)	(46,929)
Investment income, net	—	20	110	416	995
Net loss	$ (78)	$ (381)	$ (36,154)	$ (27,878)	$ (45,934)
Basic and diluted net loss per common share	—	$ (0.09)	$ (3.00)	$ (1.28)	$ (1.69)
Weighted average shares used in computing basic and diluted net loss per share	—	4,420	12,042	21,853	27,206

(1) In September 2002 and December 2002 Synta acquired Principia Associates, Inc. and Diagon Genetics, Inc., respectively. See footnote 3 to Synta's audited consolidated financial statements.

	December 31, 2004	
	Actual	As adjusted
		(unaudited)
Consolidated Balance Sheet Data:		
Cash, cash equivalents and marketable securities	124,968	205,968
Working capital	113,147	194,147
Total assets	132,019	213,019
Capital lease obligations, net of current portion	1,188	1,188
Common stock	3	4
Additional paid-in capital	238,929	319,928
Deficit accumulated during the development stage	(110,425)	(110,425)
Total stockholders' equity	117,956	198,956

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including the consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our common stock. If any of these risks actually occur, our business, business prospects, financial condition, results of operations, or cash flows could be materially harmed. In any such case, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since our inception, and we expect to incur losses for the foreseeable future and may never reach profitability.

Since inception we have incurred significant operating losses and, as of December 31, 2004, we had an accumulated deficit of $110.4 million, which includes research and development expense of $70.0 million. We expect to continue to incur significant operating expenses and capital expenditures and anticipate that our expenses and losses will increase substantially in the foreseeable future as we:

- complete our Phase 2 clinical trials for STA-5326 and, if supported by the Phase 2 results, initiate pivotal Phase 3 trials;
- complete our Phase 2 clinical trials for STA-4783 and, if supported by the Phase 2 results, initiate pivotal Phase 3 trials;
- complete our Phase 1 clinical trials for STA-5312 and, if supported by the Phase 1 results, initiate larger scale Phase 2 trials;
- seek regulatory approvals for STA-5326, STA-4783, and STA 5312;
- advance our ion channel modulator, Hsp90 inhibitor, microtubule inhibitor, and antidiabetic agent preclinical programs into clinical trials, if supported by positive preclinical data;
- discover, develop and seek regulatory approval for new drug candidates;
- commercialize STA-5326, STA-4783, and STA-5312, if approved;
- hire additional clinical, scientific, and management personnel;
- add operational, financial, and management information systems and personnel; and
- identify additional compounds or drug candidates and acquire rights from third parties to those compounds or drug candidates through licenses.

We must generate significant revenue to achieve and maintain profitability. Even if we succeed in developing and commercializing one or more of our drug candidates, we may not be able to generate sufficient revenue and we may never be able to achieve or maintain profitability.

Our operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We commenced operations in July 2001 and are a development-stage company. Our operations to date have been limited to organizing and staffing our company, acquiring, developing, and securing our technology, and undertaking preclinical studies and clinical trials of our drug candidates. We have not yet demonstrated our ability to obtain regulatory approval, formulate and manufacture a commercial-scale product, or conduct sales and marketing activities necessary for successful product commercialization.

Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

If we fail to obtain the capital necessary to fund our operations, we will be unable to successfully develop and commercialize our lead drug candidates.

Although we have raised substantial capital to date, we will require substantial future capital in order to continue to complete clinical development and commercialize our lead drug candidates, STA-5326, STA-4783, and STA-5312, and to conduct the research and development and clinical and regulatory activities necessary to bring other drug candidates to market. Our future capital requirements will depend on many factors that are currently unknown to us, including:

- the progress and results of our Phase 2 clinical trials for STA-5326 and any future Phase 3 trials we may initiate based on the Phase 2 results;
- the progress and results of our Phase 2 clinical trials for STA-4783 and any future Phase 3 trials we may initiate based on the Phase 2 results;
- the progress and results of our Phase 1 clinical trials for STA-5312, any future Phase 2 trials we may initiate based on the Phase 1 results, and Phase 3 trials we may initiate based on the Phase 2 results;
- the results of our preclinical studies and testing for our ion channel modulator, Hsp90 inhibitor, microtubule inhibitor, and antidiabetic agent preclinical programs, and our decision to initiate clinical trials if supported by the preclinical results;
- the costs, timing, and outcome of regulatory review of STA-5326, STA-4783, STA-5312, and our preclinical drug candidates;
- the scope, progress, results, and cost of preclinical development, clinical trials, and regulatory review of any new drug candidates we may discover or acquire;
- the costs of preparing, filing, and prosecuting patent applications and maintaining, enforcing, and defending intellectual property-related claims;
- the costs of establishing sales and marketing functions and of establishing commercial manufacturing arrangements if any of our drug candidates is approved;
- our ability to establish strategic collaborations and licensing or other arrangements on terms favorable to us;
- the costs to satisfy our obligations under potential future collaborations; and
- the timing, receipt, and amount of sales or royalties, if any, from STA-5326, STA-4783, STA-5312, and our other potential products.

We may seek the additional capital necessary to fund our operations through public or private equity offerings, debt financings, and collaborative and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. 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 collaboration and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or drug candidates, or grant licenses on terms that are not favorable to us. We cannot assure you that additional funds will be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available on a timely basis, we may be required to:

- terminate or delay clinical trials or other development for one or more of our drug candidates;

- delay our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our drug candidates; or

- curtail significant drug development programs that are designed to identify new drug candidates.

We believe that the proceeds we receive from this offering and our existing cash and investment securities will be sufficient to support our current operating plan through at least 2006. However, our operating plan may change as a result of many factors currently unknown to us, and we may need additional funds sooner than planned. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Risks Related to the Development and Regulatory Approval of Our Drug Candidates

Our success is largely dependent on the success of our clinical drug candidates, STA-5326, STA-4783, and STA-5312, and we cannot be certain that we will be able to obtain regulatory approval for or successfully commercialize any of these drug candidates.

We have invested a significant portion of our time and financial resources in the development of STA-5326 for the treatment of inflammatory disease, and STA-4783 and STA-5312 for the treatment of cancer. We anticipate that our success will depend largely on the receipt of regulatory approval and successful commercialization of these drug candidates. The future success of these drug candidates will depend on several factors, including the following:

- our ability to provide acceptable evidence of their safety and efficacy;

- receipt of marketing approval from the FDA and any similar foreign regulatory authorities;

- successful reformulation of our drug candidates from the formulation used for early clinical trials to a commercial formulation, including the successful completion of comparability studies (which have been largely completed for STA-5326), other testing, and additional manufacturing development required in connection with our reformulation of STA-5326, STA-4783, and possibly STA-5312;

- obtaining and maintaining commercial manufacturing arrangements with third-party manufacturers or establishing commercial-scale manufacturing capabilities;

- establishing an internal sales force or collaborating with pharmaceutical companies or contract sales organizations to market and sell any approved drug; and

- acceptance of any approved drug in the medical community and by patients and third-party payors.

Many of these factors are beyond our control. Accordingly, we cannot assure you that we will ever be able to generate revenues through the sale of STA-5326, STA-4783, or STA-5312.

If we do not obtain required regulatory approval, we will be unable to market and sell our drug candidates.

STA-5326, STA-4783, and STA-5312 and any other drug candidates we may discover or acquire and seek to commercialize are subject to extensive governmental regulations relating to development, clinical trials, manufacturing, and commercialization. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be successfully completed in the U.S. and in many foreign jurisdictions before a new drug can be sold. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain, and subject to unanticipated delays. The time required to obtain approval by the U.S. Food and Drug Administration, or FDA, is unpredictable but typically exceeds five years following the commencement of clinical trials, depending upon the complexity of the drug candidate. We initiated clinical development of STA-5326, STA-4783, and STA-5312 in 2003, 2002, and 2003, respectively, and thus far, these drug candidates have been studied in only a small number of patients. Currently, STA-5326 and STA-4783 are in Phase 2 trials, and STA-5312 is in Phase 1 trials. It is possible

that none of these drug candidates or any other drug candidates we may seek to develop in the future will ever obtain the appropriate regulatory approvals necessary for us to begin selling them.

We have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals, including approval by the FDA. In connection with the clinical trials for STA-5326, STA-4783, and STA-5312 and any other drug candidate we may seek to develop in the future, we face risks that:

- the drug candidate may not prove to be efficacious;
- patients may die or suffer other adverse effects for reasons that may or may not be related to the drug candidate being tested (for example, a patient died during our Phase 2 non-small cell lung cancer trial for STA-4783 of causes which we believe were unrelated to the treatment);
- the results may not confirm the positive results of earlier trials; and
- the results may not meet the level of statistical significance required by the FDA or other regulatory agencies.

Of the large number of drugs in development, only a small percentage result in the submission of a new drug application, or NDA, to the FDA and even fewer are approved for commercialization. Furthermore, even if we do receive regulatory approval to market a commercial product, any such approval may be subject to limitations on the indicated uses for which we may market the product. These limitations may limit the size of the market for the product.

Because our drug candidates are in an early stage of development, there is a high risk of failure, and we may never succeed in developing marketable products or generating product revenue.

We have no drug candidates that have received regulatory approval for commercial sale. Our most advanced drug candidates, STA-5326 and STA-4783, are currently in Phase 2 clinical trials, and STA-5312 is currently in Phase 1 trials. We do not expect to have any commercial products on the market until at least 2008, if at all. We are exploring human diseases at the cellular level and attempting to develop drug candidates that intervene with cellular processes. Trial and error is inherent in science, and we may fail at numerous stages along the way. Success in preclinical studies of a drug candidate may not be predictive of similar results in humans during clinical trials, and successful results from early clinical trials of a drug candidate may not be replicated in later clinical trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late stage clinical trials even after achieving promising results in early stage development. Accordingly, the results from the completed and ongoing trials for STA-5326, STA-4783, and STA-5312 may not be predictive of the results we may obtain in later stage trials.

If clinical trials for our drug candidates, including STA-5326, STA-4783, and STA-5312, are prolonged or delayed, we may be unable to commercialize our drug candidates on a timely basis, which would require us to incur additional costs and delay our receipt of any revenue from potential product sales.

We cannot predict whether we will encounter problems with any of our completed, ongoing or planned clinical trials that will cause us or any regulatory authority to delay or suspend those clinical trials or delay the analysis of data derived from them. A number of events, including any of the following, could delay the completion of our ongoing and planned clinical trials and negatively impact our ability to obtain regulatory approval for, and to market and sell, a particular drug candidate, including our clinical drug candidates STA-5326, STA-4783, and STA-5312:

- conditions imposed on us by the FDA or any foreign regulatory authority regarding the scope or design of our clinical trials;

- delays in obtaining, or our inability to obtain, required approvals from institutional review boards or other reviewing entities at clinical sites selected for participation in our clinical trials;
- insufficient supply or deficient quality of our drug candidates or other materials necessary to conduct our clinical trials;
- lower than anticipated retention rate of subjects in clinical trials;
- negative or inconclusive results from clinical trials, or results that are inconsistent with earlier results, that necessitate additional clinical study (for example, due to patient-to-patient pharmacokinetic variability);
- serious and unexpected drug-related side effects experienced by patients in clinical trials; or
- failure of our third-party contractors to comply with regulatory requirements or otherwise meet their contractual obligations to us in a timely manner.

Commercialization of our drug candidates may be delayed by the imposition of additional conditions on our clinical trials by the FDA or the requirement of additional supportive studies by the FDA. For example, if the data from our ongoing Phase 2 trials in psoriasis are favorable, we currently expect to initiate a pivotal Phase 3 clinical trial for the treatment of chronic plaque psoriasis by the end of 2005. Although we have conducted several toxicology studies of STA-5326 in animals, including rodents and dogs, for periods as long as nine months, we are in the process of determining whether the FDA will require that we conduct an additional toxicology study of STA-5326 in monkeys. If the FDA requires that we conduct the study, we believe that we may be able to do so concurrently with our Phase 3 trial for STA-5326 in psoriasis. However, if the FDA requires that we conduct this study prior to the initiation of the Phase 3 trial, it would significantly delay the commercialization of STA-5326.

In addition, clinical trials require sufficient patient enrollment, which is a function of many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites, the availability of effective treatments for the relevant disease, the eligibility criteria for our clinical trial, and competing studies or trials. Although we have had satisfactory patient enrollment in our clinical trials to date, future delays in patient enrollment can result in increased costs and longer development times. For example, soft tissue sarcoma is a disease indication with a relatively low incidence, which may make patient enrollment more difficult in future clinical trials. Our failure to enroll patients in our clinical trials could delay the completion of the clinical trial beyond our current expectations. In addition, the FDA could require us to conduct clinical trials with a larger number of subjects than we have projected for any of our drug candidates. We may not be able to enroll a sufficient number of patients in a timely or cost-effective manner.

Furthermore, enrolled patients may drop out of our clinical trials, which could impair the validity or statistical significance of the clinical trials. For example, in our Phase 2b randomized, double-blind, placebo-controlled clinical trial of STA-5326 for the treatment of psoriasis, there has been a higher aggregate patient discontinuation rate to date than we expected when we initiated the trial in the second half of 2004. This preliminary discontinuation rate exceeds the range described in published results from other Phase 2 psoriasis trials of which we are aware, and it is possible that it will increase further before the completion of the trial. A number of factors could be influencing the patient discontinuation rate, including, but not limited to: the inclusion of a placebo arm in the trial; possible inactivity or low activity of STA-5326 at one or more of the dose levels being tested; adverse side effects experienced, whether or not related to the drug candidate; and the availability of numerous alternative treatment options that may induce patients to discontinue their participation in the trial. Since the relationship of the safety or efficacy data to active dose level or placebo from this double-blinded study is generally unknown to us, we are unable to assess the relationship, if any, between the discontinuations and the safety or efficacy of STA-5326, and no conclusions can be made until the completion of the trial.

We do not know whether our clinical trials will begin as planned, will need to be restructured, or will be completed on schedule, if at all. Delays in our clinical trials will result in increased development costs for our drug candidates. In addition, if our clinical trials are delayed, our competitors may be able to bring products to market before we do and the commercial viability of our drug candidates, including our drug candidates STA-5326, STA-4783, and STA-5312, could be limited.

If we are unable to successfully develop, manufacture, and complete required clinical comparative studies of our new formulations of STA-5326, STA-4783, and possibly STA-5312, clinical development may be delayed and our ability to supply commercial quantities of these drug candidates may be adversely affected.

We are currently using a capsule formulation of STA-5326 in our clinical trials. This current capsule formulation was originally developed to increase the water solubility of STA-5326 but has a limited shelf life and is complicated to manufacture. We have also experienced significant patient-to-patient pharmacokinetic variability with the capsule formulation. In addition, we expect we would be required to pay a modest royalty if we used this formulation in a commercial product. Accordingly, we do not currently believe that this will be our commercial formulation for STA-5326. We have developed a novel salt form of STA-5326 that allows us to formulate the drug as a tablet. We believe this tablet will serve as our commercial formulation, replacing the current capsule formulation. We also plan to use the tablet formulation of STA-5326 in all future clinical trials. We must first, however, complete a clinical comparative study in healthy volunteers and demonstrate the comparability of pharmacokinetics of the salt form tablet formulation and the capsule formulation. Although animal and *in vitro* preclinical studies have confirmed the comparability of the salt form tablet formulation and the capsule formulation and have demonstrated an improvement in pharmacokinetic variability, we cannot assure you that the comparative clinical study will do so as well. The dosing period of this clinical study has been completed, and the preliminary analysis of the pharmacokinetic data indicates that the novel salt form and tablet formulation are bioequivalent to the capsule formulation. We are currently in the process of confirming our findings and finalizing the reporting of this study, which we expect to complete in the second quarter of 2005. However, we cannot assure you that the final analysis will demonstrate such bioequivalence. Separately, we are in the process of modifying the manufacturing process for the novel salt form as well as the tablet formulation in order to improve stability and reduce or eliminate certain impurities we have observed in some manufacturing lots, but we cannot assure you that we will be successful in doing so. Similarly, we also do not believe that the current form or formulation of STA-4783 being used in clinical trials will be our commercial formulation. This formulation is not water soluble and requires manual dissolution in an organic solvent prior to administration. We have developed a novel salt form of STA-4783 that is water-soluble and that we expect will replace the current form of STA-4783. We plan to use the new form of STA-4783 in all future clinical trials and believe that it also represents the likely commercial form of this drug candidate. Animal and *in vitro* preclinical studies have confirmed the comparability of this novel salt form, but we must also complete a similar clinical comparative study in healthy volunteers before this new form may be used. We initiated this study in the first quarter of 2005 and expect to complete it in the second half of 2005. If we do not successfully complete these studies or comparative studies of other new formulations of these drug candidates and successfully develop the manufacturing processes for the new formulations, our clinical development may be delayed and our ability to supply commercial quantities of these drug candidates, if approved, may be adversely affected. We may also need to synthesize a salt form or reformulate STA-5312 to improve its solubility profile. If required, we would anticipate making such a formulation transition prior to initiating Phase 3 trials or commercialization.

Failure to comply with foreign regulatory requirements governing human clinical trials and marketing approval for drugs could prevent us from selling our drug candidates in foreign markets, which may adversely affect our operating results and financial condition.

The requirements governing the conduct of clinical trials, product licensing, pricing, and reimbursement for marketing our drug candidates outside the U.S. vary greatly from country to country

and may require additional testing. We have no experience in obtaining foreign regulatory approvals and, to date, the only foreign regulatory submission we have pursued is the submission of a filing necessary to conduct clinical trials of STA-4783 in soft tissue sarcoma in Canada. We expect that our future clinical development of STA-5326 and STA-4783 will involve a number of clinical trials in foreign jurisdictions, particularly in Europe. The time required to obtain approvals outside the U.S. may differ from that required to obtain FDA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other countries or by the FDA. Failure to comply with these regulatory requirements or obtain required approvals could impair our ability to develop foreign markets for our drug candidates and may have a material adverse effect on our results of operations and financial condition.

Our drug candidates will remain subject to ongoing regulatory review even if they receive marketing approval, and if we fail to comply with continuing regulations, we could lose these approvals and the sale of any approved commercial products could be suspended.

Even if we receive regulatory approval to market a particular drug candidate, the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, and record keeping related to the product will remain subject to extensive regulatory requirements. If we fail to comply with the regulatory requirements of the FDA and other applicable U.S. and foreign regulatory authorities or previously unknown problems with any approved commercial products, manufacturers, or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions, including:

- restrictions on the products, manufacturers or manufacturing processes;
- untitled or warning letters;
- civil or criminal penalties;
- fines;
- injunctions;
- product seizures or detentions;
- import bans;
- voluntary or mandatory product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and
- refusal to approve pending applications for marketing approval of new products or supplements to approved applications.

If side effects increase or are identified during the time our drug candidates are in development or after they are approved and on the market, we may be required to perform lengthy additional clinical trials, change the labeling of any such products, or withdraw any such products from the market, any of which would hinder or preclude our ability to generate revenues.

To date, there have been two serious adverse events reported as probably or possibly related to treatment with STA-5326. The first event involved a patient in our Phase 2b psoriasis trial who experienced rigors, increased liver function tests, and diarrhea, and the second event involved a patient in our Phase 2a psoriasis trial who developed a breast abscess. In addition, the data monitoring committee for our ongoing trial of STA-5326 for psoriasis indicated that it has observed changes from baseline levels of certain liver and kidney function tests and certain blood cell counts. The committee has noted that the clinical

relevance of these observations is unknown and has not recommended any changes in the trial. Because the trial is blinded, we do not know the extent to which these changes are related to treatment with STA-5326. There have been three patients with possible drug-related serious adverse events related to treatment with STA-4783, including syncope, infection, anemia, and axillary mass change. In addition, there has been one serious adverse event related to treatment with STA-5312, a hospitalization for the treatment of myalgia. If the incidence of these events increases or if other effects are identified after any of our drug candidates are approved and on the market:

- regulatory authorities may withdraw their approvals;
- we may be required to reformulate any such products, conduct additional clinical trials, make changes in labeling of any such products, or implement changes to or obtain new approvals of our or our contractors' manufacturing facilities;
- we may experience a significant drop in the sales of the affected products;
- our reputation in the marketplace may suffer; and
- we may become the target of lawsuits, including class action suits.

Any of these events could harm or prevent sales of the affected products or could substantially increase the costs and expenses or commercializing and marketing any such products.

We deal with hazardous materials and must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

Our activities involve the controlled storage, use, and disposal of hazardous materials, including infectious agents, corrosive, explosive and flammable chemicals, and various radioactive compounds. We are subject to federal, state, and local laws and regulations governing the use, manufacture, storage, handling, and disposal of these hazardous materials. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental contamination or injury from these materials.

In the event of an accident, state or federal authorities may curtail our use of these materials, and we could be liable for any civil damages that result, which may exceed our financial resources and may seriously harm our business. While we believe that the amount of insurance we carry is sufficient for typical risks regarding our handling of these materials, it may not be sufficient to cover pollution conditions or other extraordinary or unanticipated events. Additionally, an accident could damage, or force us to shut down, our operations. In addition, if we develop a manufacturing capacity, we may incur substantial costs to comply with environmental regulations and would be subject to the risk of accidental contamination or injury from the use of hazardous materials in our manufacturing process.

Risks Related to Our Dependence on Third Parties

We rely on third parties to conduct our clinical trials, and those third parties may not perform satisfactorily, including failing to meet established deadlines for the completion of such trials.

We do not have the ability to independently conduct clinical trials for our drug candidates, and we rely on third parties such as contract research organizations, medical institutions, and clinical investigators to perform this function. Our reliance on these third parties for clinical development activities reduces our control over these activities. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. To date, our contract research organizations and other similar entities with which we are working have performed well; however, if these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be delayed in obtaining regulatory approvals for our drug candidates and may be delayed in our efforts to successfully commercialize our drug candidates for targeted diseases.

We have no manufacturing capacity and depend on third-party manufacturers to produce our clinical trial drug supplies.

We do not currently operate manufacturing facilities for clinical or commercial production of STA-5326, STA-4783, or STA-5312, or any of our preclinical drug candidates. We have no experience in drug manufacturing, and we lack the resources and the capabilities to manufacture any of our drug candidates on a clinical or commercial scale. As a result, we currently rely on third-party manufacturers to supply, store, and distribute drug supplies for our clinical trials and anticipate future reliance on a limited number of third-party manufacturers until we increase the number of manufacturers with whom we contract. Any performance failure on the part of our existing or future manufacturers could delay clinical development or regulatory approval of our drug candidates or commercialization of any approved products, producing additional losses and depriving us of potential product revenue.

In late 2004, we observed granules in some of the capsules of STA-5326 manufactured by the third-party contractor used in our Phase 2 Crohn's disease and psoriasis trials. We conducted analytical testing and *in vivo* animal studies of the capsules containing the granules and determined that the granules consisted of the active pharmaceutical ingredient of STA-5326 rather than impurities. Based on these studies, we believe that the capsules containing the granules are comparable to the capsules without the granules, including with respect to pharmacokinetics and expected absorption in patients. We do not believe that this has had any adverse effect on our trials, but we cannot assure you that it has not. We submitted a summary of our findings from the preclinical studies on this issue to the FDA, and the FDA requested the data from these studies that support these findings. We provided these data to the FDA in early February 2005. We have received no further inquiry from the FDA and do not know whether the FDA will require additional information or require that corrective action be taken. Since the identification of these granules, we have performed a comprehensive investigation and believe we identified the cause of the granule formation. We have made improvements to the manufacturing process, and thereafter, no granules have been observed in these batches. We do not expect any delay in the clinical development of STA-5326 due to this issue, but we cannot assure you that no such delay will occur.

Our drug candidates require precise, high quality manufacturing. Our contract manufacturers' failure to achieve and maintain high manufacturing standards could result in patient injury or death, product recalls or withdrawals, delays or failures in testing or delivery, cost overruns, or other problems that could seriously hurt our business. Contract manufacturers may encounter difficulties involving production yields, quality control, and quality assurance. These manufacturers are subject to ongoing periodic unannounced inspection by the FDA and corresponding state and foreign agencies to ensure strict compliance with current Good Manufacturing Practice, or cGMP, and other applicable government regulations and corresponding foreign standards; however, we do not have control over third-party manufacturers' compliance with these regulations and standards.

If for some reason our contract manufacturers cannot perform as agreed, we may be unable to replace such third-party manufacturers in a timely manner and the production of our drug candidates would be interrupted, resulting in delays in clinical trials and additional costs. Switching manufacturers may be difficult because the number of potential manufacturers is limited and the FDA must approve any replacement manufacturer prior to manufacturing our drug candidates. Such approval would require new testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our drug candidates after receipt of FDA approval. It may be difficult or impossible for us to find a replacement manufacturer on acceptable terms quickly, or at all. We have in the past experienced low inventory levels of the capsule formulation of STA-5326 we currently use in our clinical trials. To date, however, our clinical trials for STA-5326 have not been adversely affected, and we believe we have taken sufficient steps to ensure that we will have adequate inventory to complete our current Phase 2 trials for STA-5326 in Crohn's disease and plaque psoriasis. We expect to have completed our clinical comparative study of the tablet form of STA-5326 prior to the commencement of any future clinical trial for STA-5326.

If we do not establish collaborations, we may have to alter our development plans.

Our drug development programs and potential commercialization of our drug candidates will require substantial additional cash to fund expenses. Our strategy includes potentially selectively collaborating with leading pharmaceutical and biotechnology companies to assist us in furthering development and potential commercialization of some of our drug candidates. Although we are not currently a party to any such collaboration, we may enter into one or more of such collaborations in the future, especially for target indications in which the potential collaborator has particular therapeutic expertise or that involve a large, primary care market that must be served by large sales and marketing organizations. We face significant competition in seeking appropriate collaborators and these collaborations are complex and time-consuming to negotiate and document. We may not be able to negotiate collaborations on acceptable terms, or at all. If that were to occur, we may have to curtail the development of a particular drug candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of our sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms, or at all. If we do not have sufficient funds, we will not be able to bring our drug candidates to market and generate product revenue.

We anticipate continued reliance on third-party manufacturers if we are successful in obtaining marketing approval from the FDA and other regulatory agencies for any of our drug candidates.

To date, our drug candidates have been manufactured in small quantities for preclinical testing and clinical trials by third-party manufacturers. If the FDA or other regulatory agencies approve any of our drug candidates for commercial sale, we expect that we would continue to rely, at least initially, on third-party manufacturers to produce commercial quantities of our approved drug candidates. These manufacturers may not be able to successfully increase the manufacturing capacity for any of our approved drug candidates in a timely or economic manner, or at all. Significant scale-up of manufacturing may require additional validation studies, which the FDA must review and approve. If they are unable to successfully increase the manufacturing capacity for a drug candidate or we are unable to establish our own manufacturing capabilities, the commercial launch of any approved products may be delayed or there may be a shortage in supply.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our drug candidates, we may be unable to generate product revenue.

We do not currently have an organization for the sales, marketing, and distribution of pharmaceutical products. In order to market any products that may be approved by the FDA, we must build our sales, marketing, managerial, and other non-technical capabilities or make arrangements with third parties to perform these services. If we are unable to establish adequate sales, marketing, and distribution capabilities, whether independently or with third parties, we may not be able to generate product revenue and may not become profitable.

Risks Related to Our Intellectual Property

If our patent position does not adequately protect our drug candidates or any future products, others could compete against us more directly, which would harm our business.

As of April 15, 2005, our patent portfolio included a total of 254 patents and patent applications worldwide with claims covering the composition-of-matter and methods of use for all three of our clinical stage compounds. We own or license a total of 15 issued U.S. patents and 59 U.S. patent applications, as well as 180 foreign counterparts to many of these patents and patent applications. We have issued

U.S. composition-of-matter patents claiming the chemical structures of STA-5326, STA-4783, and STA-5312.

Our commercial success will depend in part on our ability to obtain additional patents and protect our existing patent position as well as our ability to maintain adequate protection of other intellectual property for our technologies, drug candidates, and any future products in the U.S. and other countries. If we do not adequately protect our intellectual property, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability. The laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the U.S., and we may encounter significant problems in protecting our proprietary rights in these countries.

The patent positions of biotechnology and pharmaceutical companies, including our patent position, involve complex legal and factual questions, and, therefore, validity and enforceability cannot be predicted with certainty. Patents may be challenged, deemed unenforceable, invalidated or circumvented. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies, drug candidates, and any future products are covered by valid and enforceable patents or are effectively maintained as trade secrets.

The degree of future protection for our proprietary rights is uncertain, and we cannot ensure that:

- we or our licensors were the first to make the inventions covered by each of our pending patent applications;
- we or our licensors were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies;
- any of our or our licensors' pending patent applications will result in issued patents;
- any of our or our licensors' patents will be valid or enforceable;
- any patents issued to us or our licensors and collaborators will provide a basis for commercially viable products, will provide us with any competitive advantages or will not be challenged by third parties;
- we will develop additional proprietary technologies or drug candidates that are patentable; or
- the patents of others will not have an adverse effect on our business.

We typically file for patent protection first on the composition-of-matter of our drug candidates and also claim their activities and methods for their production and use to the extent known at that time. As we learn more about the mechanisms of action and new methods of manufacture and use of these drug candidates, we generally file additional patent applications for these new inventions. Although our patents may prevent others from making, using or selling similar products, they do not ensure that we will not infringe the patent rights of third parties. For example, because we sometimes identify the mechanism of action or molecular target of a given drug candidate after identifying its composition-of-matter and therapeutic use, we may not be aware until the mechanism or target is further elucidated that a third party has an issued or pending patent claiming biological activities or targets that may cover our drug candidate. If such a patent exists or is granted in the future, we cannot provide assurances that a license will be available on commercially reasonable terms, or at all.

We are aware of an issued U.S. patent held by a third party that claims a method of increasing Hsp70 levels by administering a proteasome inhibitor. Our drug candidate STA-4783 induces the expression of Hsp70 on the surface of tumor cells. We are not certain about the role that proteasome inhibition may have with respect to STA-4783's induction of Hsp70 expression. We cannot guarantee that the patent

holder will not assert the patent claims against us, but based on our analysis of this patent, we do not believe that the manufacture, use, or sale of STA-4783 would infringe any valid claim of this U.S. patent. However, we cannot guarantee that a court would find this patent to be invalid or would find STA-4783 not to infringe this patent. If the patent were held to be valid and infringed, we would be required to take corrective action, which might include acquiring a license to the patent, paying damages or ceasing infringement. We cannot provide assurances that a license would be available on commercially reasonable terms, or at all.

We may be unable to adequately prevent disclosure of trade secrets and other proprietary information.

We rely on trade secrets to protect our proprietary technologies, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. We rely in part on confidentiality agreements with our employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors to protect our trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Litigation or other proceedings or third-party claims of intellectual property infringement would require us to spend time and money and could prevent us from developing or commercializing our drug candidates.

Our commercial success will depend in part on not infringing upon the patents and proprietary rights of other parties. Although we are not currently aware of any litigation or other proceedings or third-party claims of intellectual property infringement related to our drug candidates, the pharmaceutical industry is characterized by extensive litigation regarding patents and other intellectual property rights. Other parties may obtain patents in the future and claim that the use of our technologies infringes these patents or that we are employing their proprietary technology without authorization. We could incur substantial costs and diversion of management and technical personnel in defending ourselves against any claims that the use of our technologies infringes upon any patents, defending ourselves against any claim that we are employing any proprietary technology without authorization or enforcing our patents against others. In the event of a successful claim of infringement against us, we may be required to:

- pay substantial damages;
- stop developing, commercializing, and selling the infringing drug candidates or approved products;
- stop utilizing the infringing technologies and methods in our drug candidates or approved products;
- develop non-infringing products, technologies, and methods; and
- obtain one or more licenses from other parties, which could result in our paying substantial royalties or our granting of cross licenses to our technologies.

We may not be able to obtain licenses from other parties at a reasonable cost, or at all. If we are not able to obtain necessary licenses at a reasonable cost, or at all, we could encounter substantial delays in product introductions while we attempt to develop alternative technologies, methods, and products, which we may not be able to accomplish. Although third parties may challenge our rights to, or the scope or validity of our patents, to date, we have not received any communications from third parties challenging our patents or patent applications covering our drug candidates.

We may be subject to claims that we or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is commonplace in our industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Risks Related to the Commercialization of Our Drug Candidates

If physicians and patients do not accept our future products, we may be unable to generate significant revenue, if any.

Even if STA-5326, STA-4783, STA-5312, or any other drug candidates we may develop or acquire in the future obtain regulatory approval, they may not gain market acceptance among physicians, healthcare payors, patients, and the medical community. Physicians may elect not to recommend these drugs for a variety of reasons including:

- timing of market introduction of competitive products, including the anti-IL-12 antibodies currently in development;
- demonstration of clinical safety and efficacy compared to other products;
- cost-effectiveness;
- availability of reimbursement from managed care plans and other third-party payors;
- convenience and ease of administration;
- prevalence and severity of adverse side effects;
- other potential advantages of alternative treatment methods; and
- ineffective marketing and distribution support.

If our approved drugs fail to achieve market acceptance, we may not be able to generate significant revenue and our business would suffer.

If the government and third-party payors fail to provide adequate coverage and reimbursement rates for our future products, if any, our revenue and prospects for profitability will be harmed.

In both domestic and foreign markets, our sales of any future products will depend in part upon the availability of reimbursement from third-party payors. Such third-party payors include government health programs such as Medicare, managed care providers, private health insurers, and other organizations. These third-party payors are increasingly attempting to contain healthcare costs by demanding price discounts or rebates and limiting both coverage and the amounts that they will pay for new drugs, and, as a result, they may not cover or provide adequate payment for our drugs. We might need to conduct post-marketing studies in order to demonstrate the cost-effectiveness of any future products to such payors' satisfaction. Such studies might require us to commit a significant amount of management time and financial and other resources. Our future products might not ultimately be considered cost-effective. Adequate third-party reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in product development.

U.S. and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare. For example, in some foreign markets, the government controls the pricing and profitability of

prescription pharmaceuticals. In the U.S., we expect that there will continue to be federal and state proposals to implement similar governmental controls. In addition, recent changes in the Medicare program and increasing emphasis on managed care in the U.S. will continue to put pressure on pharmaceutical product pricing. Cost control initiatives could decrease the price that we would receive for any products in the future, which would limit our revenue and profitability. Accordingly, legislation and regulations affecting the pricing of pharmaceuticals might change before our drug candidates are approved for marketing. Adoption of such legislation could further limit reimbursement for pharmaceuticals.

If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, we could be forced to pay substantial damage awards.

The use of any of our drug candidates in clinical trials, and the sale of any approved products, might expose us to product liability claims. We currently maintain product liability insurance coverage to cover us against such claims. However, such insurance coverage might not protect us against all of the claims to which we might become subject. We might not be able to maintain adequate insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against potential losses. In the event a claim is brought against us, we might be required to pay legal and other expenses to defend the claim, as well as uncovered damages awards resulting from a claim brought successfully against us. Furthermore, whether or not we are ultimately successful in defending any such claims, we might be required to direct financial and managerial resources to such defense and adverse publicity could result, all of which could harm our business.

Risks Related to Our Industry

We may not be able to keep up with the rapid technological change in the biotechnology and pharmaceutical industries, which could make any future approved products obsolete and reduce our revenue.

Biotechnology and related pharmaceutical technologies have undergone and continue to be subject to rapid and significant change. Our future will depend in large part on our ability to maintain a competitive position with respect to these technologies. Our competitors may render our technologies obsolete by advances in existing technological approaches or the development of new or different approaches, potentially eliminating the advantages in our drug discovery process that we believe we derive from our research approach and proprietary technologies. In addition, any future products that we develop, including our clinical drug candidates STA-5326, STA-4783, and STA-5312, may become obsolete before we recover expenses incurred in developing those products, which may require that we raise additional funds to continue our operations.

Our competitors may develop products that are less expensive, safer, or more effective, which may diminish or eliminate the commercial success of any future products that we may commercialize.

Competition in the pharmaceutical and biotechnology industries is intense and expected to increase. We face competition from pharmaceutical and biotechnology companies, as well as numerous academic and research institutions and governmental agencies, both in the U.S. and abroad. Some of these competitors have products or are pursuing the development of drugs that target the same diseases and conditions that are the focus of our drug development programs.

For example, if approved, we expect STA-5326 to compete against currently approved treatments for chronic inflammatory diseases, including:

- large-molecule, injectable TNFα-antagonists, including: Remicade, marketed by Johnson & Johnson; Enbrel, marketed by Amgen and Wyeth Pharmaceuticals; and Humira, marketed by Abbott Laboratories; and

- broadly immunosuppressive small-molecule agents including corticosteroids, methotrexate and azathioprine.

STA-5326 may also compete with CNTO-1275 and ABT-874, two antibody-based clinical candidates targeting IL-12 currently in clinical trials that are being developed by Johnson & Johnson and Abbott Laboratories, respectively.

If approved, we would expect STA-4783 to compete with:

- other agents that are being used or tested in combination with taxanes, including: Herceptin, marketed by Genentech; Tarceva, marketed by OSI Pharmaceuticals, Genentech, and Roche; and Xeloda, marketed by Roche;
- taxane-like molecules such as epothilones; and
- modifications or reformulations of taxanes.

We would expect STA-5312, if approved, to compete against the currently approved therapies for the treatment of cancers, in particular, those being used or tested for the treatment of chemotherapy-resistant cancers.

Many of our competitors and their collaborators have significantly greater experience than we do in the following:

- identifying and validating targets;
- screening compounds against targets;
- preclinical studies and clinical trials of potential pharmaceutical products; and
- obtaining FDA and other regulatory approvals.

In addition, many of our competitors and their collaborators have substantially greater capital and research and development resources, manufacturing, sales, and marketing capabilities, and production facilities. Smaller companies also may prove to be significant competitors, particularly through proprietary research discoveries and collaboration arrangements with large pharmaceutical and established biotechnology companies. Many of our competitors have products that have been approved or are in advanced development and may develop superior technologies or methods to identify and validate drug targets and to discover novel small-molecule drugs. Our competitors, either alone or with their collaborators, may succeed in developing drugs that are more effective, safer, more affordable or more easily administered than ours and may achieve patent protection or commercialize drugs sooner than us. Our competitors may also develop alternative therapies that could further limit the market for any drugs that we may develop. Our failure to compete effectively could have a material adverse effect on our business.

Risks Related to Employee Matters and Managing Growth

Our future success depends on our ability to retain our chief executive officer and other key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on Safi R. Bahcall, Ph.D., our President and Chief Executive Officer, and the other principal members of our executive and scientific teams, particularly: James G. Barsoum, Ph.D., our Vice President, Biology; Keizo Koya, Ph.D., our Senior Vice President, Drug Development; John A. McCarthy, Jr., our Senior Vice President and Chief Financial Officer; Wendy E. Rieder, Esq., our Vice President, Intellectual Property and Legal Affairs; Matthew L. Sherman, M.D., our Senior Vice President and Chief Medical Officer; and Robert J. Terifay, our Senior Vice President, Commercial Development and Strategy. All of the agreements with these principal members of our executive and scientific teams provide that employment is at-will and may be terminated by the employee at any time and without notice.

Although we do not have any reason to believe that we may lose the services of any of these persons in the foreseeable future, the loss of the services of any of these persons might impede the achievement of our research, development, and commercialization objectives. Recruiting and retaining qualified scientific personnel and possibly sales and marketing personnel will also be critical to our success. We may not be able to attract and retain these personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific personnel from universities and research institutions. We do not maintain "key person" insurance on any of our employees. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us.

We expect to expand our development, clinical research and marketing capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational, and financial systems, expand our facilities, and continue to recruit and train additional qualified personnel. Due to our limited resources, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The physical expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

If we make strategic acquisitions, we will incur a variety of costs and might never realize the anticipated benefits.

We have grown primarily through acquisitions, particularly our 2002 acquisition of Principia Associates, Inc. All of our acquisitions to date, however, have been of related parties. Accordingly, we have very limited experience in independently identifying acquisition candidates and integrating the operations of truly independent acquisition candidates with our company. Currently we are not a party to any acquisition agreements, nor do we have any understanding or commitment with respect to any such acquisition. If appropriate opportunities become available, however, we might attempt to acquire approved products, additional drug candidates, or businesses that we believe are a strategic fit with our business. If we pursue any transaction of that sort, the process of negotiating the acquisition and integrating an acquired product, drug candidate, or business might result in operating difficulties and expenditures and might require significant management attention that would otherwise be available for ongoing development of our business, whether or not any such transaction is ever consummated. Moreover, we might never realize the anticipated benefits of any acquisition. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities or impairment expenses related to goodwill, and impairment or amortization expenses related to other intangible assets, which could harm our financial condition.

Risks Related to our Common Stock and the Offering

Our stock price is likely to be volatile and the market price of our common stock after this offering may drop below the price you pay.

You should consider an investment in our common stock as risky and invest only if you can withstand a significant loss and wide fluctuations in the market value of your investment. Prior to this offering, there was not a public market for our common stock. We will negotiate and determine the initial public offering price with the representatives of the underwriters based on several factors. This price may vary from the

market price of our common stock after this offering. You may be unable to sell your shares of common stock at or above the initial offering price due to fluctuations in the market price of our common stock arising from changes in our operating performance or prospects. In addition, the stock market has recently experienced significant volatility, particularly with respect to pharmaceutical, biotechnology, and other life sciences company stocks. The volatility of pharmaceutical, biotechnology, and other life sciences company stocks often does not relate to the operating performance of the companies represented by the stock. Some of the factors that may cause the market price of our common stock to fluctuate include:

- results of our current Phase 2 or any subsequent clinical trials for STA-5326;
- results of our current Phase 2 or any subsequent clinical trials for STA-4783;
- results of our current Phase 1 or any subsequent clinical trials for STA-5312;
- results of clinical trials conducted by others on drugs that would compete with our drug candidates;
- failure or delays in advancing drug candidates from our ion channel modulator, Hsp90 inhibitor, microtubule inhibitor, and antidiabetic agent preclinical programs, or other drug candidates we may discover or acquire in the future, into clinical trials;
- failure or discontinuation of any of our research programs;
- issues in manufacturing our drug candidates or approved products;
- regulatory developments or enforcement in the U.S. and foreign countries;
- developments or disputes concerning patents or other proprietary rights;
- introduction of technological innovations or new commercial products by us or our competitors;
- changes in estimates or recommendations by securities analysts, if any cover our common stock;
- public concern over our drug candidates or any approved products;
- litigation;
- future sales of our common stock;
- general market conditions;
- changes in the structure of health care payment systems;
- failure of any of our drug candidates, if approved, to achieve commercial success;
- economic and other external factors or other disasters or crises; and
- period-to-period fluctuations in our financial results.

These and other external factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management.

There may not be an active, liquid trading market for our common stock.

There is currently no established trading market for our common stock. There is no guarantee that an active trading market for our common stock will develop and be maintained after this offering. If a trading

market does not develop or is not maintained, you may experience difficulty in reselling, or an inability to sell, your shares quickly or at the latest market price.

Insiders will continue to have substantial control over Synta which could delay or prevent a change in corporate control or result in the entrenchment of management and/or the board of directors.

After this offering, our directors, executive officers and principal stockholders, together with their affiliates and related persons, will beneficially own, in the aggregate, approximately 50.4% of our outstanding common stock. As a result, these stockholders, if acting together, may have the ability to determine the outcome of matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these persons, acting together, may have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership may harm the market price of our common stock by:

- delaying, deferring or preventing a change in control;
- entrenching our management and/or the board of directors;
- impeding a merger, consolidation, takeover or other business combination involving Synta; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of Synta.

Future sales of common stock by our existing stockholders may cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding 38,903,233 shares of common stock based on the number of shares outstanding as of April 15, 2005. This includes the 6,000,000 shares that we are selling in this offering, which may be resold in the public market immediately. The remaining 32,903,233 shares are currently restricted as a result of securities laws or lock-up agreements but will be able to be sold in the near future as set forth below.

Number of Shares	Date Available for Sale Into the Public Market
36,358	On the date of this prospectus.
26,827,404	After 180 days* from the date of this prospectus (subject, in some cases, to volume limitations).
6,039,471	At various times after 180 days* from the date of this prospectus (subject, in some cases, to volume limitations).

* 180 days corresponds to the end of the lock-up period described in "Shares Eligible for Future Sale — Lock-Up Agreement." This lock-up period may be extended under certain circumstances as described in that section.

Moreover, beginning after the lock-up period described in "Shares Eligible for Future Sale — Lock-Up Agreement" expires, the holders of 12,470,297 shares of our common stock and 370,453 shares of our common stock issuable upon the exercise of options will have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register all shares of common stock that we may issue under our stock plans. For additional information, see "Shares Eligible for Future Sale."

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Management will retain broad discretion over the use of the net proceeds from this offering. Stockholders may not agree with such uses, and our use of the proceeds may not yield a significant return or any return at all for our stockholders. The failure by our management to apply these funds effectively could have a material adverse effect on our business.

We intend to use the proceeds from this offering for clinical trials, preclinical testing and other research and development activities, and general and administrative expenses, working capital needs, and other general corporate purposes. Because of the number and variability of factors that will determine our use of the proceeds from this offering, their ultimate use may vary substantially from their currently intended use. For a further description of our intended use of the proceeds of the offering, see "Use of Proceeds."

Provisions of our charter, bylaws, and Delaware law may make an acquisition of us or a change in our management more difficult.

Certain provisions of our restated certificate of incorporation and restated bylaws that will be in effect upon the completion of this offering could discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. Stockholders who wish to participate in these transactions may not have the opportunity to do so. Furthermore, these provisions could prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions:

- allow the authorized number of directors to be changed only by resolution of our board of directors;
- establish a classified board of directors, providing that not all members of the board be elected at one time;
- authorize our board of directors to issue without stockholder approval blank check preferred stock that, if issued, could operate as a "poison pill" to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that is not approved by our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit stockholder action by written consent;
- establish advance notice requirements for stockholder nominations to our board of directors or for stockholder proposals that can be acted on at stockholder meetings;
- limit who may call stockholder meetings; and
- require the approval of the holders of 80% of the outstanding shares of our capital stock entitled to vote in order to amend certain provisions of our restated certificate of incorporation and restated bylaws.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may, unless certain criteria are met, prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a prescribed period of time.

We have never paid dividends on our capital stock, and we do not anticipate paying any cash dividends in the foreseeable future.

We have paid no cash dividends on any of our classes of capital stock to date and we currently intend to retain our future earnings, if any, to fund the development and growth of our businesses. As a result, capital appreciation, if any, of our common stock will be your sole source of gain on your investment for the foreseeable future.

Investors in this offering will pay a much higher price than the book value of our common stock and therefore you will incur immediate and substantial dilution of your investment.

If you purchase common stock in this offering, you will pay more for your shares than the amounts paid by existing stockholders for their shares. You will incur immediate and substantial dilution of $9.87 per share, representing the difference between our pro forma net tangible book value per share after giving effect to this offering at an assumed initial public offering price of $15.00 per share. In the past, we issued options to acquire common stock at prices significantly below the assumed initial public offering price. To the extent these outstanding options are ultimately exercised, you will sustain further dilution.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business." These statements involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements include statements about:

- the anticipated progress of our research, development, and clinical programs, including the timing of current and future clinical trials;
- our ability to market, commercialize, and achieve market acceptance for our drug candidates that we may develop or acquire;
- our anticipated use of the proceeds of this offering; and
- estimates regarding the sufficiency of our cash resources.

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. We discuss many of these risks in this prospectus in greater detail under the heading "Risk Factors." Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. You should read this prospectus and the documents that we have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update any forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of 6,000,000 shares of our common stock in this offering will be approximately $81.0 million, or approximately $93.6 million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of $15.00 per share and after deducting estimated underwriting discounts and commissions and offering expenses payable by us.

The principal purposes of this offering are to obtain additional working capital to fund anticipated operating losses, establish a public market for our common stock, and facilitate future access to the public markets. We estimate that we will use the proceeds of this offering as follows:

- approximately $54.0 million to fund continued clinical development of STA-5326, STA-4783, and STA-5312 as follows;
    - approximately $30.0 million of these net proceeds to fund the continued clinical development of STA-5326, including the completion of ongoing Phase 2 clinical trials, the initiation of new Phase 2 clinical trials, and the initiation of a Phase 3 clinical trial;
    - approximately $18.0 million of these net proceeds to fund the continued clinical development of STA-4783, including the completion of ongoing Phase 2 clinical trials, the initiation of new Phase 2 clinical trials, and the initiation of a Phase 3 clinical trial; and
    - approximately $6.0 million of these net proceeds to fund the continued clinical development of STA-5312, including the completion of ongoing Phase 1 clinical trials, and the initiation of new Phase 2 clinical trials;
- approximately $16.0 million to fund preclinical testing, and other research and development activities; and
- approximately $11.0 million to fund general and administrative expenses, working capital needs, and other general corporate purposes.

We may also use a portion of the proceeds for the potential acquisition of, or investment in, technologies, products, or companies that complement our business, although we have no current understandings, commitments, or agreements to do so.

As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the proceeds from this offering, or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual expenditures will depend upon numerous factors, including the progress of our research, development, and commercialization efforts, the progress of our clinical trials, and our operating costs and expenditures. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering.

The costs and timing of drug development and regulatory approval, particularly conducting clinical trials, are highly uncertain, are subject to substantial risks, and can often change. Accordingly, we may change the allocation of use of these proceeds as a result of contingencies such as the progress and results of our clinical trials and other research and development activities, the establishment of collaborations, the results of our commercialization efforts, our manufacturing requirements and regulatory or competitive developments. In addition, assuming our current clinical programs proceed further to the next stage of clinical development, we do not expect our existing capital resources and the net proceeds from this offering to be sufficient to enable us to fund the completion of all such clinical development programs through commercial introduction. Accordingly, we expect we will need to raise additional funds.

Pending use of the proceeds from this offering as described above or otherwise, we intend to invest the net proceeds in short-term interest-bearing, investment grade securities.

DIVIDEND POLICY

We have never paid or declared any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, and other factors that our board of directors deems relevant. In addition, the terms of any future debt or credit facility may preclude us from paying dividends.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2004:

- on an actual basis;
- on an as adjusted basis to give effect to our sale of 6,000,000 shares of common stock in this offering at an assumed initial public offering price of $15.00 per share after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

This table should be read with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes appearing elsewhere in this prospectus.

	As of December 31, 2004	
	Actual	As adjusted
	(in thousands, except share and per share data)	
	(unaudited)	
Cash, cash equivalents and marketable securities	$ 124,968	$ 205,968
Capital lease obligations, long-term	1,188	1,188
Stockholders' equity		
Common stock, par value $.0001 per share Authorized 150,000,000 shares actual and 100,000,000 shares as adjusted; 32,801,068 shares issued and outstanding actual and 38,801,068 shares issued and outstanding as adjusted	3	4
Additional paid-in capital	238,929	319,928
Deferred compensation	(10,435)	(10,435)
Accumulated other comprehensive loss	(116)	(116)
Deficit accumulated during the development stage	(110,425)	(110,425)
Total stockholders' equity	117,956	198,956
Total capitalization	$ 119,144	$ 200,144

The outstanding share information excludes:

- 3,668,400 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2004, including 109,090 shares of common stock issuable upon the exercise of stock options granted outside of our stock plans, at a weighted average exercise price of $8.11 per share;
- 97,656 shares of common stock issuable upon the exercise of warrants outstanding as of December 31, 2004 at a weighted average exercise price of $1.38 per share, all of which were exercised on January 11, 2005; and
- 1,260,357 shares of common stock reserved for future awards under our stock plans as of December 31, 2004.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock after this offering. We calculate pro forma net tangible book value per share by dividing the net tangible book value, tangible assets less total liabilities, by the number of outstanding shares of common stock.

Our historical net tangible book value at December 31, 2004 was $118.0 million, or $3.60 per share, based on 32,801,068 shares of common stock outstanding at December 31, 2004. After giving effect to the sale of 6,000,000 shares of common stock by us in this offering at an assumed initial public offering price of $15.00 per share, less the underwriting discounts and commissions and the estimated offering expenses payable by us, our pro forma net tangible book value at December 31, 2004, would be $199.0 million, or $5.13 per share. This represents an immediate increase in the pro forma net tangible book value of $1.53 per share to existing stockholders and an immediate dilution of $9.87 per share to new investors purchasing shares in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$ 15.00
Net tangible book value per share as of December 31, 2004	$ 3.60	
Increase per share attributable to new investors	1.53	
Pro forma net tangible book value per share after this offering		5.13
Dilution per share to new investors		$ 9.87

The following table shows on a pro forma basis at December 31, 2004 the difference between the number of shares of common stock purchased from us, the total consideration paid to us and the average price paid per share by existing stockholders and by new investors purchasing common stock in this offering:

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders	32,801,068	84.5%	$ 222,161,633	71.2%	$ 6.77
New investors	6,000,000	15.5	90,000,000	28.8	$ 15.00
Total	38,801,068	100%	$ 312,161,633	100%	

Assuming the underwriters' over-allotment option is exercised in full, sales by us in this offering will reduce the percentage of shares held by existing stockholders to 82.6% and will increase the number of shares held by new investors to 6,900,000, or 17.4%.

The information set forth above is based on shares outstanding as of December 31, 2004. It excludes:

- 3,668,400 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2004, including 109,090 shares of common stock issuable upon the exercise of stock options granted outside of our stock plans, at a weighted average exercise price of $8.11 per share;
- 97,656 shares of common stock issuable upon the exercise of warrants outstanding as of December 31, 2004 at a weighted average exercise price of $1.38 per share; and
- 1,260,357 shares of common stock reserved for future awards under our stock plans as of December 31, 2004.

All of the outstanding warrants were exercised on January 11, 2005. To the extent outstanding options are exercised, there will be further dilution to the new investors.

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA
(in thousands, except per share amounts)

You should read the following selected financial information together with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus.

We have derived the consolidated statements of operations data for the years ended December 31, 2002, 2003 and 2004 and the consolidated balance sheet information at December 31, 2003 and 2004 from our audited consolidated financial statements which are included in this prospectus. We have derived the consolidated statements of operations data for the year ended December 31, 2001 and consolidated balance sheet data at December 31, 2001 and 2002 from our audited consolidated financial statements, which are not included in this prospectus. We have derived the consolidated statements of operations data for the period from March 10, 2000 (inception) to December 31, 2000 and the consolidated balance sheet data at December 31, 2000 from our unaudited consolidated financial statements, which are not included in this prospectus. Our historical results for any prior period are not necessarily indicative of results to be expected for any future period.

	Period from inception (March 10, 2000) to December 31, 2000	Years ended December 31			
		2001	2002(1)	2003	2004
	(unaudited)				
Consolidated Statement of Operations Data:					
Revenues	$ —	$ —	$ —	$ 1,304	$ 173
Operating expenses					
Research and development	—	277	7,292	24,337	38,136
In-process research and development	—	—	18,088	—	1,583
General and administrative	78	124	1,569	5,261	7,383
Other compensation expense	—	—	9,315	—	—
Total operating expenses	78	401	36,264	29,598	47,102
Loss from operations	(78)	(401)	(36,264)	(28,294)	(46,929)
Investment income, net	—	20	110	416	995
Net loss	$ (78)	$ (381)	$ (36,154)	$ (27,878)	$ (45,934)
Basic and diluted net loss per common share	—	$ (0.09)	$ (3.00)	$ (1.28)	$ (1.69)
Weighted average shares used in computing basic and diluted net loss per share	—	4,420	12,042	21,853	27,206

(1) In September 2002 and December 2002, Synta acquired Principia Associates, Inc. and Diagon Genetics, Inc., respectively. See footnote 3 to Synta's audited consolidated financial statements.

	As of December 31				
	2000	2001	2002	2003	2004
	(unaudited)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 4	$ 1,708	$ 28,952	$ 76,226	$ 124,968
Working capital	4	2,697	27,574	73,564	113,147
Total assets	53	2,773	33,173	80,387	132,019
Capital lease obligations, net of current portion	—	—	—	—	1,188
Common stock	—	1	2	3	3
Additional paid-in capital	—	3,521	68,433	144,153	238,929
Deficit accumulated during the development stage	(78)	(459)	(36,613)	(64,491)	(110,425)
Total stockholders' equity (deficit)	(78)	2,744	31,151	76,891	117,956

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

You should read this discussion together with the financial statements, related notes and other financial information included elsewhere in this prospectus. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors" and elsewhere in this prospectus. These risks could cause our actual results to differ materially from any future performance suggested below.

Overview

We are a biopharmaceutical company focused on discovering, developing, and commercializing novel, small-molecule drugs for inflammatory disease and cancer. Our pipeline of drug candidates is diverse and addresses some of the largest pharmaceutical markets in the world. We currently have three drug candidates in human clinical trials and four additional programs in preclinical studies or discovery. For our two most advanced drug candidates, we are currently conducting six Phase 2 clinical trials across five therapeutic indications, including Crohn's disease, plaque psoriasis, and multiple cancer types. All of our drug candidates were discovered internally, using the chemistry, biology, and pharmaceutical development assets and capabilities built over the combined history of Synta and predecessor companies. We use these capabilities to increase and protect the value of our clinical programs, and to expand our drug candidate pipeline. We have retained worldwide rights to all of our drug candidates in all indications.

We were incorporated in March 2000 and commenced operations in July 2001. Since that time, we have been principally engaged in raising capital and in the discovery and development of novel drug candidates. In September 2002, we acquired all of the outstanding stock of Principia Associates, Inc., an operating biopharmaceutical company and a related party, in exchange for our common stock, common stock warrants and forgiveness of notes receivable with an aggregate value of $16.9 million. In July 2002, Principia acquired all of the outstanding stock of SBR Pharmaceuticals Corp. (formerly Shionogi BioResearch Corp.), an operating biopharmaceutical company, in exchange for cash of $12.5 million. In December 2002, we acquired all of the outstanding stock of Diagon Genetics, Inc., a related party, whose activities consisted of owning the rights to the development of certain intellectual property, in exchange for cash of $5.0 million and $8.5 million of our common stock. In January 2004, we acquired the assets, consisting principally of rights to intellectual property, and assumed certain liabilities of Cancer Genomics, Inc., Kava Pharmaceuticals, Inc and SinglePixel Biomedical, Inc., collectively referred to herein as CKS, all related parties, in a single transaction in exchange for our common stock with a value of $2.2 million.

Since our inception, we have had no revenues from product sales and have funded our operations primarily through the private placement of common stock. Through December 31, 2004, we raised net cash proceeds of $196.5 million through the private placement of common stock and exercise of common stock options and warrants. In November 2004, we raised net cash proceeds of $79.9 million through the private placement of common stock. We have devoted substantially all of our capital resources to the research and development of our drug candidates and to the acquisitions of Principia and Diagon. We have never been profitable and, as of December 31, 2004, we have an accumulated deficit of $110.4 million. We had net losses of $78,000 for the period from inception (March 10, 2000) through December 31, 2000, $381,000 for the year ended December 31, 2001, $36.2 million for the year ended December 31, 2002, $27.9 million for the year ended December 31, 2003, and $45.9 million for the year ended December 31, 2004. We expect to incur significant and increasing operating losses for the foreseeable future as we advance our drug candidates from discovery through preclinical and clinical trials and seek regulatory approval and eventual commercialization. In addition to these increasing research and development expenses, we expect general and administrative costs to increase as we add personnel and begin to operate as a public company. We will need to generate significant revenues to achieve profitability and may never do so.

Financial Operations Overview

Revenue

We have not yet generated any product revenue and do not expect to generate any product revenue for the foreseeable future. We have recognized, in the aggregate, $1.5 million of revenue from our inception through December 31, 2004. This revenue was derived entirely from government research grants. We will seek to generate revenue from product sales, and possibly from research and development payments, profit sharing payments, milestone payments, and royalties. In the future, we expect that any revenue we generate will fluctuate from quarter-to-quarter as a result of the timing and amount of research and development and other payments received under any future collaborative or strategic relationships, and the amount and timing of payments we receive upon the sale of our drug candidates, to the extent any are successfully commercialized.

Research and Development

Research and development expense consists of expenses incurred in connection with developing and advancing our drug discovery technology and identifying and developing our drug candidates. These expenses consist principally of salaries and related expenses, license fees, facility costs, and costs for clinical trials including related contract research, formulation and manufacturing. We charge all research and development expenses to operations as incurred.

Clinical development timelines, likelihood of drug candidate success, and total costs vary widely. We began tracking our internal and external research and development costs and our personnel and related costs on an individual drug candidate basis in 2003. For the year ended December 31, 2004, research and development expenses for our STA-5326, STA-4783, and STA-5312 drug candidates were approximately $15.0 million, $10.8 million and $2.5 million, respectively. The remaining $9.8 million of research and development expenses for the year ended December 31, 2004 is allocated among our early-stage programs. For the year ended December 31, 2003, research and development expenses for these drug candidates were $7.8 million, $3.8 million and $3.2 million, respectively, with the remaining $9.5 million of research and development expenses allocated among our early-stage programs. While expenses associated with the completion of our current clinical programs are expected to be substantial and increase, we believe that accurately projecting total program-specific expenses through commercialization is not possible at this time. There exist numerous factors associated with the successful commercialization of any of our drug candidates, including clinical candidate selection, future trial design, and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. Additionally, future commercial and regulatory factors beyond our control will evolve and therefore impact our clinical development programs and plans over time.

Despite this uncertainty, however, our development strategy for our two lead drug candidate programs, STA-5326 and STA-4783, is currently based on a number of assumptions that allow for broad estimates of certain clinical trial related expense. If successful with our current Phase 2 clinical trials for these two lead drug candidates, we currently anticipate that we would choose a lead indication for each drug candidate and initiate a pivotal Phase 3 clinical trial program by the end of 2005. The direct costs associated with each of these two Phase 3 programs could be in the range of $35-$45 million, or an aggregate of $70-$90 million for both programs, over the estimated two years necessary to complete the programs. Additional clinical trials may also be initiated in the future to explore other therapeutic indications for each drug candidate. Our current strategy assumes that for the foreseeable future we do not pursue a collaboration with a strategic corporate partner for the development of either of these drug candidates and therefore continue to internally finance all current and future clinical development initiatives. We do not expect to receive regulatory approval of any of our drug candidates until 2008 at the earliest, if at all.

Beyond our two lead drug candidates, we anticipate that we will select drug candidates and research projects for further development on an ongoing basis in response to their preclinical and clinical success, as well as commercial potential.

In-process Research and Development

Our acquisitions of Principia, Diagon and the CKS assets resulted in in-process research and development charges to our consolidated statements of operations in the respective periods of the acquisitions. The total amount of in-process research and development charges related to these acquisitions was approximately $19.7 million. Under purchase accounting, we allocate the purchase price to assets acquired and liabilities assumed based upon our analysis and estimates of fair values. We used the income approach to estimate the fair value of in-process research and development for the Principia and Diagon acquisitions and the cost approach for the CKS acquisition. If the in-process research and development acquired is incomplete and has no alternative future value, we record the value of the in-process research and development as an expense in our consolidated statement of operations in the period of the acquisition. Generally, in cases where the purchase price exceeds the fair value of net assets acquired, the excess purchase price has been allocated to acquired intangible assets, principally in-process research and development.

Under the income approach, each project was analyzed to determine the utilization of core technology; the complexity, cost and time to complete development; any alternative future use or current technological feasibility; and the stage of completion. Future cash flows were estimated, taking into account the expected life cycles of the product and the underlying technology, relevant market sizes and industry trends. The estimated net cash flows from these products were based on management's estimates of related revenues, cost of goods sold, research and development costs, selling, general and administrative costs, and income taxes. Material cash flows from each of the projects valued under the income approach was assumed to commence in the year following project completion. Discount rates and probability factors were utilized based on the nature of the technology of the products, the stage of completion of the projects, the complexity of the development effort and the risks associated with reaching technological feasibility of the projects.

The following tables summarize the value of the Principia in-process research and development projects acquired, including the allocations of excess purchase price, and significant assumptions used for valuation under the income approach at the time of the acquisitions (dollars in millions):

Project	In-process R&D recorded	Discount Rate	Estimated Completion Date	Estimated Remaining Costs through Completion
STA-4783	$ 1.5	40%	2007	$ 61.6
STA-5326	3.7	30%	2008	41.5
STA-5312	8.7	40%	2008	62.3
Total	$ 13.9			

Projects acquired in the Diagon acquisition related to ion channel technology and anti-allergy antibody projects and resulted in in-process research and development valuation of approximately $3.0 million and $1.2 million, respectively. The discount rate applied in the valuations was 30%. Estimated completion dates for these projects ranged from 2008 to 2009 and the estimated remaining costs to be incurred through completion ranged from approximately $42 million to $63 million per project.

The CKS in-process research and development charge, after allocation of excess purchase price of $1.6 million, pertained to the technology related to the treatment of anxiety and general pain. The value of the CKS in-process research and development charge was based on the cost approach. During 2004, after an initial investment to advance the technology, the Company ceased further funding of the project.

The following table summarizes the value of the SBR in-process research and development projects acquired by Principia upon its acquisition of SBR, including the allocations of excess purchase price, and significant assumptions used for valuation under the income approach at the time of the acquisition (dollars in millions):

Project	In-process R&D recorded	Discount Rate	Estimated Completion Date	Estimated Remaining Costs through Completion
STA-4783	$ 1.1	40%	2007	$ 61.8
STA-5326	2.5	30%	2008	42.1
STA-5312	6.0	40%	2008	63.6
Total	$ 9.6			

We believe each of the acquired technologies for which in-process research and development was recorded was unique and patents were filed for each of the acquired projects. Completion of these projects will be a complex and costly undertaking, involving continuing research, animal studies and human clinical trials.

General and Administrative

General and administrative expense consists primarily of salaries and related expenses for personnel in administrative, finance, business development, and human resource functions. Other costs include legal costs of pursuing patent protection of our intellectual property, and fees for general legal and other professional services. After this offering, we anticipate increases in general and administrative expense relating to public-company requirements and initiatives. These increases will likely include legal fees, accounting fees, directors' and officers' liability insurance premiums as well as fees for investor relations services.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue, accrued expenses, and the fair value of our common stock. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following accounting policies and estimates are most critical to aid you in understanding and evaluating our reported financial results.

Accrued Expenses

As part of the process of preparing financial statements, we are required to estimate accrued expenses. This process involves identifying services which have been performed on our behalf, and estimating the level of service performed and the associated cost incurred for such service as of each balance sheet date in our financial statements. Examples of services for which we must estimate accrued expenses include contract service fees paid to contract manufacturers in conjunction with the production of clinical drug supplies and to contract research organizations in connection with our preclinical studies and

clinical trials. In connection with such service fees, our estimates are most affected by our understanding of the status and timing of services provided. The majority of our service providers invoice us in arrears for services performed. In the event that we do not identify certain costs which have begun to be incurred, or we under- or over-estimate the level of services performed or the costs of such services in a given period, our reported expenses for such period would be too low or too high. The date on which certain services commence, the level of services performed on or before a given date, and the cost of such services are often determined based on subjective judgments. We make these judgments based upon the facts and circumstances known to us in accordance with GAAP. There were no changes in our estimates and accruals for contract service fees that had a material effect on our net losses in the years ended December 31, 2002, 2003, and 2004.

Acquisitions

We apply purchase accounting in our acquisitions. Under purchase accounting, we allocate the purchase price to assets acquired and liabilities assumed based upon our analysis and estimates of fair values. Our analysis generally includes three approaches to estimate the value of acquired assets. The cost approach measures the value of an asset by quantifying the aggregate expenditures that would be required to replace the subject asset, given its future service capability. The market approach employs a comparative analysis of actual transactions in which similar assets have been transferred or in which businesses have been sold whose value is comprised largely of assets similar to the subject assets. The income approach is an estimation of the present value of the future monetary benefits expected to flow to the owner of the asset during its remaining useful life. We generally use the income approach to estimate the fair value of in-process research and development. We perform a discounted cash flow analysis, utilizing anticipated revenues, expenses and net cash flow forecasts related to the technology. Given the high risk associated with the development of new drugs, we probability adjust the revenue and expense forecasts to reflect the risk of advancement through the regulatory approval process based on the stage of development in the regulatory process. Such a valuation requires significant estimates and assumptions. We believe the fair value assigned to the in-process research and development reflected in our consolidated financial statements is based on reasonable assumptions. However, these assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur. If the in-process research and development is incomplete and has no alternative future value, we record the full value of the in-process research and development as an expense in the period of the acquisition.

Stock-Based Compensation

We have elected to follow Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees,* and related interpretations, in accounting for our stock-based compensation plans, rather than the alternative fair value method provided for under Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock-Based Compensation.* In the notes to our consolidated financial statements, we provide pro forma disclosures in accordance with SFAS No. 148 *Accounting for Stock-Based Compensation — Transition and Disclosure* (an amendment of FASB Statement No. 123). We account for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of such services received or of the equity instruments issued, whichever is more reliably measured, in accordance with SFAS No. 123 and the Emerging Issues Task Force (EITF) Issue No. 96-18, *Accounting for Equity Instruments that Are Issued to Other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services.*

Accounting for equity instruments granted or sold by us under APB Opinion No. 25, SFAS No. 123 and EITF Issue No. 96-18 requires fair value estimates of the equity instrument granted or sold. If our estimates of the fair value of these equity instruments are too high or too low, our expenses may be over- or understated. The value of equity instruments granted or sold in exchange for the receipt of goods or services and the value of those goods or services cannot be readily estimated, as is true in connection with most stock options and warrants granted to employees and non-employees. We estimated the fair value of

the equity instruments based upon consideration of factors which we deemed to be relevant at the time. Because shares of our common stock have not been publicly traded, market factors historically considered in valuing stock and stock option grants include comparative values of public companies discounted for the risk and limited liquidity provided for in the shares we are issuing, pricing of private sales of our common stock, prior valuations of stock grants, and the effect of events that have occurred between the time of such grants, and economic trends.

We contemporaneously estimated the fair value of the equity instruments based upon consideration of factors which we deemed to be relevant at the time of each respective grant or issuance. Because shares of our common stock have not been publicly traded, market factors historically considered in valuing stock and stock option grants include comparative values of public companies discounted for the risk and limited liquidity provided for in the shares we are issuing, pricing of private sales of our common stock, prior valuations of stock grants, and the effect of events that have occurred between the time of such grants, and economic trends. The fair value of our common stock is determined by our board of directors. In the absence of a public trading market for our common stock, our board of directors considers objective and subjective factors in determining the fair value of our common stock. In all periods, the board of directors evaluated events that provided indicators of the fair value of our common stock. These included, depending on the period, the purchase price of our common stock that was issued in December 2003 and throughout 2004 and the impact of our proposed initial public offering of common stock. These factors indicated that the common stock options granted to employees and board members during 2003 and 2004 had a deemed fair value that was equivalent to the exercise price except for one grant of an option for 109,090 shares of common stock to a board member in May 2004 at an exercise price that was below fair value. The difference, or the intrinsic value, is being amortized as compensation expense over the vesting period of the stock options. In addition, these factors indicated that issuance of 530,901 shares of restricted stock and the grant of stock options in December 2004 were at sales and exercise prices below fair value and, accordingly, the difference is being amortized as compensation expense over the respective vesting periods.

Revenue

Revenues to date have been generated by research grant contracts and, accordingly, we follow the revenue recognition guidance of Staff Accounting Bulletin (SAB) No. 104, *Revenue Recognition*. Revenues from research grant contracts are generally recorded as the services are performed. When we are required to defer revenue, the period over which such revenue should be recognized is subject to estimates by management and may change over the course of the agreement.

Consolidated Results of Operations

Twelve Months Ended December 31, 2004, 2003 and 2002

Revenue. Research grant revenues were $0.2 million in the year ended December 31, 2004 compared to $1.3 million in the year ended December 31, 2003 and none in the year ended December 31, 2002, as research services were performed principally in 2003 and concluded during 2004.

Research and Development. Research and development expense for the year ended December 31, 2004 was $38.1 million compared to $24.3 million for the year ended December 31, 2003 and $7.3 million for the year ended December 31, 2002. The increase from 2003 to 2004 principally resulted from (1) an increase of $6.8 million for personnel costs and related research supplies and operational overhead and (2) an increase of $9.3 million for external costs of clinical trials, animal studies and other preclinical testing, clinical product manufacturing and consulting, partially offset by a net decrease in stock-based compensation expense resulting from a $1.7 million one-time charge in 2003 as described below. The increase from 2002 to 2003 principally resulted from an increase of $6.5 million for personnel costs and related research supplies and operational overhead and an increase of $10.2 million for external costs of clinical trials, animal studies and other preclinical testing, clinical product manufacturing and consulting.

These increases were principally the result of the acquisition of Principia in September 2002 and the inclusion of Principia's operations within the operations of Synta for a full year in 2003 compared to approximately three months in 2002 and, to a lesser extent, an increase in research and development headcount. In addition, during 2003 and 2002 we paid one-time technology license fees of cash and stock valued at $0.2 million and $2.1 million, respectively. The increase in research and development expense for the year ended December 31, 2003 as compared to the year ended December 31, 2002 is also due to a charge in the amount of $1.7 million related to a modification to the terms of a former scientific officer's stock option of $1.3 million, and $0.4 million in cash payments to be made over 18 months.

In-process Research and Development. In-process research and development expense of $1.6 million for the year ended December 31, 2004 represents the expensing of the value of incomplete research and development acquired in connection with the purchase of the CKS assets in January, 2004. In-process research and development expense of $18.1 million for the year ended December 31, 2002 includes the expensing of the $13.9 million value of incomplete research and development acquired in the purchase of Principia in September 2002 and the expensing of the $4.2 million value of incomplete research and development acquired in the purchase of Diagon in December 2002.

General and Administrative. General and administrative expense for the year ended December 31, 2004 was $7.4 million compared to $5.3 million for the year ended December 31, 2003 and $1.6 million for the year ended December 31, 2002. The increase from 2003 to 2004 was principally a result of an increase of $1.1 million for personnel costs and related overhead due primarily to increased hiring as well as an increase of $1.0 million in legal fees related to support of our intellectual property. The increase from 2002 to 2003 was principally a result of an increase of $2.5 million for personnel costs and related overhead due primarily to increased headcount and the inclusion of the operations of Principia following its acquisition in September 2002 as well as an increase of $0.5 million in legal fees in connection with our intellectual property. In addition, our costs of corporate communications, legal, audit and tax fees, consulting fees and insurance increased by $0.7 million as our administrative infrastructure was expanded to accommodate growth.

Other Compensation Expense. Other compensation expense of $9.3 million for the year ended December 31, 2002 reflects the excess purchase price paid for Diagon over the fair value of its net assets. Diagon, a related party, was owned by our Chief Executive Officer and our scientific founder, both of whom are board members and significant shareholders of Synta.

Investment Income, Net. Net investment income increased to $995,000 for the year ended December 31, 2004 from $416,000 for the year ended December 31, 2003 and from $110,000 for the year ended December 31, 2002. The increase in net investment income in each year was principally due to increases in the average cash balances invested resulting from sales of our common stock.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception in March of 2000, we have funded our operations principally through the private placement of common stock which, together with the exercise of common stock warrants and options, provided aggregate net cash proceeds of approximately $196.5 million through December 2004. We have also generated funds from government grant revenues, equipment lease financings and investment income. As of December 31, 2004, we had cash, cash equivalents, and short-term investments of approximately $125.0 million. In November 2004, we raised net cash proceeds of $79.9 million from the sale of common stock to private investors. Our funds are currently invested in investment grade and U.S. government securities with an average duration of less than one year.

Cash Flows

Our operating activities used cash of $33.8 million, $23.6 million and $6.3 million in the years ended December 31, 2004, 2003 and 2002, respectively. The use of cash in all periods principally resulted from our losses from operations and changes in our working capital accounts. The sequential increase in cash used in operations in each of the periods was due to our increase in research and development activities and the related expansion of our organizational infrastructure to support the broadened development activities.

Our investing activities used cash of $43.8 million, $40.4 million and $5.3 million in the years ended December 31, 2004, 2003 and 2002, respectively. Our investing activities in 2004 consisted of purchases of marketable securities in the amount of $124.7 million and purchases of property and equipment in the amount of $1.6 million. The cash provided by investing activities in 2004 resulted from the sales and maturities of marketable securities in our investment portfolio in the amount of $82.5 million. Our investing activities in 2003 consisted of purchases of marketable securities in the amount of $47.9 million and purchases of property and equipment in the amount of $0.8 million. The cash provided by investing activities in 2003 resulted from the sales and maturities of marketable securities in our investment portfolio in the amount of $7.8 million and the repayment to the Company of $0.5 million of advances to a related party. Our investing activities in 2002 consisted of cash paid to acquire Diagon Genetics, Inc. and Principia Associates, Inc. in the amount of $5.6 million, net of cash acquired, purchases of property and equipment in the amount of $0.2 million and the advance of cash to a related party in the amount of $0.5 million. The cash provided by investing activities in 2002 consisted of the repayment to the Company of $1.0 million of advances to related parties.

Our financing activities provided $84.3 million, $71.1 million and $38.8 million in the years ended December 31, 2004, 2003 and 2002, respectively. The cash provided in the years ended December 31, 2004, 2003 and 2002, is principally a result of the sale and issuance of approximately 6.2 million, 7.7 million and 5.2 million shares of common stock, respectively, to private investors and for exercises of common stock options and warrants in each period. Our financing activities since inception through December 31, 2004 consisted principally of the sale of common stock to private investors and exercise of stock options and warrants in the net amount of $196.5 million and the sale and lease-back of equipment of $1.3 million, less the repayment of $0.3 million of our equipment leases and payment of $0.2 million of deferred offering costs in connection with our proposed initial public offering of common stock.

In November 2004, we negotiated an equipment lease line of credit. Under the agreement, we may finance up to $3.0 million of equipment, software and leasehold improvements through December 2005 either through direct leasing arrangements or under a sale-leaseback arrangement. Amounts borrowed under the facility are repayable over 36 or 48 months. In November, we sold and leased back approximately $1.3 million of our property and equipment under the lease line.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations at December 31, 2004 and the effects such obligations are expected to have on our liquidity and cash flows in future periods (in thousands).

Contractual Obligations	Total	2005	2006 through 2007	2008 through 2009
Capital lease obligations	$ 1,976	$ 670	$ 1,215	$ 91
Operating lease obligations	5,011	1,880	2,777	354
Research and development contracts	15,568	14,837	731	—
Consulting and separation obligations	810	288	347	175
Purchase obligations	350	350	—	—
Total	$ 23,715	$ 18,025	$ 5,070	$ 620

Research and development contracts principally include contracts for human clinical studies, animal studies and clinical manufacturing. The future research and development contract obligations in the table of Contractual Obligations above assume that each of the studies and related manufacturing contracts is completed as planned. In the event a study or manufacturing contract is terminated prior to planned completion by mutual agreement between the contractor and us, the amount paid under such contracts may be less than the amounts presented.

Under various license agreements, substantially all of which are related to our early-stage discovery programs, we may be obligated to pay up to an aggregate of to $4.4 million if specified development and commercialization milestones are met, as follows (in thousands). These amounts are not included in the table of Contractual Obligations above.

Milestone	Amount
Phase 1 clinical trials	$ 225
Phase 2 clinical trials	375
Phase 3 clinical trials	525
FDA new drug approval	1,875
European market approval	750
Other	650
Total	$ 4,400

In January 2005, we entered into an Agreement and Release with our scientific founder, who is a board member. Pursuant to this Agreement and Release, we are paying the founder a total of $500,000 in equal quarterly installments over five years beginning in January 2005.

In January 2005, we entered into a lease for additional office space in Lexington, Massachusetts. The lease is for two years with a one year extension option at the same base rent. The minimum rents payable for 2005 and 2006 are approximately $314,000 and $426,000, respectively. We are in negotiations to assume a facilities lease, currently leased by us on a tenant-at-will basis from a company controlled by our scientific founder, who is also a board member. Annual base rent payable under the lease is expected to be approximately $209,000 through May 2009.

In November 2004, we entered into an agreement for an equipment lease line of credit. Under the agreement, we may periodically directly lease, or sell and lease back up to $3.0 million of equipment with repayment periods of 36 or 48 months and a $1.00 purchase option at the end of each lease period. In November 2004, we sold and leased back under this agreement approximately $1.3 million of our previously purchased equipment, of which approximately $1.0 million and $0.3 million were capitalized and will be paid over 36 and 48 month periods, respectively.

Based on our operating plans, we expect the proceeds of this offering, together with our existing resources, to be sufficient to fund our planned operations, including our continued research and drug development, through at least 2006. However, we may require significant additional funds earlier than we currently expect to conduct additional clinical trials and seek regulatory approval of our drug candidates. We may seek additional funding through collaboration agreements and public or private financings. Additional funding may not be available to us on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. For example, if we raise additional funds by issuing equity securities, further dilution to our existing stockholders may result. If we are unable to obtain funding on a timely basis, we may be required to significantly curtail one or more of our research or development programs. We also could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our technologies or drug candidates which we would otherwise pursue on our own.

Funding Requirements

We expect to use the net proceeds from this offering to fund clinical development of STA-5326, STA-4783, and STA-5312, preclinical testing, and other research and development activities, and for general and administrative expenses, working capital needs, and other general corporate purposes.

We expect to incur substantial expenses and generate significant operating losses as we continue to advance our drug candidates into preclinical studies and clinical trials and as we expand our research and development activities. Our funding requirements will depend on numerous factors, including:

- the progress of our research and development programs, including the completion of our preclinical and clinical trials for our current drug candidates and the nature of the results from these studies and trials;
- the number of drug candidates we advance into later-stage clinical trials and the scope of our research and development programs;
- our ability to discover additional drug candidates using our drug discovery technology and advance them into clinical development;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims for our drug discovery technology and drug candidates and avoiding the infringement of intellectual property of others;
- the time and costs involved in obtaining regulatory approvals for our drug candidates;
- our ability to establish and maintain collaborative arrangements;
- the potential in-licensing of other products or technologies or the acquisition of complementary businesses;
- the cost of manufacturing, marketing and sales activities, if any; and
- the timing, receipt and amount of revenues, if any, from our drug candidates.

We do not expect to generate significant revenues, other than payments that we may receive from potential future collaborations, until we successfully obtain marketing approval for, and begin selling one or more of our drug candidates. We believe the key factors that will affect our internal and external sources of cash are:

- the success of our preclinical and clinical development programs;
- our ability to successfully develop, manufacture, obtain regulatory approval for and commercialize our drug candidates;
- our ability to enter into strategic collaborations with corporate collaborators and the success of such collaborations; and
- the receptivity of the capital markets to financings by biotechnology companies.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements or relationships with unconsolidated entities of financial partnerships, such as entities often referred to as structured finance or special purpose entities.

Tax Loss Carryforwards

The Company completed an analysis to determine if there were changes in ownership, as defined by Section 382 of the Internal Revenue Code, that would limit our ability to utilize certain net operating loss and tax credit carryforwards. We determined that we experienced a change in ownership, as defined by Section 382, in connection with the acquisition of Principia on September 20, 2002. As a result, the utilization of our federal tax net operating loss carryforwards generated prior to the ownership change is

limited. As of December 31, 2004, we have net operating loss carryforwards for U.S. federal tax purposes of approximately $85.5 million, after taking into consideration net operating losses expected to expire unused as a result of this limitation. In addition, as of December 31, 2004, we have state net operating loss carryforwards of approximately $69.7 million. The utilization of these net operating loss carryforwards may be further limited if we experience future ownership changes as defined in Section 382.

Recently Issued Accounting Pronouncements

In January 2003, the FASB issued FIN 46, *Consolidation of Variable Interest Entities,* and in December 2003, issued a revision to FIN 46 (FIN 46R). This interpretation addresses the requirements for business enterprises to consolidate related entities in which they are determined to be the primary beneficiary as a result of their variable economic interest. The interpretation is intended to provide guidance in judging multiple economic interests in an entity and in determining the primary beneficiary. The interpretation outlines disclosure requirements for Variable Interest Entities in existence prior to January 31, 2003, and outlines consolidation requirements for Variable Interest Entities created after January 31, 2003. The Company does not have any entities that require disclosure or entities that would require consolidation under FIN 46 so the interpretation did not have an impact on the Company's financial statements.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* (SFAS 149). SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments and for hedging activities under Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities.* The adoption of SFAS 149 in 2003 did not have a material impact on the Company's results of operation or financial position

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.* SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective for public companies during the first interim period beginning after June 15, 2003. The adoption of this pronouncement did not have a material impact on the Company's financial position, results of operations or liquidity.

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment: an amendment of FASB Statements No. 123 and 95* (SFAS 123R), which requires companies to measure and recognize compensation expense for all stock-based payments at fair value. SFAS 123R is effective for annual periods beginning after June 15, 2005 and, thus, will be effective for us beginning with the first quarter of 2006. Early adoption is encouraged. We are currently evaluating the impact of SFAS 123R on our financial position and results of operations. See note 3 for information related to the pro forma effects on our reported net loss and net loss per share of applying the fair value recognition provisions of the previous SFAS 123, to stock-based employee compensation.

Qualitative and Quantitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates. As of December 31, 2004, we had cash, cash equivalents and marketable securities of $125.0 million consisting of cash and highly liquid, short-term and long-term investments. Our cash is deposited in and invested through highly rated financial institutions in North America. Our marketable securities are subject to interest rate risk and will fall in value if market interest rates increase. If market interest rates were to increase immediately and uniformly by 10% from levels at December 31, 2004, we estimate that the fair value of our investments will decline by an immaterial amount, and therefore, our exposure to interest rate changes is immaterial.

BUSINESS

Overview

We are a biopharmaceutical company focused on discovering, developing, and commercializing novel, small-molecule drugs for inflammatory diseases and cancer. Our pipeline of drug candidates is diverse – each of our seven clinical and preclinical small-molecule drug programs is based on a unique chemical class with a distinct mechanism of action – and addresses some of the largest pharmaceutical markets in the world. All of our drug candidates were discovered internally, using the chemistry, biology, and pharmaceutical development assets and capabilities built over the combined history of Synta and predecessor companies. We use these capabilities to discover and develop new drug candidates, and to increase and protect the value of our drug candidates in clinical trials. We have retained worldwide rights to all of our drug candidates in all indications.

We have three drug candidates in human clinical trials and four additional programs in preclinical studies. For our two most advanced drug candidates, we are conducting six Phase 2 clinical trials across five therapeutic indications, including Crohn's disease, psoriasis, and multiple cancer types. We have enrolled more than 500 patients in these Phase 2 trials at over 100 trial sites. STA-5326, an orally administered, small-molecule inhibitor of interleukin-12, or IL-12, and interleukin-23, or IL-23, is currently in Phase 2 clinical development for the treatment of Crohn's disease and chronic plaque psoriasis. STA-4783, a small-molecule anticancer therapeutic, is in three separate Phase 2 trials for the treatment of non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma. STA-5312, a small-molecule anticancer agent we are developing initially for the treatment of chemotherapy-resistant cancers, is currently in two Phase 1 trials for the treatment of solid-tumor cancers and cancers of the blood. All of our drug candidates are in early stages of development, and we do not expect to receive regulatory approval for any of our drug candidates until 2008 at the earliest, if at all. Our drug candidates are described in greater detail below.

- **STA-5326.** STA-5326 is a novel, orally administered, small- molecule drug candidate that selectively and potently inhibits the production of the IL-12 family of proteins, including IL-12 and IL-23. Over-production of these proteins plays a central

  role in chronic inflammatory diseases, driving the body's immune system to infiltrate and damage tissues and organs. We believe that STA-5326 may provide considerable benefits over existing therapies for inflammatory diseases. In 2003, we completed two Phase 1 trials which enrolled a total of 120 healthy volunteers and suggested a favorable safety profile. Our initial therapeutic focus for STA-5326 has been on the treatment of Crohn's disease and psoriasis. We have completed enrollment of a total of 73 patients across five cohorts in our Phase 2a Crohn's disease trial. Results from this Phase 2a Crohn's trial continue to suggest a favorable safety profile and indicate a rapid onset of therapeutic benefit. These results are based on a small number of patients, and may not be supported by further results in subsequent clinical trials. We expect to initiate a randomized, double-blind, placebo-controlled clinical trial for the treatment of Crohn's disease in the second half of 2005. In the second half of 2004, we initiated two Phase 2 trials for the treatment of chronic plaque psoriasis: a blinded, randomized, placebo-controlled Phase 2b trial and a complementary open-label Phase 2a trial. We have completed enrollment of 214 patients in our Phase 2b psoriasis trial and have enrolled 40 of approximately 60 patients in the Phase 2a psoriasis trial. We expect to report data from both psoriasis trials in the second half of 2005. If the data are favorable and no additional studies are required by the FDA before commencing pivotal trials, we expect to initiate a pivotal Phase 3 clinical trial for the treatment of chronic plaque psoriasis by the end of 2005. We may also initiate additional exploratory Phase 2 trials in rheumatoid arthritis and multiple sclerosis.

- **STA-4783.** STA-4783 is a novel, small-molecule compound that we are currently evaluating in three separate Phase 2 trials for the treatment of non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma, in combination with taxanes, a leading class of anticancer therapeutic agents. STA-4783 induces the expression of heat shock protein 70, or Hsp70, on the surface of tumor cells, which flags the cells for destruction and elimination by the immune system. STA-4783 also disrupts

the function of the centrosome, a critical component of cellular infrastructure. Preclinical studies demonstrated that the combination of STA-4783 with a taxane achieved superior antitumor activity compared to taxane alone, with minimal or no increase in toxicity. Based on the encouraging results seen during the initial stages of the ongoing Phase 2 trials, we began the second-stage, randomized portion of each of the non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma trials. In January 2005, we completed enrollment of 87 patients in the second stage of the non-small cell lung cancer trial. We expect to report data from our Phase 2 cancer trials in the second half of 2005 or early 2006. The results seen to date are preliminary and are based on a small number of patients, and may not be supported by the second stages of these trials or subsequent clinical trials. If supported by continued favorable clinical data, we expect to initiate a pivotal Phase 3 clinical trial of STA-4783 for the treatment of one of these cancer types by the end of 2005 or early 2006.

- **STA-5312.** STA-5312 is a novel, small-molecule anticancer agent that we are initially developing for the treatment of chemotherapy-resistant cancers. STA-5312 inhibits the assembly of microtubules, fibers inside cells which play an essential role in cell division. By inhibiting microtubule assembly, STA-5312 disrupts the process of cell division, thereby causing cell death. This inhibition is more pronounced in rapidly dividing cells such as cancer cells. In preclinical studies, STA-5312 has been shown to have considerably higher anticancer activity in chemotherapy-resistant cancer cells than standard treatments and to significantly increase animal survival in chemotherapy-resistant cancer models. We have initiated two dose-escalating Phase 1 trials of STA-5312 for the treatment of solid- tumor cancers and cancers of the blood that are refractory, meaning the cancer has not responded to treatment, or relapsed, meaning the cancer has returned after treatment. Results from these trials are expected by the end of 2005.

All of our clinical-stage drug candidates were discovered using our internal assets and capabilities. These capabilities are based on our strength in medicinal chemistry, our unique chemical compound library, and the processes we use to achieve a tight integration and rapid cycle time among our chemistry, biology, and pharmaceutical development functions. These processes, together with our cell-biology expertise and in-house *in vivo* testing capabilities, allow us to rapidly optimize the safety, efficacy, and pharmaceutical profiles of our most promising lead compounds. In certain cases, our approach has led to the identification of new pathways and mechanisms of action, resulting in potentially novel therapeutic categories. We believe that our ability to identify, create and develop novel therapeutic categories is a strong competitive advantage.

We apply our research and development capabilities to maximize the value of our drug candidate pipeline in two primary ways. First, we use our accumulated experience with our internally developed clinical-stage programs to improve, expand, and protect the long-term value of these programs. We do so by developing laboratory tests and identifying new chemical families that strengthen our intellectual property positions, facilitate the interpretation and design of our clinical trials, and allow us to identify new potential therapeutic applications. Second, we apply our research capabilities to novel drug discovery programs designed to lead to new drug candidates with chemical structures, therapeutic applications, and, potentially, mechanisms of action that are distinct from our current clinical-stage drug candidates. In addition to our three clinical development programs, we have four active discovery programs in inflammatory disease, cancer, and diabetes, each with promising lead candidates in the optimization/preclinical stages.

We commenced operations in July 2001. In September 2002, we acquired Principia Associates, Inc., which had previously acquired Shionogi BioResearch Corp., a U.S.-based drug discovery subsidiary of the Japanese pharmaceutical company, Shionogi & Co., Ltd. In this acquisition, we acquired a unique chemical compound library, an integrated set of drug discovery capabilities, and a pipeline of preclinical and research programs. Since 2002, we have been advancing these programs into later stages of development, discovering and developing additional drug candidates, and expanding our management and

scientific teams and capabilities to support more advanced stages of drug development. To date, we have raised approximately $196 million from private investors to support our growth strategy.

Our Business Strategy

Our company mission is to extend and enhance the lives of patients by discovering, developing, and commercializing novel pharmaceutical products for treating severe medical conditions. To achieve this objective, we intend to continue to:

- *Focus on novel therapies for severe diseases with large market potential.* Our clinical and discovery programs are focused on severe or life-threatening diseases, including chronic inflammatory diseases and cancer. We develop compounds for these diseases that have novel mechanisms of action not shared by competing products. We believe this strategy targets attractive market opportunities for a number of reasons: the severity of these diseases may permit smaller or more expedited clinical trials; the specialized nature of these markets may require lower sales and marketing costs; and finally, the novel mechanisms of action of our product candidates may allow us to better address unmet medical needs, creating the potential for more rapid market acceptance and greater pricing flexibility.

- *Use our drug discovery capabilities to maximize the value of our ongoing clinical-stage programs.* We apply our discovery capabilities to improve, expand, and protect the value of our ongoing clinical programs. We aim to improve our clinical choices and trial designs through a deeper understanding of the biology of our drug candidates and their effects in patients. We seek to expand the market potential of our drug candidates by exploring new potential therapeutic applications. Finally, we continue to strengthen our intellectual property position, as well as our potential future market position, by developing and protecting new chemical compounds and biological assays that complement our programs and increase our competitive advantage.

- *Expand our pipeline of unique drug candidates, with a focus on inflammatory disease and cancer.* Our ability to apply our discovery capabilities to rapidly and efficiently develop promising new chemical compounds is a valuable competitive advantage. New drug candidates enhance the value of our pipeline through increased market potential and through diversification of our product, regulatory, and market risks.

- *Maximize the retained value of our drug candidates.* At present, we own worldwide rights to all of our drug candidates in development. For certain drug candidates, we may in the future establish collaborations with other pharmaceutical companies to assist in the development and commercialization of these drug candidates and mitigate commercial and financial risk. Based on our strong financial position, however, we intend to independently develop and commercialize certain drug candidates, and for other candidates, to develop them to a more advanced clinical stage before entering into development and commercial agreements. We believe this approach will allow us to retain a higher share of the value from our drug candidates.

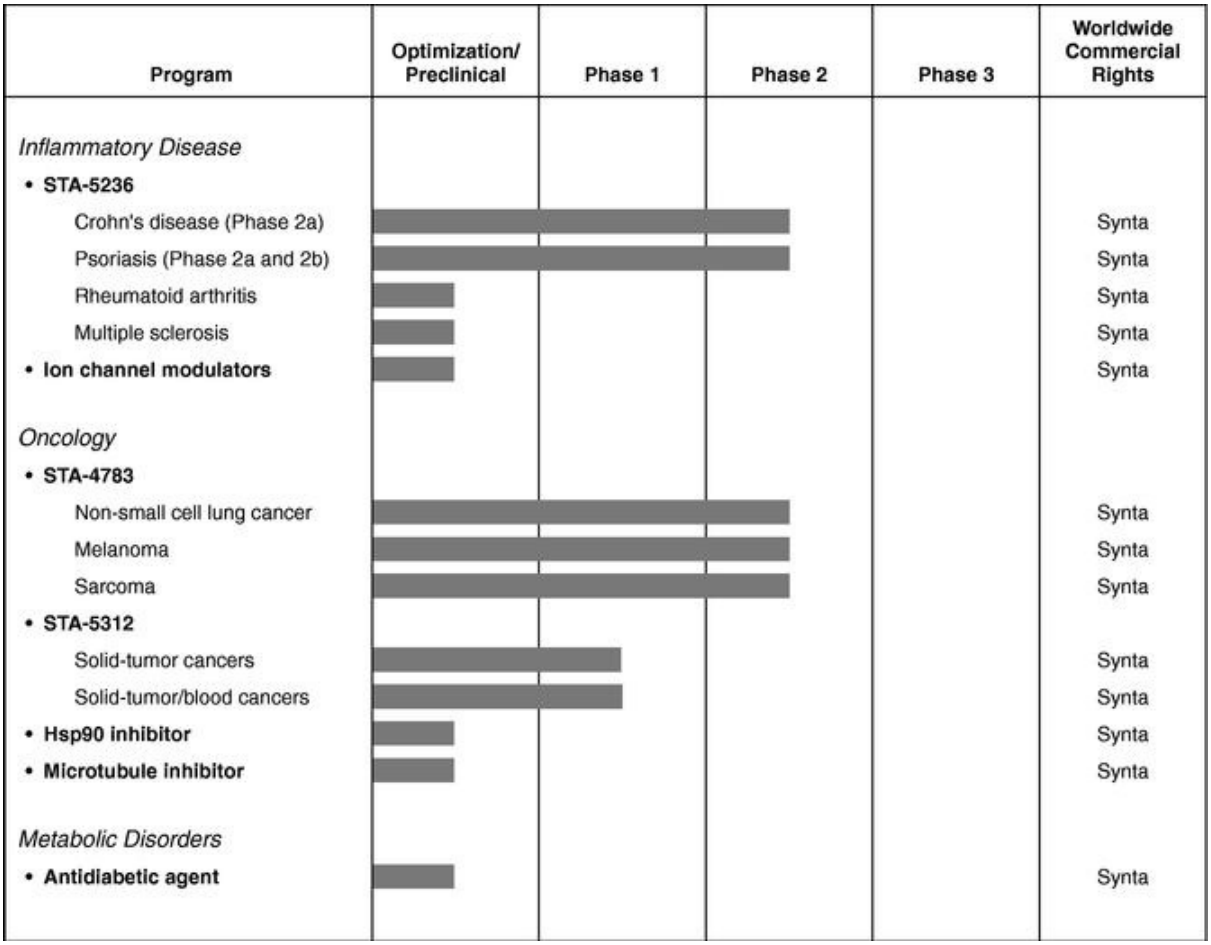
- *Maintain our focus on small-molecule drug development.* We discover and develop small-molecule drug candidates, not large molecule biologic agents such as proteins or antibodies, which are complex and costly to manufacture. By developing small-molecule drugs, we believe we will require lower infrastructure investment, face fewer manufacturing constraints, and realize greater potential profit margins than competitors developing biologic drugs. In addition, small-molecule drugs have the potential for development into orally administered drugs, thereby offering patients greater convenience.

- *Build on the strength of our intellectual property estate.* We are continuing to strengthen our intellectual property estate, which provides us with the ability to maximize the value of our internal discoveries and to protect these discoveries from competition. As of April 15, 2005, we had a total of 254 issued patents and pending patent applications worldwide, including issued U.S.

composition-of-matter patents for each of our drug candidates in clinical development. We believe that our intellectual property estate provides strong protection for all aspects of our drug discovery and development programs, including our drug candidates, methods of treatment, and manufacturing processes.

Our Drug Candidate Pipeline

The following table summarizes our most advanced drug candidates currently in clinical or preclinical development:



In the above chart, Optimization/Preclinical indicates identification and evaluation of compounds in *in vitro* and animal models to allow for Phase 1 clinical trials in humans. Phase 1 indicates initial clinical safety testing and pharmacological profiling in healthy volunteers, with the exception that Phase 1 trials in oncology are performed in patients with cancer. Phase 2 indicates clinical efficacy testing and continued clinical safety testing in patients with a specific disease, and may include separate Phase 2a and Phase 2b trials. Phase 2a trials typically represent the first human clinical trial of a drug candidate in a smaller patient population and are designed to provide earlier information on drug safety and efficacy. Phase 2b trials typically involve larger numbers of patients and comparison with placebo, standard treatments, or other active comparators. Phase 3 indicates a confirmatory study of efficacy and safety in an even larger patient population, and typically involves comparison with placebo, standard treatments, or other active comparators.

Clinical Development Programs

We have three drug candidates undergoing human clinical trials in chronic inflammatory disease and oncology. STA-5326, an orally administered, small-molecule IL-12 inhibitor, is currently in Phase 2 clinical development for the treatment of Crohn's disease and chronic plaque psoriasis. STA-4783, a small-molecule anticancer therapeutic, is in three separate Phase 2 trials for the treatment of non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma. STA-5312, a small-molecule anticancer agent we are developing initially for the treatment of chemotherapy-resistant cancers, is currently in two Phase 1 trials for the treatment of refractory or relapsed solid-tumor cancers and cancers of the blood.

Inflammatory Disease Program

Background

Inflammatory diseases are typically caused by aberrant activity of the immune system. The immune system normally protects the body from injury and infection, but in these diseases it attacks and damages the body's own tissues. Major chronic inflammatory diseases include Crohn's disease, psoriasis, rheumatoid arthritis, and multiple sclerosis. Together, these diseases afflict over 7 million people in the U.S. and over 21 million people worldwide.

Selected Indications	Worldwide patient population	U.S. patient population
Crohn's disease(1)	1.0 million	0.5 million
Psoriasis(2)	13.0 million	4.5 million
Rheumatoid arthritis(3)	5.0 million	2.0 million
Multiple sclerosis(4)	2.5 million	0.4 million

(1) Source: Journal of Gastroenterology (Worldwide); Crohn's and Colitis Foundation of America (U.S.)
(2) Source: Clinical and Experimental Dermatology (Worldwide); National Psoriasis Foundation (U.S.)
(3) Source: Forbes.com (Worldwide); American College of Rheumatology (U.S.)
(4) Source: National Multiple Sclerosis Society (Worldwide, U.S.)

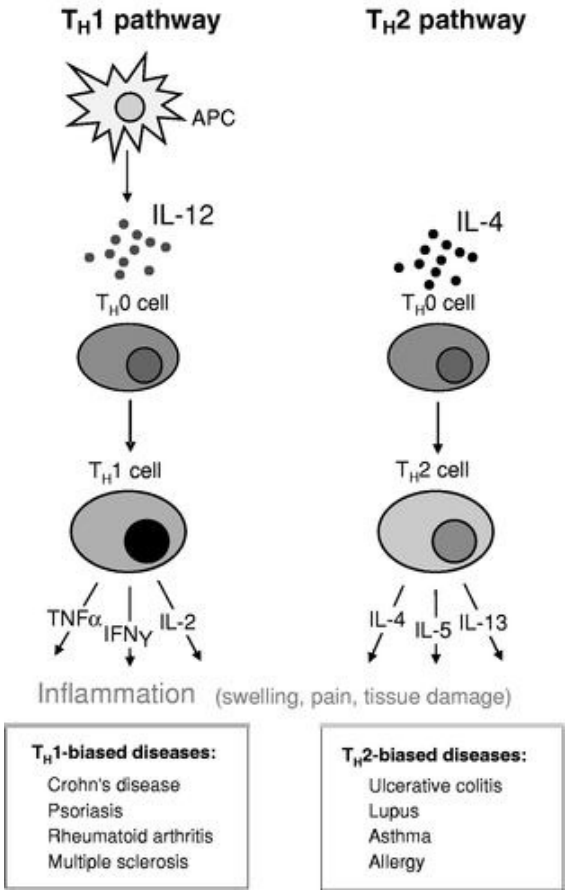
Despite the availability of numerous therapeutic options for these diseases, inflammatory diseases remain major causes of impairment of daily activities, reduced quality of life, significant disability, and sometimes death. Current therapeutic treatments for chronic inflammatory diseases have the potential to cause skeletal, endocrinologic, neurologic, and metabolic side effects, which can limit their long-term use. The limitations of conventional treatments, together with a growing understanding of the pathogenesis of inflammatory diseases, have stimulated significant interest in the development of targeted immune modulators for the management of chronic inflammatory diseases.

The T_H1 Pathway and the Role of IL-12 in Chronic Inflammatory Diseases

T cells play a critical role in the coordination of the body's immune response. T cells secrete cytokines, which are proteins that signal the activity of other cells in the immune system. T helper type 1, or T_H1, and T helper type 2, or T_H2, cells are two important types of T cells that play both a beneficial role in defending against infection and a harmful role in mediating the hyperinflammatory responses underlying immune diseases. T_H1 cells are normally involved in the body's defense against intracellular attack by bacteria and other micro-organisms. T_H2 cells are critical for eliminating extracellular bacteria, parasites, allergens, and toxins, and initiating the production of antibodies. Overactive immune responses by these T cell types, however, can lead to certain inflammatory diseases. For example, an overactive T_H1 response can lead to Crohn's disease, psoriasis, rheumatoid arthritis, and multiple sclerosis, and an overactive T_H2 response can lead to ulcerative colitis, lupus, allergy, and asthma.

The IL-12 cytokine plays a central role in the initiation of the T_H1 response, as highlighted in the figure below. Antigen-presenting cells, or APCs, first present antigens to naïve T cells, which then become

T_H0 cells. A T_H0 cell will then become either a T_H1 or a T_H2 cell depending on the cytokine signals the T_H0 cell receives. Production of IL-12 by APCs triggers T_H0 cells to become T_H1 cells, whereas the presence of the IL-4 cytokine triggers T_H0 cells to become T_H2 cells. T_H1 and T_H2 cells themselves also produce cytokines. T_H1 cells produce pro-inflammatory cytokines including interferon-gamma, or IFNg, IL-2, and tumor necrosis factor-alpha, or TNFα. These cytokines initiate the swelling, immune cell invasion of tissues, and tissue damage that underlie T_H1-biased chronic inflammatory diseases, while other cytokines initiate the inflammation underlying T_H2-biased inflammatory diseases.



As illustrated above, because of its early role in the T_H1 pathway, IL-12 is an important "master switch" that triggers the T_H1 immune response. An additional cytokine, IL-23, is critical to the maintenance of the T_H1 response. This cytokine, a member of the IL-12 cytokine family, contributes to the differentiation of T_H1 cells into so-called "memory" T cells that mediate prolonged inflammatory responses. Because STA-5326 inhibits the production of the protein subunit shared by IL-12 and IL-23, STA-5326 inhibits the production of both of these important pro-T_H1 cytokines that drive chronic inflammatory diseases.

Limitations of Current Therapies

The selective inhibition of the T_H1 immune response by STA-5326 contrasts with the inhibition of both T_H1 and T_H2 immune responses by broad-spectrum immunosuppressive agents which lack selectivity. Some of these agents, such as steroids and cyclosporine, lack selectivity because they inhibit the expression of a wide variety of proteins, while others, such as methotrexate and leflunomide, lack selectivity due to their broad inhibition of DNA synthesis and their effects on multiple cell types. These non-selective agents can

display significant undesirable side effects, including bone thinning, cataracts, loss of vision, liver damage, kidney dysfunction, diabetes, muscle weakness, and alterations in mental status.

To date, the most successful targeted modulators of the immune system for T_H1-biased diseases have been antibodies and other proteins that provide selective inhibition of TNFα. These TNFα-antagonist therapies have offered a significant improvement over the broad-spectrum immunosuppressive therapies described above. By targeting a single, important cytokine, these drugs can successfully prevent the tissue damage caused by the over-production of TNFα, with fewer side effects than broad-spectrum immunosuppressive agents. As a category, TNFα-antagonist drugs, including Remicade, marketed by Johnson & Johnson, Enbrel, marketed by Amgen and Wyeth Pharmaceuticals, and Humira, marketed by Abbott Laboratories, generated over $3.0 billion in worldwide sales in 2003, according to the annual reports of these companies. However, for many patients these TNFα-antagonist drugs are ineffective or poorly tolerated. While important, TNFα is not the only potentially destructive cytokine associated with T_H1-biased diseases. Such diseases can therefore persist despite the selective inhibition of TNFα. In addition, many of the side effects of TNFα-antagonist drugs are severe and include tuberculosis and other infections, lupus-like syndromes, lymphomas, congestive heart failure, and adverse neurologic events. The FDA has required "black box" and bolded warnings on the labels for these drugs recommending screening for latent tuberculosis and other infections, and treatment of infections prior to initiation of TNFα-antagonist therapy. In addition, because all TNFα-antagonist therapies are large-molecule biologic agents, they require administration by injection or infusion. This requirement for injection or infusion, sometimes in a hospital setting, can reduce patient convenience and compliance in the treatment of chronic inflammatory diseases.

Because IL-12 and IL-23 play critical roles in the initiation and maintenance of chronic T_H1-biased inflammatory diseases, these cytokines represent promising alternative targets to TNFα in the treatment of these conditions. Two monoclonal antibody therapies targeting IL-12 and IL-23 are currently in clinical trials in Crohn's disease, psoriasis, and other inflammatory diseases. According to recently reported results of completed clinical trials, these drug candidates have shown promising indications of efficacy in the treatment of Crohn's disease and psoriasis. While the degree of efficacy and safety of these drug candidates remains to be confirmed in clinical trials with larger patient populations, the results observed in these clinical trials to date have been received with significant interest by experts in the field.

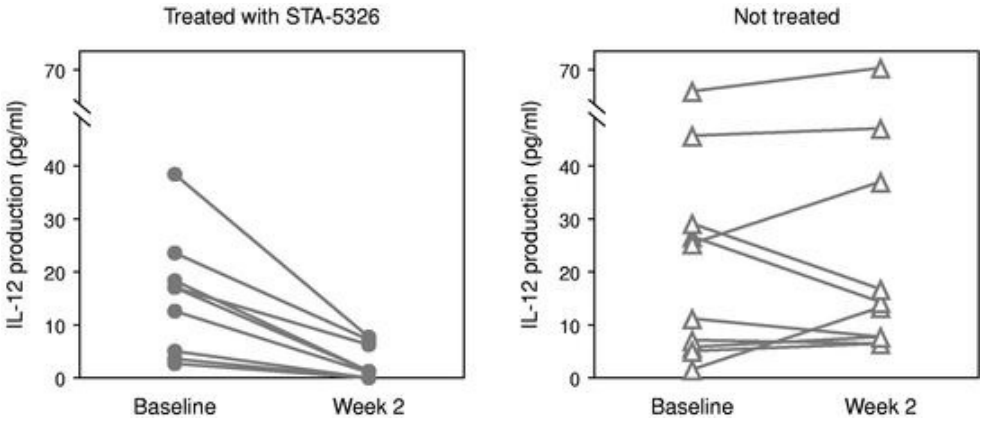
We believe that the results observed with anti-IL-12 antibody therapies validate the inhibition of IL-12 activity as a promising approach for the treatment of inflammatory diseases. Anti-IL-12 antibody therapies, however, like TNFα-antagonist therapies, require injection or infusion at periodic intervals and have other disadvantages. For example, these antibodies are complex and costly to manufacture. In addition, antibody therapies are also subject to the risk that patients will develop neutralizing antibodies to the drug. Therefore, we believe there is an unmet need and a significant market opportunity for an orally administered, highly selective, small-molecule inhibitor of IL-12.

STA-5326 — IL-12 Inhibitor

We believe we have discovered the first oral, selective inhibitor of IL-12. To our knowledge, no other oral, selective IL-12 inhibitor drug candidates are in clinical development by other companies. Our research indicates that STA-5326 inhibits production of IL-12 by interfering with the activity of c-Rel, a regulator that enables the transcription of genes that encode the two protein subunits that comprise IL-12. Because IL-23 shares a subunit with IL-12, STA-5326 inhibits the production of both of these inflammatory cytokines. In studies performed to date, STA-5326 has demonstrated strong inhibition of IL-12 and IL-23 production without significant inhibition of other cytokines. Preclinical studies have shown substantial efficacy in animal models of Crohn's disease, rheumatoid arthritis, and multiple sclerosis.

We have completed two Phase 1 clinical trials in 120 healthy volunteers. These trials were designed to test the safety, pharmacokinetics, and pharmacodynamics of STA-5326 at escalating doses from 7 mg per

day to 210 mg per day. Pharmacokinetics is the determination of how much of a drug is absorbed, distributed, metabolized, and eliminated by the body. Pharmacodynamics is the determination of the processes through which a drug exerts the biological effect observed. In these trials, STA-5326 was well-tolerated, with no serious adverse events or early discontinuations due to adverse events. Treatment with STA-5326 at a dose of 35 mg twice-a-day for two weeks was found to inhibit the production of IL-12 by immune cells in blood samples following antigen stimulation. As shown in the figure below, a decrease in IL-12 production was observed in all of the nine individuals treated, whereas no consistent change in IL-12 production was observed for the ten subjects not treated with STA-5326:



Blood samples were collected from two healthy volunteers untreated with STA-5326 that were part of the Phase 1 study as well as eight additional volunteers outside of the Phase 1 volunteer group. No substantial difference was observed in IL-12 production between these two subgroups. Expanded studies of IL-12 production in blood samples collected during current Phase 2 trials in Crohn's disease and psoriasis are ongoing.

Based on results from these Phase 1 studies, we expanded the clinical development of STA-5326 and initiated multiple Phase 2 clinical trials in Crohn's disease and plaque psoriasis.

Crohn's Disease. Crohn's disease is a chronic inflammatory bowel disease characterized by inflammation throughout the length of the gastrointestinal, or digestive, tract. Symptoms can be severe, and include abdominal pain, frequent diarrhea, and intestinal bleeding. In addition, patients with Crohn's disease may experience malnutrition and an increased risk of gastrointestinal cancers. Although several anti-inflammatory and immunosuppressive agents have been used to treat Crohn's disease, the two FDA-approved therapies for Crohn's disease are Remicade, a TNFα-antagonist marketed by Johnson & Johnson, and Entocort, a coated, corticosteroid capsule marketed by AstraZeneca.

Therapeutic efficacy in clinical trials of treatments for Crohn's disease is assessed using the Crohn's Disease Activity Index, or CDAI. The CDAI is a composite index of symptomatic and other parameters and has been the basis of pivotal studies for previously approved Crohn's disease therapies. A decrease in CDAI of 100 points or more is accepted to represent a clinical response, and a decrease in the CDAI to lower than 150 points is accepted to indicate the induction of remission of the disease. Historically, a decrease in CDAI of 70 points or more was accepted to represent a clinical response; however, an increasing number of clinical trials have been designed with the more stringent 100-point response definition. In the pivotal, 108-patient study of Remicade that formed the basis of its FDA approval, Remicade demonstrated at week four a clinical response, as defined in that trial by a 70-point decrease, in 65% of all patients receiving treatment, and in 81% and 50% of patients receiving 5 mg/kg and 10 mg/kg, respectively. Clinical remission was observed at week four in 33% of all patients receiving treatment, and in 48% and 25% of patients receiving 5 mg/kg and 10 mg/kg, respectively.

We have completed enrollment of a 73-patient Phase 2a clinical trial in moderate-to-severe Crohn's disease. This trial was designed as an open-label, dose-escalating study to assess the safety, pharmacokinetics, and efficacy of STA-5326. Patients were assigned to one of five dose levels – 14 mg twice-a-day, 35 mg once-a-day, 28 mg twice-a-day, 35 mg twice-a-day, and 70 mg once-a-day – and treated for four weeks. Patients were permitted to continue stable doses of other medications for Crohn's treatment other than a TNFα-antagonist, such as Remicade, but prior therapy with a TNFα-antagonist was allowed. Patients were selected for the trial based on a baseline CDAI score of between 220 and 450 and a diagnosis of Crohn's disease for at least six months. Measurement of clinical response was a secondary objective of the study, with clinical response defined as a decrease in the CDAI of 70 points or more at week two or four. The rates of response using the more stringent definition of at least a 100-point drop in CDAI were also calculated as part of the efficacy analysis.

We have safety and efficacy data for the 73 patients in the five dose cohorts. STA-5326 demonstrated an acceptable safety profile over four weeks of treatment; no serious adverse events related to the use of STA-5326 were reported. Twelve patients discontinued treatment due to adverse events. The most common drug-related adverse events observed were dizziness, nausea, headache, and fatigue. Clinical response and remission rates are shown in the table below. For the purposes of this analysis, patients for whom CDAI data are unavailable at weeks two or four due to missing data or discontinued treatment were assumed at these time points not to have achieved clinical response or remission. One patient receiving 35 mg once-a-day, for whom no available CDAI data are available beyond baseline, was excluded from this efficacy analysis as it was prospectively defined.

		Clinical response (≥70-point drop)		Clinical response (≥100-point drop)		Clinical remission CDAI < 150	
Dose level	Patients	Week 2	Week 4	Week 2	Week 4	Week 2	Week 4
14 mg, twice-a-day	13	15%	8%	15%	8%	8%	8%
35 mg, once-a-day	11	64%	82%	55%	64%	36%	36%
28 mg, twice-a-day	12	50%	42%	33%	42%	25%	33%
35 mg, twice-a-day	20	35%	45%	30%	40%	10%	15%
70 mg, once-a-day	16	50%	44%	38%	38%	13%	19%

These results are based on a small number of patients in an open-label trial which is not designed to show statistically significant evidence of efficacy and may not be supported by further results in subsequent clinical trials. We are currently in the process of confirming the data observed across all cohorts in this trial and finalizing our reporting of these results, which we expect to complete in the second quarter of 2005. No statistical testing was performed on these results. However, at all but the lowest dose level, the results suggest substantial clinical improvement following STA-5326 treatment, with an onset of therapeutic benefit within two weeks of initiation of treatment. We plan to initiate a randomized, double-blind, placebo-controlled clinical trial of STA-5326 for the treatment of Crohn's disease in the second half of 2005.

Psoriasis. Psoriasis is a chronic, inflammatory skin disorder that is characterized by thickened, red areas of skin that are covered with scales. The area of skin affected can range from discrete, localized patches, to large areas of the body. The joints, nails, and mucous membranes may also be affected by the disease. Chronic plaque psoriasis is the most common form of psoriasis. This disease involves the formation of plaques, which are circular-to-oval, elevated, and often scaly skin lesions that contain swollen blood vessels and infiltrating immune cells. In these affected areas, itching, swelling, and pain are common, all of which can impair daily activities and sleep.

Treatment of psoriasis falls into three general classes: topical agents, phototherapy, and systemic agents. Topical agents include corticosteroids, coal tar, and tazarotene. Phototherapy involves exposure to

ultraviolet light, often in combination with a topical or photosensitizing agent. Systemic medications include methotrexate, cyclosporine, and retinoids. These non-specific immunosuppressive agents have serious side effects that can lead to liver toxicity, kidney toxicity, and birth defects. The increasing recognition of psoriasis as an immune-mediated disease has led to the development and adoption of targeted biologic agents for treatment of the disease, such as the TNF α-antagonist Enbrel, marketed by Amgen and Wyeth Pharmaceuticals, Amevive, marketed by Biogen Idec, and Raptiva, marketed by Genentech. These agents require subcutaneous or intravenous injection, which can reduce patient convenience and compliance. In addition, these products have been found to cause severe side effects including liver failure, serious infections requiring hospitalization such as sepsis, new onset or exacerbation of central nervous system disorders including multiple sclerosis, aplastic anemia, reduced platelet count, and reduced white blood cell count. Therefore, we believe there is an unmet need and substantial commercial opportunity for a selective, targeted, orally administered agent.

We are currently conducting two complementary Phase 2 clinical trials of STA-5326 for the treatment of moderate-to-severe chronic plaque psoriasis. Each of these trials will treat patients for 12 consecutive weeks. Results from both trials are expected to be available in the second half of 2005.

The first psoriasis trial is a randomized, double-blind, placebo-controlled Phase 2b trial. We recently completed enrollment of 214 patients in this trial at 30 medical centers throughout the U.S. This trial is the largest ongoing trial of STA-5326 and is designed to provide information on the safety and efficacy profile of three doses of STA-5326 (7 mg, 21 mg, and 35 mg, each twice-a-day) for 12 weeks and guide dose selection for future studies. For inclusion in this trial, patients were required to have greater than 10% of their body surface area affected by psoriasis and to have been diagnosed with psoriasis for at least six months. Patients are not allowed to take any phototherapy or systemic treatments for their psoriasis during the study. We will assess efficacy using the static Physician's Global Assessment, or sPGA, a seven-point scale of disease severity. A secondary efficacy endpoint is the Psoriasis Area and Severity Index, or PASI, a composite, weighted index that measures the severity of certain disease symptoms and the proportion of body surface area affected by psoriasis. To date, there has been one drug-related serious adverse event reported in this trial involving a patient with rigors, increased liver function tests, and diarrhea. There has also been a higher aggregate patient discontinuation rate to date in this trial than we expected when we initiated the trial. This preliminary discontinuation rate exceeds the range described in published results from other Phase 2 psoriasis trials. A number of factors could be influencing the patient discontinuation rate, however, since the relationship of the safety or efficacy data to active dose level or placebo from this double-blinded study is generally unknown to us, we are unable to assess the relationship, if any, between the discontinuations and the safety or efficacy of STA-5326, and no conclusions can be made until the completion of the trial.

We have conducted several toxicology studies of STA-5326 in animals, including rodents and dogs, for periods as long as nine months and we are in the process of determining whether the FDA will require that we conduct an additional toxicology study of STA-5326 in monkeys. If the FDA requires that we conduct this study, we believe that we may be able to do so concurrently with our Phase 3 trial for STA-5326 in psoriasis rather than prior to such trial. If supported by favorable clinical data from this trial and no additional studies are required by the FDA before commencing pivotal trials, we intend to initiate Phase 3 trials by the end of 2005.

The second psoriasis trial is a complementary open-label Phase 2a trial designed to assess the biological response to STA-5326 through histological studies of skin biopsies. This trial is expected to enroll approximately 60 patients, with the same inclusion criteria as our Phase 2b trial described above. To date, we have enrolled 40 patients in this trial. These patients will be treated with 35 mg once-a-day, 21 mg twice-a-day, 35 mg twice-a-day, or 70 mg once-a-day for 12 weeks. Skin biopsies will be examined through microscopic visual assessment, as well as through assessments of levels of inflammatory biomarkers. In addition, clinical and pharmacokinetic activity will be assessed, and levels of biological markers of immune activity will be measured in blood samples. To date, preliminary data from treated patients have shown

early signs of therapeutic activity. There has been one possibly drug-related serious adverse event reported involving a patient who developed a breast abscess. The additional information gathered in this trial will help guide future clinical development choices for STA-5326 in this indication.

Clinical Support. Several ongoing clinical, pharmaceutical development, and discovery efforts were designed to support and enhance the STA-5326 development program. First, we have developed a novel salt form of STA-5326 that allows us to formulate the drug candidate as a tablet. We believe this tablet will serve as our commercial formulation, replacing the current capsule formulation. Preclinical studies in animals and *in vitro* have confirmed the comparability of the salt form tablet formulation and the STA-5326 capsule formulation. We plan to use the tablet formulation of STA-5326 in all future clinical trials. We must first, however, complete a clinical study in healthy volunteers to demonstrate the comparability of pharmacokinetics of the salt form tablet formulation and the capsule formulation. The dosing period of the study has been completed, and the preliminary analysis of the pharmacokinetic data indicates that the novel salt form and tablet formulation are bioequivalent to the capsule formulation. We are currently in the process of confirming our findings and finalizing the reporting of this study, which we expect to complete in the second quarter of 2005. Separately, we are in the process of modifying the manufacturing process for the active pharmaceutical ingredient for the novel salt form as well as the tablet formulation in order to improve stability and reduce or eliminate certain impurities we have observed in some manufacturing lots. Second, advanced discovery efforts are also underway to identify additional, next-generation oral inhibitors of IL-12 production. We expect to initiate a Phase 1 trial of the first of these compounds in late 2005 or early 2006. We believe that successful development of follow-on IL-12 inhibitor drug candidates will allow us to maximize the commercial value of our IL-12 inhibitor program. Finally, we have filed for intellectual property protection on the mechanistic pathways through which STA-5326 exerts its action which we believe will strengthen our competitive position in developing orally available IL-12 inhibitor drugs.

Oncology Program

Background

Cancers are diseases characterized by abnormal and uncontrolled cell growth and division, typically leading to tumor formation. As a tumor grows, it can directly disrupt the organ function at its site of origin. In addition these cells can also spread to other organs, such as the brain, bones and liver, by a process called metastasis. The growth of metastatic tumors at these new sites can disrupt the function of these other organs. There are many kinds of cancer, but all are characterized by uncontrollable growth of abnormal cells.

The American Cancer Society estimated that approximately 1.4 million people would be diagnosed with cancer and approximately 560,000 would die of cancer in the U.S. in 2004. Together, non-small cell lung cancer, melanoma, and sarcoma were projected to account for approximately 200,000 new diagnoses and approximately 140,000 deaths in the U.S. in 2004 as described below.

Cancer Type	U.S. Incidence	U.S. Mortality
All cancers	1,300,000	564,000
Non-small cell lung cancer	140,000	128,000
Melanoma	55,000	8,000
Sarcoma	9,000	4,000

STA-4783 — Hsp70 Inducer

STA-4783 is a novel, small-molecule drug candidate that acts through two distinct pathways to disrupt the function of cancer cells. In preclinical studies, STA-4783 demonstrated an ability to strongly enhance the antitumor activity of taxanes with minimal or no increase in toxicity. We are initially developing

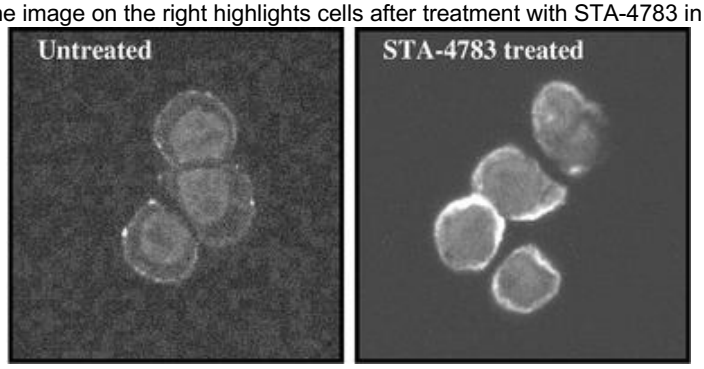
STA-4783 to be intravenously administered in combination with taxanes for the treatment of solid-tumor cancers.

The class of drugs known as taxanes, the first of which was approved in 1992, is the market-leading class of anticancer therapeutic drugs, with over $2.0 billion in worldwide sales in 2003, as reported by the companies marketing these drugs. Approved taxanes include Taxol, a formulation of paclitaxel marketed by Bristol-Myers Squibb; Taxotere, marketed by Sanofi-Aventis; Abraxane, a paclitaxel protein conjugate marketed by American Pharmaceutical Partners; and generic equivalents of paclitaxel. The commercial success of taxanes can be attributed in large part to their efficacy across a wide range of cancer types. Taxanes have been approved by the FDA for the treatment of prostate, ovarian, breast, non-small cell lung cancer, and Kaposi's sarcoma. Additionally, we believe taxanes are prescribed off-label for other cancer types, including head and neck, uterine, stomach, esophageal, and bladder cancers. The efficacy of taxanes in many of these cancer types is limited, with response rates ranging from 30% to 40% according to clinical trial results published in oncology scientific journals, including the August 1996 issue of *Gynecologic Oncology* and the June 1995 issue of *Seminars in Oncology*.

Other anticancer agents are sometimes added to taxanes in attempts to improve efficacy. A common example of such an agent is Paraplatin, a formulation of carboplatin marketed by Bristol-Myers Squibb. While incrementally increasing treatment efficacy, carboplatin has been shown to add significant toxicity as well. As a result, we believe there exists a significant need for agents that can enhance the antitumor effects of taxanes without adding undesirable side effects.

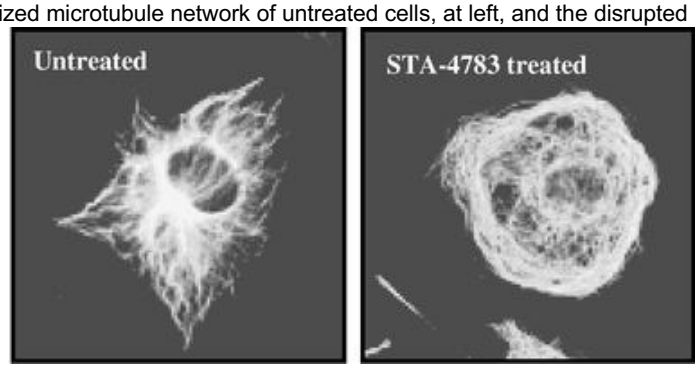
Our research indicates that STA-4783 has two distinct actions that we believe may contribute to the killing of tumor cells: (1) induction of Hsp70 on tumor cell surfaces, which targets the tumor cells for destruction by the body's immune system and (2) disruption of the cytoskeletal network of tumor cells, a network of fibers essential to cell structure, attachment, movement, and cell division.

- *Hsp70 induction*. Hsp70 is a critical stress protein that serves as a danger signal for the immune system, identifying cells for immune-mediated elimination. The induction of Hsp70 expression on the surface of cancer cells can therefore attract immune cells to attack the cancer cells on which Hsp70 is expressed. The following pictures show staining for Hsp70; the image on the left shows untreated cells, the image on the right highlights cells after treatment with STA-4783 in which the Hsp70 can be observed on the cell surface.



- *Disruption of the cytoskeletal network*. Our research has shown that STA-4783 also has a significant effect on the cytoskeleton of tumor cells by altering the structure and function of the centrosome, a cellular component critical to the organization of the cytoskeleton. This alteration of the cytoskeleton results in changes in tumor cell structure, loss of cell attachment, and death of tumor

cells. The following pictures show the centrally organized microtubule network of untreated cells, at left, and the disrupted network following treatment with STA-4783, at right:



Preclinical studies in animal models of a range of cancer types including breast, lung, uterine melanoma, and lymphoma, demonstrated that the combination of STA-4783 with paclitaxel achieved superior antitumor activity than paclitaxel alone. Results included numerous instances of tumor regression, tumor eradication, and increased survival time. Preclinical safety studies showed that this increase in antitumor activity was accompanied by minimal to no increase in toxicity with the compound in combination with taxanes.

We recently completed a Phase 1 clinical trial of STA-4783 with paclitaxel. This trial, which enrolled 35 patients, was designed to assess the safety, pharmacokinetics, and efficacy of STA-4783 with paclitaxel in a broad cancer patient population. The combination of STA-4783 and paclitaxel was well-tolerated, with minimal to no toxicity attributed to STA-4783 at all doses tested. Partial response or disease stabilization was observed in several cancer types, including parotid gland adenocarcinoma, colon, Kaposi's sarcoma, melanoma, ovarian, pancreatic and paraganglioma. In some of these patients, their cancers had previously progressed to more advanced stages during treatment with paclitaxel alone.

In addition to measuring safety, efficacy, and pharmaceutical properties in our Phase 1 trial, we also measured biological markers of activity, including levels of circulating Hsp70 in the blood. We observed time-dependent and dose-dependent increases in levels of Hsp70 following administration of STA-4783. At the lowest doses, the change in circulating Hsp70 from before treatment to after treatment was minimal. However, at the uppermost doses, following treatment with STA-4783, every patient was observed to have substantial increases of circulating Hsp70 ranging from 80% to 850%.

Based on the safety results and the promising signs of activity we observed in our Phase 1 trial, we initiated Phase 2 clinical trials in non-small cell lung cancer, malignant melanoma, and soft tissue sarcoma. Together these trials are expected to ultimately enroll over 280 patients at over 50 medical centers throughout the U.S. and Canada. These trials have been designed to assess response rates and time-to-tumor-progression, and to further expand the safety profile of STA-4783. Results from our Phase 2 clinical trials are expected to be available in the second half of 2005 or early 2006, and, assuming the data support further development, we would expect to initiate a Phase 3 clinical trial for one of these cancers by the end of 2005 or early 2006.

Non-Small Cell Lung Cancer. Lung cancers are diseases characterized by uncontrolled growth where the cancerous cells originate from within the lung. Based on pathology, these tumors are grouped into either small cell or non-small cell lung cancers. Non-small cell lung cancers account for approximately 80% of all lung cancers according to the American Lung Association. The American Cancer Society estimated that approximately 140,000 people would be diagnosed with non-small cell lung cancer and approximately 128,000 would die of non-small cell lung cancer in the U.S. in 2004. Most non-small cell lung cancer

patients are diagnosed with advanced stage disease, where surgery is not a reasonable therapeutic option. Combination chemotherapies, such as carboplatin and paclitaxel, are a common first line treatment for these patients. Responses to these combinations can occur in 20-30% of patients and have been observed in as many as 50% according to the National Cancer Institute. Despite these response rates, average survival among advanced non-small cell lung cancer patients is less than one year and non-small cell lung cancer continues to be the leading cause of cancer-related deaths for Americans. Additionally, because the toxicity observed with current therapeutic regimens is substantial, we believe there is a need to continue to improve patient outcome without adding to that toxicity.

Our Phase 2 trial for the treatment of non-small cell lung cancer is a two-stage trial, which enrolled over 100 patients. This trial is designed to directly compare the effect of a standard first-line lung combination cancer therapy, paclitaxel and carboplatin, with the effect of this same combination therapy plus STA-4783. We expect this direct assessment of the impact of STA-4783 will provide a more detailed and controlled comparison of treatment effects than other studies which compare the efficacy of drug candidates to historical controls. Patients included in this study were diagnosed with either stage IIIb or stage IV non-small cell lung cancer and had not received prior chemotherapy. In both stages of this trial, patients receive one treatment of paclitaxel and carboplatin, with or without STA-4783, every three weeks. These three-week cycles are repeated until the earlier of disease progression or completion of six cycles. We have recently completed enrollment in both stages of this trial; treatment of patients in the second stage is ongoing. In stage one, a total of 16 patients were treated to establish the safety, tolerability, and pharmacokinetics of the combination therapy plus STA-4783. Three of the 16 patients had serious adverse events that were deemed related to the study drug combination. All three patients experienced decreases in neutrophils, a type of white blood cell. These events were deemed expected by the investigators based on historical occurrence of similar toxicity in patients treated with the carboplatin and paclitaxel combination. Additionally, one of those patients experienced a decrease in platelets that was likely related to the combination, and dehydration that was possibly related to the combination.

We assessed efficacy using the RECIST criteria, which is the unified response assessment criteria agreed to by the World Health Organization, National Cancer Institute, and European Organisation for Research and Treatment of Cancer. In stage one, seven of the 16 patients treated experienced a partial response, defined under the RECIST criteria as a 30% or greater reduction in tumor diameter. An additional six of the 16 patients experienced disease stabilization, defined as between a 30% reduction and a 20% increase in tumor diameter. Two of the 16 patients experienced disease progression, defined as a greater than 20% increase in tumor diameter. The remaining patient died prior to the first follow-up scan; the cause of death was not related to treatment. In addition, preliminary data show that the median time-to-tumor progression in the first 16 patients is currently at least 4.2 months, compared to a historically reported median time-to-tumor progression of 3.1 months in patients with advanced non-small cell lung cancer who receive only the combination of paclitaxel and carboplatin as first-line therapy. These preliminary results are based on a small number of patients in the open-label stage of this trial, which is not designed to show statistically significant evidence of efficacy, and may not be supported by further results in the second stage of this trial or in subsequent clinical trials.

In stage two of the trial, 87 patients have been randomized in a blinded fashion to receive the paclitaxel and carboplatin combination with or without STA-4783 every three weeks for 18 weeks. The two groups will be compared based on endpoints including time-to-tumor-progression, time-to-treatment failure, response rate, duration of response, safety, quality of life, and survival. Data from this trial are expected to be available in the second half of 2005.

Melanoma. Melanoma is a serious form of skin cancer that arises from the pigment producing cells of the skin. Although melanoma accounts for only about 5% of all skin cancers, it causes most skin cancer-related deaths. The American Cancer Society estimated that approximately 55,000 people would be diagnosed with melanoma and approximately 8,000 would die of melanoma in the U.S. in 2004. If melanoma is diagnosed early, surgical treatment may lead to a cure. However, for patients whose disease spreads, the prognosis is poor, with expected survival of roughly seven months. Dacarbazine, or DTIC, has been the standard chemotherapy used in the treatment of melanoma despite never having demonstrated survival benefit. Immunotherapy with interleukin-2 has been approved by the FDA based on durable responses which occur in a small subset of patients. As such, we believe there is a need for additional therapies with activity against melanoma.

Our Phase 2 malignant melanoma trial is a two-stage trial, which is expected to enroll approximately 100 patients and is designed to directly compare standard treatment with paclitaxel with weekly treatments of paclitaxel plus STA-4783 for three weeks, followed by one week of rest. These four-week cycles are repeated until the earlier of disease progression, or a minimum of four months. We are enrolling patients with metastatic melanoma who have received up to one prior chemotherapy treatment. Prior immunotherapy is also allowed. In stage one, 20 patients receiving the combination were evaluated for disease status after two cycles of treatment, and based on preliminary data, 11 of the 20 patients achieved non-progression of disease. There were three patients with serious adverse events that were possibly drug-related, which included syncope, infection, anemia, and axillary mass changes. These preliminary results are based on a small number of patients in the open-label stage of this trial, which is not designed to show statistically significant evidence of efficacy, and may not be supported by further results in the second stage of this trial or in subsequent clinical trials.

Based on these results, we initiated the second-stage, randomized, blinded portion of the study, which is expected to enroll approximately 80 patients. The two patient groups in stage two will be compared based on endpoints including time-to-tumor-progression, response rate, duration of response, and safety. Patients will receive cycles of paclitaxel and STA-4783 at the same doses and treatment schedule as stage one. Because paclitaxel alone has been shown to have only limited activity in the treatment of melanoma, this trial is randomizing only one-third of patients to paclitaxel alone, with the remaining two-thirds of the patients to receive paclitaxel plus STA-4783. We believe this weighting has increased the attractiveness of the trial to patients and physicians and contributes more productively to the safety database for STA-4783 than an even randomization, while still allowing for a statistical comparison of treatment effects. As with the non-small cell lung cancer trial, the direct comparison of treatment effects in this melanoma trial should be more informative than the use of historical control comparisons. Data from this trial are expected to be available in the second half of 2005 or early 2006.

Sarcoma. Soft tissue sarcoma is a group of cancers in which the malignant cells originate from any of the body's numerous types of soft tissue, such as muscles, connective tissues, blood vessels, lymph vessels, joints, and fat. Surgery can be curative if the disease is diagnosed early, although almost half of patients eventually die of their disease. The American Cancer Society estimated that approximately 9,000 people would be diagnosed with sarcoma and approximately 4,000 would die of sarcoma in the U.S. in 2004. Drugs commonly used to treat soft tissue sarcoma include doxorubicin and ifosfamide; however, most patients eventually fail these therapies and require other treatments.

Our soft tissue sarcoma trial is an 80-patient, two-stage Phase 2 trial designed to assess activity based on response and non-progression rates. In this trial, since there is no established role for paclitaxel alone in this indication, all patients will receive weekly treatments of the combination of paclitaxel and STA-4783 for three weeks, followed by one week of rest. These four-week cycles are repeated until the earlier of disease progression, or a minimum of four months. We will enroll patients with soft tissue sarcoma who have failed at least one prior chemotherapy treatment. In the first stage, 30 eligible patients will be evaluated for disease response or stabilization after three months. We completed enrollment of these 30 patients in the first stage of this trial in December 2004. Preliminary data on 24 of these patients show that

eight patients achieved non-progression of disease after three cycles of treatment. This result met the prospective success criteria for the first stage allowing us to advance to the second stage. We have reached our target enrollment of 50 additional patients for the second stage of this trial, and the entire group of 80 patients will be assessed on endpoints including time-to-tumor-progression, response rates, and non-progression rates at several time points to further characterize potential efficacy. There have been no drug-related serious adverse events reported. These preliminary results are based on a small number of patients in the open-label stage of this trial, which is not designed to show statistically significant evidence of efficacy, and may not be supported by further results in the second stage of this trial or in subsequent clinical trials.

Clinical Support. Several ongoing clinical, pharmaceutical development, and discovery efforts were designed to support and enhance the STA-4783 development program. First, we have developed a novel water-soluble salt form of STA-4783 that we expect will replace the current form, which requires manual dissolution in the paclitaxel formulation prior to administration. We plan to use the new form of STA-4783 in all future clinical trials and believe that it also represents the likely commercial form of this drug candidate. Preclinical animal and *in vitro* studies have confirmed the comparability of this novel form; however, we must complete a clinical comparative study in patients and demonstrate the comparability of pharmacokinetics of this form and the current form before this new form may be used in future clinical trials. We initiated this study in the first quarter of 2005 and expect to complete it in the second half of 2005. Second, we have identified certain pathways through which STA-4783 exerts its action, have filed for intellectual property protection of these discoveries, and are developing assays designed to assess the biological activity of STA-4783. Finally, we are actively exploring additional potential uses of STA-4783 in combination with other agents, and in other therapeutic areas where the mechanism of action suggests potential benefit.

STA-5312 — Microtubule Inhibitor

Our microtubule inhibitor, STA-5312, is an intravenously administered small-molecule anticancer agent that we are initially developing for the treatment of chemotherapy-resistant cancers. Resistance to chemotherapy is a major obstacle in cancer treatment and frequently results in metastasis, or spreading of the cancer. The five-year survival rates for patients with metastatic cancers are poor: 34% for prostate cancer and 21% for breast cancer, for example, according to the National Cancer Institute's Surveillance, Epidemiology, and End Results, or SEER, database. These poor survival rates reflect the limitations of current treatments and the fact that cancers develop resistance to currently available therapies. To our knowledge, no currently marketed drugs exist with sufficient activity against chemotherapy-resistant tumors. As a result, we believe that drugs developed to address resistant cancers represent a significant market opportunity.

STA-5312 inhibits the assembly of microtubules, which are essential cellular components for the proliferation of cells. This inhibition disrupts the process of cell division thereby causing cell death. The inhibition of microtubule function is an approach shared with clinically proven drugs such as paclitaxel and vincristine. Over time, however, many tumors become resistant to these drugs. One mechanism of drug resistance involves overexpression of the P-glycoprotein, or P-gp, pump by cancer cells. The P-gp pump has been shown to increase drug efflux from cells and to decrease intracellular drug accumulation. It is believed that effective anticancer agents that are able to evade the P-gp pump could therefore counteract this resistance strategy taken by cancer cells. Our research indicates that STA-5312 is able to evade the P-gp pump and may overcome the resistance faced by other agents. In preclinical studies, STA-5312 has been shown to have considerably higher anticancer activity than paclitaxel and vincristine in chemotherapy-resistant cancer cells and to significantly increase animal survival in chemotherapy-resistant cancer models. STA-5312 inhibited tumor growth, delayed tumor progression, and prolonged survival in models of chemotherapy-resistant cancers against which comparable drugs had limited or no effect. In a

chemotherapy-resistant animal model of leukemia, for example, STA-5312 more than doubled survival times, while vincristine increased survival by only 10%.

We have initiated two Phase 1 trials of STA-5312 for the treatment of refractory or relapsed solid-tumor cancers and cancers of the blood. We have enrolled more than 20 patients to date; together these trials are expected to ultimately enroll up to 60 patients. The trials are dose-escalating trials that were designed to assess the safety, pharmacokinetics, and efficacy of STA-5312. Results from these trials are expected by the end of 2005. There has been one serious adverse event related to treatment with STA-5312, a hospitalization for the treatment of myalgia. Assuming that trial results support continued development, we would expect to initiate Phase 2 trials in a number of indications.

Clinical Support. There is a possibility that we may need to synthesize a salt form or reformulate STA-5312 to improve its solubility profile, which will allow higher doses to be administered without requiring additional intravenous volume. If required, we would anticipate making this transition prior to initiating Phase 3 trials or commercialization.

Discovery Programs

We are actively expanding our pipeline of drug candidates through internal research activities. Our most advanced research-stage drug candidates are described below.

Ion Channel Modulators

We are developing modulators of calcium release-activated calcium, or CRAC, transient-receptor potential, or TRP, and other novel ion channels expressed on immune cells and other non-excitable cells for the treatment of asthma, transplant rejection, allergies, cancer, and other conditions. For several ion channel targets, we hold exclusive licenses for their sequences and related screening assays.

Ion channel modulators are an extremely successful class of marketed drugs, generating a total of over $12.0 billion in worldwide revenues in 2003, according to Decision Resources, Inc. and *Nature Reviews Drug Discovery*. Successful examples of such drugs are the hypertension agent, Norvasc, marketed by Pfizer with approximately $4.3 billion in worldwide sales in 2003, and the sleep and anxiety medication, Ambien, marketed by Sanofi-Aventis with approximately $1.3 billion in worldwide sales in 2003, according to company reports. To date, these drugs target only excitable cells, such as cardiac cells and neurons. We are currently investigating ion channel modulators targeting non-excitable cells, notably immune cells and cancer cells.

CRAC ion channels are critical to the activation of T cells and other immune cells. The channels provide the primary route for calcium entry, which drives multiple cellular processes, including cell proliferation and secretion. Therapies that inhibit these channels could therefore provide a novel approach to modulation of the immune system; however, potent, selective inhibitors of CRAC channels have proven elusive.

We have discovered a family of novel, small-molecule, orally administered CRAC channel inhibitors that are both selective and highly potent. We are currently studying these molecules in multiple disease models. We have demonstrated *in vitro* and *in vivo* that this novel family has promising activity, including inhibition of mast cell degranulation, which may be important for the treatment of allergy and asthma, and potent inhibition of critical pro-inflammatory cytokines including IL-2 and TNFα, which may be important for the treatment of transplant rejection and chronic inflammatory diseases. We have obtained early signs of efficacy in multiple animal models of immune diseases.

Hsp90 Inhibitor

We are using our internal chemistry and drug optimization expertise to develop novel small-molecule inhibitors of heat shock protein 90, or Hsp90, for the treatment of cancer. This program is currently in the lead optimization stage.

Hsp90 is a chaperone protein that regulates the folding, stability, and function of numerous signaling proteins associated with cancer. Through interaction with Hsp90, these signaling proteins can trigger the uncontrolled proliferation of cancer cells. Because of the broad scope of the role of Hsp90, we believe inhibition of Hsp90 may provide a means to simultaneously attack multiple cancer pathways. Furthermore, since cancer cells have far greater levels of active Hsp90 than normal cells, we believe that inhibitors of Hsp90 may selectively halt proliferation and cause cancer cell death.

The Hsp90 inhibitors we have identified have demonstrated far less toxicity *in vitro* than certain other Hsp90 inhibitors in development, while demonstrating similar efficacy in mouse tumor models. Based on our understanding of the mechanism, we believe our Hsp90 inhibitors may also provide additive or synergistic effects in combination with other anticancer treatments. We are continuing optimization of our lead molecules and further characterizing their efficacy in additional animal models of cancer.

Microtubule Inhibitor

We have identified a family of novel small-molecule compounds that shows highly potent antitumor activity *in vitro* and *in vivo*, with little toxicity against normal cells. Like our clinical drug candidate, STA-5312, these compounds inhibit microtubule assembly, thereby disrupting the process of cell division and leading to cancer cell death. These compounds belong to a different chemical class than STA-5312, and, based on certain structural features, we believe that these compounds may act by a unique mechanism. We are currently evaluating a working hypothesis that, in addition to microtubule inhibition, these compounds also act by disrupting blood vessels in tumors that are needed to support tumor cell proliferation.

The lead compound in this novel series has potent antitumor cell activity and is equally effective against both chemo-sensitive and multi-drug-resistant tumor cells. Our *in vivo* data show that the lead compound is effective in multiple mouse tumor models of human cancers and has a favorable toxicological profile. We continue to test the lead compound in additional animal efficacy models and evaluate its activity relative to other anticancer agents.

Antidiabetic Agent

We are actively investigating an orally administered antidiabetic agent that we believe could represent a potentially effective treatment for Type 2 diabetes. Based on its apparent novel mechanism of action and demonstrated effectiveness in animal models in combination with two of the most successful oral antidiabetic agents, we believe that the compound represents an exciting new potential drug candidate for the underserved diabetes market.

Over 140 million people worldwide suffer from Type 2 diabetes, according the International Diabetes Federation. Type 2 diabetics represent over 90% of all diabetics. Type 2 diabetes is most common in obese adults over 45 years of age. The number of Type 2 diabetics is growing, due to the increasing prevalence of obesity and an aging population. Also, as a consequence of increased obesity in the young, Type 2 diabetes is becoming more prevalent among children and young adults. The worldwide market for oral agents for Type 2 diabetes was approximately $9.0 billion in 2003, according to figures published by *Pharmaceutical Executive*. Glucophage, marketed in the U.S. by Bristol-Myers Squibb, and Avandia, co-marketed by GlaxoSmithKline and Bristol-Myers Squibb, are leading therapies in this class. One driver for the market growth of diabetes therapies is the increasing use of combinations of oral agents.

In Type 2 diabetes, either insufficient amounts of insulin are produced or cells become unresponsive to insulin. Since insulin is necessary for glucose to be taken from the blood into cells, a lack of insulin or unresponsiveness to insulin in diabetics leads to elevated glucose levels in the blood. Elevated blood glucose can lead to muscle weakness, renal failure, blindness, heart abnormalities, and other serious health concerns. Type 2 diabetes is treated primarily with oral, glucose-lowering agents. These agents themselves can cause undesirable side effects including fluid retention, weight gain, and hypoglycemia. According to a recent study published in the *Journal of the American Medical Association*, the vast majority of diabetics using available treatments do not meet treatment goals defined by the American Diabetic Association for blood glucose and other parameters. In addition, for many patients, most oral therapies lose effectiveness after several months or years of treatment. Due to the limited effectiveness of existing treatments, there is a clear need for novel therapies.

We believe we have discovered a novel, oral, glucose-lowering agent for the treatment of Type 2 diabetes. Our compound appears to act through a unique mechanism of action not shared by any existing therapies. In multiple diabetes mouse and rat models, our compound has been shown to reduce blood glucose levels and increase glucose tolerance. In addition, the compound was shown to substantially enhance the activity of the active ingredients in both Glucophage and Avandia in a number of preclinical animal models.

Our Drug Discovery Capabilities

Our drug discovery approach is based on the tight integration and rapid cycle times among our chemistry, biology, and pharmaceutical development groups. Drug candidates are typically identified using novel chemical structures as molecular probes in cell-based assays that are designed to preserve the complexity of biological signaling. Early *in vivo* testing and a rapid optimization process allow for high productivity of promising leads, improved profiles for our compounds, and, in some cases, the discovery of novel pathways or mechanisms of action with the potential to define entirely new categories of treatment.

Our approach is based on the integration of the following capabilities and resources:

- *Unique chemical library*. Our chemical library contains over 100,000 small molecules and numerous plant extracts collected from universities, non-profit institutions, other organizations, and commercial sources. This library represents a diverse and distinct set of chemical structures that was not generated using combinatorial chemistry and continues to be a valuable source of lead compounds for drug discovery. We are continuing our compound collection efforts. In addition, for each of our discovery programs we build focused libraries dedicated to particular drug targets.

- *Broad set of screening assays.* We have high throughput screening capabilities linked to our chemical library that facilitate the rapid identification of new drug candidates. We have developed a wide variety of biochemical and cell-based *in vitro* assays designed to identify promising compounds for treating cancer, immune disorders and other diseases, which form the basis of our initial screening efforts. In addition to assays for identifying new compounds, we have also developed assays we use for early optimization of safety and pharmacokinetic properties.

- *Robust in vivo testing capabilities.* We have a substantial *in vivo* testing facility we use for evaluating the safety, efficacy, and pharmaceutical properties of our compounds, including absorption, distribution, metabolism, excretion, and toxicology properties. The facility is equipped for detailed experimental measurements and surgical tasks, and we have in-house experience with approximately 90 individual animal models of disease, including oncology, inflammatory diseases, metabolic disease, and pain. The early testing of compounds *in vivo*, and our ability to complete these tests internally without dependencies on third parties, is a valuable advantage in our ability to rapidly optimize the pharmaceutical properties of our most promising compounds.

- *Multi-functional chemistry capabilities.* We possess a full range of chemistry capabilities, including medicinal chemistry, analytical chemistry, formulation, process development, natural products isolation, and computational chemistry. Our approach to medicinal chemistry applies the rigorous exploration of permutations of biologically active molecular components to optimize lead compounds. Our in-house process development capability – characterizing and specifying manufacturing processes for our compounds – allows us to reduce dependencies on third parties and is an important advantage in our ability to successfully commercialize our drug candidates.

- *Novel target elucidation.* Our scientists use expression profiling, RNA interference, affinity purification, proteomics, and other methods to identify the therapeutic intervention points of novel, promising compounds.

Manufacturing

Our drug candidates and preclinical compounds are small molecules that can be readily synthesized by processes that we have developed. Utilizing our medicinal chemistry and process development capabilities, we have developed the manufacturing process to produce the active pharmaceutical ingredients for our drug candidates. We also have the internal capability to synthesize small-molecule compounds in quantities of up to several kilograms for use in our preclinical studies, including proof-of-concept studies in animal models, early pharmacokinetic assays, initial toxicology studies, and formulation development. We currently contract with third parties for the synthesis of all materials used in our clinical trials and rely on third party manufacturers for the supply of our drug candidates in bulk quantities and for the production of suitable dosage forms. We are not dependent on any particular third party manufacturer for these services and anticipate being able to readily contract with additional manufacturers on favorable terms if such a need arises.

The starting materials and reagents required for synthesizing our drug candidates and preclinical compounds are commercially available from multiple sources. We have established a quality control and quality assurance program, including a set of standard operating procedures, analytical methods, and specifications, designed to ensure that our drug candidates are manufactured in accordance with the FDA's current Good Manufacturing Practices, or cGMP, and other applicable domestic and foreign regulations. We have selected manufacturers that we believe comply with cGMP and other applicable regulatory standards. We do not currently expect to internally manufacture cGMP material for our clinical trials nor undertake the commercial scale manufacture of our drug candidates after approval. We are discussing with our current suppliers and other third party manufacturers the long-term supply and manufacture of these and other drug candidates we may develop.

Sales and Marketing

We currently have no marketing, sales or distribution capabilities. In order to commercialize any of our drug candidates, we must develop these capabilities internally or through collaboration with third parties. In selected therapeutic areas where we feel that any approved products can be commercialized by a specialty sales force that calls on a limited and focused group of physicians, we currently plan to commercialize these drug candidates. In therapeutic areas that require a large sales force selling to a large and diverse prescribing population, we currently plan to partner our drug candidates for commercialization.

Patents and Proprietary Rights

Our success depends in part on our ability to obtain and maintain proprietary protection for our drug candidates, technology, and know-how, to operate without infringing on the proprietary rights of others, and to prevent others from infringing our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our

proprietary technology, inventions, and improvements that are important to the development of our business. We also rely on trade secrets, know-how, continuing technological innovation, and in-licensing opportunities to develop and maintain our proprietary position.

As of April 15, 2005, our patent portfolio included a total of 254 patents and patent applications worldwide with claims covering the composition-of-matter and methods of use for all three of our clinical stage compounds. We own or exclusively license a total of 15 issued U.S. patents and 59 U.S. patent applications, as well as 180 foreign counterparts to these patents and patent applications. We have issued U.S. composition-of-matter patents claiming the chemical structures of STA-5326, STA-4783, and STA-5312. The patents covering our three clinical programs have patent terms that will expire no earlier than 2021. The patent term may be extended under applicable law or regulations, such as the Patent Term Restoration Act. Counterpart filings to these patents and patent applications have been made in a number of other jurisdictions, including Europe and Japan.

We have also in-licensed various technologies to complement our ongoing clinical and research programs. These licenses generally extend for the term of the related patent and contain customary royalty, termination, and other provisions. We have license agreements with Beth Israel Deaconess Medical Center and The Queen's Medical Center, Inc. that provide us with the exclusive commercial right to certain patent filings made by Beth Israel and Queen's Medical in the field of ion channels. We also have an exclusive license with Dana-Farber Cancer Institute for certain patent applications relating to rare event detection, such as circulating cancer cell detection. We do not believe that these license agreements are currently material to our business. We have exclusive license rights to a patent application filed by Dana-Farber covering combinations of ingredients that could potentially cover our STA-4783/taxane combination therapy. We would owe nominal royalty payments to Dana-Farber if any of the claims which ultimately issue under the Dana-Farber patent application or that are pending in such application cover our commercial product.

Regulatory and Legal Matters

Government authorities in the U.S., at the federal, state, and local level, and other countries extensively regulate, among other things, the research, development, testing, manufacture, labeling, promotion, advertising, distribution, marketing, and export and import of products such as those we are developing.

U.S. Government Regulation

In the U.S., the information that must be submitted to the FDA in order to obtain approval to market a new drug varies depending on whether the drug is a new product whose safety and effectiveness has not previously been demonstrated in humans or a drug whose active ingredient(s) and certain other properties are the same as those of a previously approved drug. A new drug will follow the New Drug Application, or NDA, route.

NDA Approval Processes

In the U.S., the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, and implementing regulations. Failures to comply with the applicable regulatory requirements at any time may result in administrative or judicial sanctions. These sanctions could include the FDA's imposition of a clinical hold on trials, refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, or criminal prosecution. Any agency or judicial enforcement action could have a material adverse effect on us.

The steps required before a drug or biologic may be marketed in the U.S. include, but are not limited to, the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with applicable FDA regulations;
- submission to the FDA of an Investigational New Drug application, or IND, for human clinical testing, which must become effective before human clinical trials may begin and must include independent Institutional Review Board, or IRB, approval at each clinical site before the trial is initiated;
- performance of adequate and well controlled clinical trials to establish the safety and efficacy of the product for each indication;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with cGMP to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity or to meet standards designed to ensure the biologic's continued safety, purity and potency; and
- FDA review and approval of the NDA.

Preclinical tests include laboratory evaluations of product chemistry, toxicity, and formulation, as well as animal studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information and analytical data, to the FDA as part of the IND. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time, the FDA raises concerns or questions about issues such as the conduct of the trials as outlined in the IND. In that case, the IND sponsor and the FDA must resolve any outstanding FDA concerns or questions before clinical trials can proceed. In other words, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND, and an IRB at each site where the study is conducted must approve the protocol and any amendments.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Phase 1 trials usually involve the initial introduction of the investigational drug into humans to evaluate the product's safety, dosage tolerance, and pharmacodynamics and, if possible, to gain an early indication of its effectiveness.

Phase 2 trials usually involve controlled trials in a limited patient population to:

- evaluate dosage tolerance and appropriate dosage;
- identify possible adverse effects and safety risks; and
- evaluate the preliminary efficacy of the drug for specific indications.

Phase 2 trials are sometimes denoted as Phase 2a or Phase 2b trials. Phase 2a trials typically represent the first human clinical trial of a drug candidate in a smaller patient population and are designed to provide earlier information on drug safety and efficacy. Phase 2b trials typically involve larger numbers of patients and involve comparison with placebo, standard treatments, or other active comparators.

Phase 3 trials usually further evaluate clinical efficacy and test further for safety in an expanded patient population. Phase 1, Phase 2, and Phase 3 testing may not be completed successfully within any specified period, if at all. Furthermore, the FDA or we may suspend or terminate clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

Assuming successful completion of the required clinical testing, the results of the preclinical studies and of the clinical trials, together with other detailed information, including information on the chemistry, manufacture, and control criteria of the product, are submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the product's identity, strength, quality and purity.

Before approving an NDA, the FDA will inspect the facility or the facilities at which the product is manufactured. The FDA will not approve the product unless cGMP compliance is satisfactory. If the FDA determines the application, manufacturing process, or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

The testing and approval process requires substantial time, effort, and financial resources, and each may take several years to complete. The FDA may not grant approval on a timely basis, or at all. We may encounter difficulties or unanticipated costs in our efforts to secure necessary governmental approvals, which could delay or preclude us from marketing our products. The FDA may limit the indications for use or place other conditions on any approvals that could restrict the commercial application of the products. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further FDA review and approval.

We are not currently aware of any material incidents of noncompliance with FDA regulations. However, the FDA regulatory approval process is extensive and complex. Furthermore, we rely on third parties such as contract research organizations, medical institutions, and clinical investigators to conduct clinical trials for our drug candidates. Accordingly, while we are not currently aware of any material incidents of noncompliance, we cannot assure you that there have been no such incidents or that there will be none in the future.

Post-Approval Requirements

After regulatory approval of a product is obtained, we are required to comply with a number of post-approval requirements. For example, as a condition of approval of an NDA, the FDA may require post marketing testing and surveillance to monitor the product's safety or efficacy.

In addition, holders of an approved NDA are required to report certain adverse reactions and production problems to the FDA to provide updated safety and efficacy information and to comply with requirements concerning advertising and promotional labeling for their products. Also, quality control and manufacturing procedures must continue to conform to cGMP after approval. The FDA periodically inspects manufacturing facilities to assess compliance with cGMP, which imposes certain procedural, substantive, and recordkeeping requirements. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

We use, and will continue to use in at least the near-term, third-party manufacturers to produce our products in clinical and commercial quantities. Future FDA inspections may identify compliance issues at our facilities or at the facilities of our contract manufacturers that may disrupt production or distribution

or require substantial resources to correct. In addition, discovery of problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved NDA, including withdrawal or recall of the product from the market or other voluntary FDA initiated or judicial action that could delay or prohibit future marketing. Also, new government requirements may be established that could delay or prevent regulatory approval of our products under development.

Foreign Regulation

In addition to regulations in the U.S., we will be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we must obtain approval of a product by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing, and reimbursement vary greatly from country to country.

Under European Union regulatory systems, we may submit marketing authorizations either under a centralized or decentralized procedure. The centralized procedure provides for the grant of a single marketing authorization that is valid for all European Union member states. The decentralized procedure provides for mutual recognition of national approval decisions. Under this procedure, the holder of a national marketing authorization may submit an application to the remaining member states. Within 90 days of receiving the applications and assessment report, each member state must decide whether to recognize approval.

Reimbursement

In the U.S., European Union and elsewhere, sales of pharmaceutical products depend in part on the availability of reimbursement to the patient from third-party payors, such as government health administrative authorities, managed care providers, and private insurance plans. Third-party payors are increasingly challenging the prices charged for medical products and services and examining their cost-effectiveness.

In the U.S., Medicare, a federal health program for those over the age of 65 and certain disabled younger individuals, is the largest single third-party payor for medical care. Historically, Medicare did not cover the cost of most types of prescription drugs. The Medicare Prescription Drug Improvement and Modernization Act of 2003, or MMA, will change significantly the way that Medicare covers and pays for pharmaceutical products after January 1, 2006. Medicare beneficiaries will have the opportunity to obtain prescription drug coverage by enrolling in one of several non-governmental prescription drug plans. Coverage may vary for one enrolled beneficiary to the next depending in part on the plan chosen, the income level of the beneficiary, and the availability of a specific drug on a particular plan's drug formulary.

The MMA also introduced a new reimbursement methodology, part of which went into effect in 2004. At this point, it is not clear what effect MMA will have on the prices paid for currently approved drugs and the pricing options for new drugs approved after January 1, 2006. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payors.

In some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the EU generally provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may

instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market.

Other Regulatory Matters

From time to time, legislation is drafted, introduced and passed in Congress that could significantly change the statutory provisions governing the approval, manufacturing, and marketing of products regulated by the FDA. In addition, FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect our business and our products. It is impossible to predict whether legislative changes will be enacted, or FDA regulations, guidance or interpretations changed, or what the impact of such changes, if any, may be.

Competition

The development and commercialization of new drugs is highly competitive. We will face competition with respect to all drug candidates we may develop or commercialize in the future from pharmaceutical and biotechnology companies worldwide. The key competitive factors affecting the success of any approved product will be its efficacy, safety profile, price, and method of administration. The efficacy and safety profile of our drug candidates relative to competitors will depend upon the results of our clinical trials and experience with the approved product in the commercial marketplace.

STA-5326. If approved, STA-5326 is expected to compete against the currently approved therapies for the treatment of chronic inflammatory diseases, including:

- large-molecule, injectable TNFα antagonists, including: Remicade, marketed by Johnson & Johnson; Enbrel, marketed by Amgen and Wyeth Pharmaceuticals; and Humira, marketed by Abbott Laboratories; and

- broadly immunosuppressive small-molecule agents including corticosteroids, methotrexate and azathioprine.

STA-5326 may also compete with CNTO-1275 and ABT-874, two injectable antibody-based clinical candidates targeting IL-12 currently in clinical trials that are being developed by Johnson & Johnson and Abbott Laboratories, respectively. We expect that as an oral, small-molecule drug, STA-5326 may prove competitive relative to current and future biologic therapies in price and convenience of administration. We are not aware of any orally administered, selective inhibitors of IL-12 production in clinical trials. Other novel, oral agents in development for inflammatory diseases represent potential competition to STA-5326. These include chemokine inhibitors, oral fumarates, and calcineurin inhibitors.

STA-4783. If approved, STA-4783 may compete with:

- other agents that are being used or tested in combination with taxanes, including: Herceptin, marketed by Genentech; Tarceva, marketed by OSI Pharmaceuticals, Genentech and Roche; and Xeloda, marketed by Roche;

- taxane-like molecules such as epothilones; and

- modifications or reformulations of taxanes.

STA-5312. If approved, STA-5312 may compete against the currently approved therapies for the treatment of cancers. In particular, STA-5312 may compete with other agents that are being used or tested in combination with taxanes such as epothilones. STA-5312 may also compete with agents that inhibit the P-gp pump. These agents include tariquidar, manufactured by Xenova, and R101933, manufactured by Janssen-Cilag.

Many of our potential competitors have substantially greater financial, technical, and personnel resources than us. In addition, many of these competitors have significantly greater commercial infrastructures. Our ability to compete successfully will depend largely on our ability to leverage our experience in drug discovery and development to:

- discover and develop medicines that are superior to other products in the market;
- attract high-quality scientific, product development, and commercial personnel;
- obtain patent and/or proprietary protection for our medicines and technologies;
- obtain required regulatory approvals; and
- selectively partner with pharmaceutical companies in the development and commercialization of certain drug candidates.

Employees

We believe that our success will depend greatly on our ability to identify, attract, and retain capable employees. As of April 15, 2005, we had 135 full time employees, including a total of 50 employees who hold M.D. or Ph.D. degrees. One hundred and two of our employees are primarily engaged in research and development activities, and 33 are primarily engaged in general and administrative activities. Our employees are not represented by any collective bargaining unit, and we believe our relations with our employees are good.

Properties

Our operations are based primarily in Lexington, Massachusetts, which is located 30 minutes west of Boston, Massachusetts. We lease a total of 68,730 square feet of office and laboratory space in Lexington and 8,700 square feet of office and laboratory space in the neighboring city of Bedford, Massachusetts. We lease the following properties:

Location	Approximate Square Feet	Use	Lease Expiration Date
45 Hartwell Avenue Lexington, Massachusetts	24,420	Office and Laboratory	Nov. 2006
125 Hartwell Avenue Lexington, Massachusetts	22,480	Office and Laboratory	Jan. 2008
8-A Preston Court Bedford, Massachusetts	8,700	Office and Laboratory	May 2009
91 Hartwell Avenue Lexington, Massachusetts	21,830	Office	Jan. 2007

We believe these facilities are adequate for our current needs.

Legal Proceedings

We are currently not a party to any material legal proceedings.

MANAGEMENT

Executive Officers, Key Employees and Directors

The following table sets forth certain information concerning our executive officers, key employees, and directors as of April 15, 2005:

Name	Age	Position
Executive Officers and Key Employees		
Safi R. Bahcall, Ph.D.	36	President and Chief Executive Officer and Director
Keizo Koya, Ph.D.	47	Senior Vice President, Drug Development
John A. McCarthy, Jr.	46	Senior Vice President and Chief Financial Officer
Matthew L. Sherman, M.D.	49	Senior Vice President and Chief Medical Officer
Robert J. Terifay	45	Senior Vice President, Commercial Development and Strategy
James G. Barsoum, Ph.D.	48	Vice President, Biology
Jeremy G. Chadwick, Ph.D.	42	Vice President, Program Management and Clinical Operations
Thomas A. Dahl, Ph.D.	42	Vice President, Clinical Development
Ninad A. Deshpanday, Ph.D.	45	Vice President, Drug Product Development
Keith S. Ehrlich	54	Vice President, Finance and Administration
Stephen M. Gansler	50	Vice President, Human Resources
Eric W. Jacobson, M.D.	48	Vice President, Medical Research
Wendy E. Rieder, Esq.	37	Vice President, Intellectual Property and Legal Affairs
Lijun Sun, Ph.D.	42	Vice President, Chemistry
Directors		
Keith R. Gollust(1)(2)(3)	59	Chairman of the Board of Directors
Lan Bo Chen, Ph.D.	61	Director
Bruce Kovner(2)(3)	59	Director
William S. Reardon, C.P.A.(1)	58	Director
Robert N. Wilson(1)(2)(3)	64	Director

(1) Member of our Audit Committee

(2) Member of our Compensation Committee

(3) Member of our Nominating and Governance Committee

Safi R. Bahcall, Ph.D. co-founded Synta with Dr. Lan Bo Chen and has been our Chief Executive Officer and a member of our board of directors since July 2001. Dr. Bahcall has served as our President since December 2003. From 1998 to 2001, Dr. Bahcall was a consultant at McKinsey & Company serving investment banks and pharmaceutical companies on key issues of strategy, technology, and operations. Dr. Bahcall also co-founded a drug discovery company focused on novel ion channel research in November 2001, which was acquired by Synta in December 2002. He received his B.A. *summa cum laude* from Harvard University, was awarded his Ph.D. from Stanford University in theoretical physics, and was a Miller postdoctoral fellow at the University of California, Berkeley.

Keizo Koya, Ph.D. has served as our Senior Vice President, Drug Development since September 2002. From September 1997 to August 2002, Dr. Koya worked for Shionogi BioResearch Corp. as Vice

President, Research and Development. From April 1995 to August 1997, Dr. Koya was the Director, Drug Discovery and Development at Fuji ImmunoPharmaceuticals Corp., now EMD Lexigen Research Center Corp., a biopharmaceutical company. From October 1990 to March 1995 he was employed by Fuji Photo Film Co., Ltd., a global imaging and information company, where he was most recently the Head of Pharmaceutical R&D, U.S. Representative Office. He earned his Ph.D. in organic chemistry at Kyushu University.

John A. McCarthy, Jr. has served as our Senior Vice President and Chief Financial Officer since May 2004. From October 2000 until February 2004, Mr. McCarthy worked for Exact Sciences Corporation, a publicly traded applied genomics company, in various capacities, most recently as Executive Vice President, Chief Financial Officer and Treasurer. From October 1999 to October 2000, Mr. McCarthy worked with InfoMedtrics, Inc., a developer of software for large self-insured employers and managed care organizations, as President, Chief Operating Officer and a director and, following its merger with Physician WebLink, Inc. in July 2000, as a consultant. From January 1998 to August 1999, Mr. McCarthy was General Partner of Crescent Gate, L.P., a private equity fund that he co-founded. From August 1994 to January 1998, Mr. McCarthy was employed by Concentra Managed Care, Inc., a publicly traded nationwide provider of managed care services to the workers' compensation, auto and disability marketplaces, most recently as President, Managed Care Services Division. Mr. McCarthy holds a B.S. in finance from Lehigh University and an M.B.A. from Harvard Business School.

Matthew L. Sherman, M.D. has served as our Senior Vice President and Chief Medical Officer since March 2004. From January 1997 to March 2004, Dr. Sherman worked at Wyeth, a global pharmaceutical and biotechnology company, in various capacities, most recently as Assistant Vice President of Medical Research, Clinical Research and Development and Therapeutic Area Director for Oncology at Wyeth Research. From October 1992 to January 1997, he held various clinical positions at Genetics Institute, which was acquired by Wyeth in January 1997. From July 1983 to June 2001, Dr. Sherman held various clinical positions at Harvard Medical School, most recently as Assistant Clinical Professor of Medicine, with corresponding hospital appointments at the Dana-Farber Cancer Institute and Brigham and Women's Hospital. Dr. Sherman holds a B.S. in chemistry *Phi Beta Kappa* from the Massachusetts Institute of Technology and an M.D. with honors from Dartmouth Medical School. He is board certified in Medical Oncology and Internal Medicine and has published over 75 papers and book chapters.

Robert J. Terifay has served as our Senior Vice President, Commercial Development and Strategy since April 2005. From February 2002 until April 2005, Mr. Terifay held positions of increasing responsibility at Millennium Pharmaceuticals, Inc., a publicly traded biopharmaceutical company, most recently serving as the Senior Vice President, Oncology Marketing and Sales and Corporate Commercial Services. From July 1996 until February 2002, Mr. Terifay was employed by COR Therapeutics, Inc. most recently as the Vice President, U.S. Marketing and Medical Affairs. In 2002, COR Therapeutics was acquired by Millennium. From May 1993 until July 1996, Mr. Terifay was the Executive Vice President of Client Services at Klemtner Advertising, the medical advertising division of Saatchi and Saatchi located in New York. Prior to May 1993, Mr. Terifay held positions at G.D. Searle & Co. and Schering Laboratories. Mr. Terifay received his B.S. from Notre Dame in Preprofessional Studies (Biology and Chemistry) and his Master of Management degree in Marketing and Health Service Management from the Kellogg School of Management, Northwestern University.

James G. Barsoum, Ph.D. has served as our Vice President, Biology since February 2003. From February 1987 to February 2003, Dr. Barsoum held various leadership roles at Biogen, Inc., now Biogen Idec Inc., a publicly traded biopharmaceutical company, most recently as the Director of Molecular and Cellular Biology. From January 1984 to January 1987, Dr. Barsoum held research fellowships at Stanford University and the Whitehead Institute for Biomedical Research. Dr. Barsoum received a Ph.D. in Biology from the Massachusetts Institute of Technology.

Jeremy G. Chadwick, Ph.D. has served as our Vice President, Program Management and Clinical Operations since May 2004. From January 2002 to May 2004, Dr. Chadwick served as Vice President, Development Operations at Vertex Pharmaceuticals, Inc., a publicly traded pharmaceutical company. From December 1995 to September 1998, Dr. Chadwick held various positions at Parexel International, a publicly traded pharmaceutical services company, most recently as Vice President, U.S. Biostatistics and Data Management. From September 1985 to October 1995, Dr. Chadwick held various positions at Glaxo Group Research, most recently as Senior Manager, Medical Data Sciences Division. From September 1998 to October 2001, Dr. Chadwick was the Chief Operating Officer at Foliage Software Systems, a privately held software development company. Dr. Chadwick obtained both his Masters and Ph.D. in statistics from the University of London, U.K.

Thomas A. Dahl, Ph.D. has served as our Vice President, Clinical Development since September 2002, after having worked for Synta and Shionogi BioResearch Corp. since April 2002. From February 2002 to September 2002, Dr. Dahl was President and CEO of SinglePixel Biomedical, Inc. From 1994 to February 2002, Dr. Dahl held various positions at Lexigen Pharmaceuticals Corp. (now EMD Lexigen Research Center Corp.), most recently as the Vice President, Clinical Products Development, and its predecessor, Fuji ImmunoPharmaceuticals Corp. From 1993 to 1994, Dr. Dahl was a drug development consultant at Arthur D. Little, a global management consulting firm, and from 1989 to 1993 he was an Assistant Professor at Tufts Medical School's department of pharmacology and experimental therapeutics. He received his Ph.D. in biology from Johns Hopkins University.

Ninad A. Deshpanday, Ph.D. has served as our Vice President, Drug Product Development since June 2004. From October 2001 to April 2004, Dr. Deshpanday was employed by Cardinal Health, Inc., a publicly traded provider of products and services supporting the healthcare industry, and most recently held the position of the Technical Business Director. From March 1997 to April 2001, Dr. Deshpanday worked at AAI Pharma, a publicly traded specialty pharmaceutical and product development company, in various positions most recently as Global Product Director. From May 1994 to February 1997, Dr. Deshpanday served as Manager, Transdermal Research at TheraTech, Inc. From March 1990 to April 1994, he served as Staff Scientist at Procter & Gamble Pharmaceuticals. Dr. Deshpanday obtained both his Baccalaureate and Masters in pharmacy from Gujarat University in India and his Ph.D. in pharmacy from the University of South Carolina.

Keith S. Ehrlich has served as our Vice President, Finance and Administration and Treasurer since March 2004. From November 2003 to February 2004, Mr. Ehrlich served as a financial consultant to the Company. From September 1999 to April 2003, Mr. Ehrlich was Vice President, Finance and Administration and Chief Financial Officer and Treasurer at Argentys Corporation, a private software development company. From January 1998 to July 1999, Mr. Ehrlich served as Senior Vice President, Finance and Administration, Chief Financial Officer and Treasurer of Dyax Corp., a publicly traded biopharmaceutical company. From October 1993 to January 1998, he served as Vice President, Finance and Administration and Chief Financial Officer and Treasurer of Oravax, Inc., a publicly traded biopharmaceutical company since acquired by Peptide Therapeutics Group. From May 1991 to October 1993, he served as Treasurer and Director of Finance of Vertex Pharmaceutics, Inc., a publicly traded biopharmaceutical company. From January 1980 to April 1991, Mr. Ehrlich was an auditor with Coopers & Lybrand LLP. Mr. Ehrlich received his B.A. in Biology from Drew University and his M.B.A. in Finance and Accounting from Rutgers University.

Stephen M. Gansler has served as our Vice President, Human Resources since January 2005. From March 2001 to July 2004, Mr. Gansler worked for Covanta Energy Corporation, a publicly traded energy company as Senior Vice President, Human Resources. From May 1981 to March 2001, Mr. Gansler worked for Johnson & Johnson, a global manufacturer of health care products, in various capacities, most recently Worldwide Vice President, Human Resources for DePuy, Inc. He holds a B.I.A. from General Motors Institute, now known as Kettering University, and an M.B.A. and J.D. from Seton Hall University.

Eric W. Jacobson, M.D. has served as our Vice President, Medical Research since April 2005. From January 2002 until April 2005, Dr. Jacobson held positions of increasing responsibility at Millennium Pharmaceuticals, Inc., a publicly traded biopharmaceutical company, most recently serving as the Senior Director, Clinical Research and previously as the Director, Clinical Research. From June 2000 until January 2002, Dr. Jacobson was the U.S. Medical Director, New Clinical Therapies for Serono Laboratories, Inc., a publicly traded biotechnology company. Dr. Jacobson was employed as an Academic Rheumatologist at the University of Massachusetts Medical Center from April 1991 until June 2000. From 1998 through 2000, he was also a consultant for the Center for Clinical and Lifestyle Research assisting with study design, data interpretation, report generation and journal publication. From July 1993 through June 1995, Dr. Jacobson was Adjunct Faculty at Northeastern University in their Physician Assistant Program, and previous to this Dr. Jacobson was a Rheumatologist at the North Carolina Arthritis and Allergy Care Center from July 1989 until April 1991. Dr. Jacobson received his B.S. at the University of Illinois at Champaign/Urbana and his M.D. at Rush Medical College of Rush University. Dr. Jacobson has had numerous academic appointments and has published over 25 abstracts, papers and book chapters.

Wendy E. Rieder, Esq. has served as our Vice President, Intellectual Property and Legal Affairs since December 2002. In August 1998, Ms. Rieder co-founded Microbiotix, Inc., a privately held biotechnology company developing small-molecule anti-infectives, and served as its Chief Operating Officer and Vice President, Business Development and Intellectual Property from January 2000 to December 2002. From August 1997 to December 1999 Ms. Rieder served as the Vice President, Business Development and Intellectual Property at LipoGenics, Inc., a subsidiary of a publicly traded biopharmaceutical company. Ms. Rieder was a patent attorney at Boehringer Ingelheim Pharmaceuticals, a U.S. affiliate of Boehringer Ingelheim GmbH, a global pharmaceutical company, from August 1995 to July 1997, and a patent agent at Fish & Neave LLP from January 1991 to July 1995. Ms. Rieder received an M.S. in organic chemistry from Columbia University and a J.D. from Fordham Law School.

Lijun Sun, Ph.D. has served as our Vice President, Chemistry since December 2003. From November 1997 to August 2002, Dr. Sun worked for Shionogi BioResearch Corp. in various capacities, most recently as Senior Director of Chemistry. He received his Ph.D. in synthetic organic chemistry from Emory University and was a postdoctoral fellow in chemical biology at the Emory University School of Medicine.

Keith R. Gollust has been a member of our board of directors since July 2002 and has been our Chairman since September 2002. Mr. Gollust is a private investor and founded Gollust, Tierney, and Oliver, a private investment firm, in 1978. Mr. Gollust also was a Managing Director of Caxton Associates, L.L.C., a hedge fund firm, from July 2003 through December 2004. Mr. Gollust received a B.A. from Princeton University and an MSIA from Carnegie Mellon University.

Lan Bo Chen, Ph.D. co-founded Synta with Dr. Safi Bahcall and has been a member of our board of directors since July 2001, and a member of our scientific advisory board and its Chairman since July 2001. Dr. Chen is a Professor of Pathology, Emeritus, at Harvard Medical School. He has been at the Dana-Farber Cancer Institute and Harvard Medical School since July 1977. Dr. Chen is the founder of several biotechnology companies, including Fuji ImmunoPharmaceuticals Corp. and Shionogi BioResearch Corp. Dr. Chen received his B.S. in chemistry from National Taiwan University and his Ph.D. in cell biology from the Massachusetts Institute of Technology.

Bruce Kovner has been a member of our board of directors since July 2002. In 1983, Mr. Kovner founded Caxton Corporation, a diversified trading company and manager of client funds active in currency, interest rate, commodity and equity markets, and has acted as its Chairman since its inception. He is also Chairman of Caxton Associates, L.L.C., which succeeded to a significant portion of Caxton Corporation's trading and investment activities in 1996. Prior to the formation of Caxton, Mr. Kovner served as a Vice President of Commodities Corporation, a private commodities trading company since acquired by Goldman Sachs. Mr. Kovner is also Chairman of the Board of the American Enterprise

Institute, Chairman of the Board of the Juilliard School, and Vice Chairman of Lincoln Center for the Performing Arts. In addition, he is the Founder and Chairman of the School Choice Scholarships Foundation, which provides scholarships to low-income students in New York City to attend primary schools of their choice. Mr. Kovner received his B.A. from Harvard College in 1966. He continued his studies at the John F. Kennedy School of Government until 1970.

William S. Reardon, C.P.A. has been a member of our board of directors since August 2004. Until his retirement in 2002 from PricewaterhouseCoopers LLP, where he was employed from June 1973 to July 2002, Mr. Reardon was a business assurance (audit) partner at the firm's Boston office and leader of its life sciences industry practice for New England and the eastern U.S. From 1998 to 2000, Mr. Reardon served on the board of the emerging companies section of the Biotechnology Industry Organization. He also served on the board of the Massachusetts Biotechnology Council from 2000 until his retirement in 2002. Mr. Reardon is currently a member of the board of directors and the chairman of the audit committees of Hybridon, Inc. and Oscient Pharmaceuticals Corp., both of which are publicly traded pharmaceutical companies. He is an advisor to the audit committee at Momenta Pharmaceuticals, Inc., a publicly traded pharmaceutical company, and a member of the board of advisors for Feinstein Kean Healthcare. Mr. Reardon received both his undergraduate degree in East Asian history and his M.B.A. from Harvard University.

Robert N. Wilson has been a member of our board of directors since June 2003. Mr. Wilson served as Vice Chairman of the board of directors of Johnson & Johnson, a global manufacturer of healthcare products, from 1986 until 2003. Mr. Wilson joined Johnson & Johnson in 1964. He was appointed to Johnson & Johnson's executive committee in 1983 and was elected to its board of directors in 1986. Mr. Wilson is also a director of The Charles Schwab Corporation, a publicly traded retail brokerage firm, U.S. Trust Corporation, United States Trust Company of New York and Amerada Hess Corporation, an integrated oil and gas company. Mr. Wilson received his B.A. in business administration from Georgetown College in Kentucky, and received an Executive Program B.A. from Columbia University Graduate School of Business.

Scientific Advisory Board

We have established a scientific advisory board comprised of leading experts in their fields. Members of our scientific advisory board consult with us regularly on matters relating to:

- our research and development programs;
- the design and implementation of our clinical programs;
- market opportunities from a clinical perspective;
- new technologies relevant to our research and development programs; and
- scientific and technical issues relevant to our business.

The current members of our scientific advisory board are:

Name	Professional Affiliations/Honors
Lan Bo Chen, Ph.D., Chairman	See biography above.
Sir James W. Black, O.M., F.R.S.	Emeritus Professor of Analytical Pharmacology at King's College London; previously conducted research with Imperial Chemical Industries plc, SmithKline French and Wellcome Laboratories; was awarded the Nobel Prize in Medicine in 1989 for his work in pharmotherapeutic potential of receptor blocking drugs; knighted by the Queen of England in 1981; received the Order of Merit from the Queen in 2000.

Judah Folkman, M.D.	Surgeon-In-Chief Emeritus and Director of the Vascular Biology program at Boston Children's Hospital; Professor of Pediatric Surgery and Cell Biology at Harvard Medical School; member of the National Academy of Sciences and the American Academy of Arts and Sciences; awarded the 2004 Prince of Asturias award for Technical and Scientific Research in Spain, The Franklin Institute's 2001 Benjamin Franklin Award in Life Science, the 1998 Keio University (Tokyo) Medical Science Prize, and the 1997 Charles S. Mott Prize of the General Motors Cancer Research Foundation.
Nir Hacohen, Ph.D.	Assistant Professor at Massachusetts General Hospital and Harvard Medical School; founder of the RNAi consortium, a group of Harvard and Massachusetts Institute of Technology researchers who are spearheading efforts to create and apply genome-wide gene silencing libraries to accelerate gene discovery in humans; honors include the Sandler Memorial first prize Ph.D. thesis award, Helen Hay Whitney Fellowship with David Baltimore and Whitehead Institute Fellowship.
Jean-Pierre Kinet, M.D.	Professor of Pathology at Harvard Medical School; Director of the Division of Allergy and Immunology at the Beth Israel Deaconess Medical Center; previously the head of the Molecular Allergy and Immunology section of the National Institute of Allergy and Infectious Diseases at the National Institutes of Health; scientific founder of Astarix Institute, Inc., an early-stage drug discovery company later sold to Heska Corporation.
Christopher J. Logothetis, M.D.	Professor and Chairman of the Department of Genitourinary Medical Oncology at the University of Texas M.D. Anderson Cancer Center; Principal Investigator of the M.D. Anderson SPORE in Prostate Cancer; Director of the Genitourinary Cancer Center and the Prostate Cancer Research Program, which are multidisciplinary collaborations of physicians and scientists dedicated to genitourinary cancer treatment, research, prevention, and education; leader in the Therapy Consortium, an active group of researchers involved in the development of innovative therapy for prostate cancer.
Reinhold Penner, M.D., Ph.D.	Director of Research at the Center for Biomedical Research at Queen's Medical Center; professor at the University of Hawaii; previously served as research head at the Max Planck Institute for Biophysical Chemistry.

Mace L. Rothenberg, M.D.	Ingram Professor of Cancer Research at the Vanderbilt-Ingram Cancer Center and Professor of Medicine at Vanderbilt University Medical Center; Medical Oncologist with appointments at the Vanderbilt University Medical Center and the Department of Veterans Affairs Medical Center; Director of the Phase 1 Drug Development Program at Vanderbilt-Ingram Cancer Center; serves on a number of committees including the Vanderbilt-Ingram Cancer Center Gastrointestinal Cancer SPORE Executive Committee and Lung Cancer SPORE Steering Committee, the Clinical Cancer Research Committee for the American Association for Cancer Research, and the Medical Oncology Committee for the American College of Surgeons.
Daniel D. Von Hoff, M.D.	Professor of Medicine, Pathology, Molecular and Cellular Biology, at the University of Arizona; Director of the Arizona Health Sciences Center's Cancer Therapeutics Program; Executive Vice President of the Translational Genomics Research Institute, or TGen; Director of TGen's Translational Drug Development Division; Head, Pancreatic Cancer Research Program; Chief Medical Officer for U.S. Oncology, the nation's largest health-care services network devoted exclusively to cancer treatment and research; past President of the American Association for Cancer Research; past board member of the American Society of Clinical Oncology; founder and editor emeritus of *Investigational New Drugs—The Journal of New Anticancer Agents;* editor-in-chief of *Molecular Cancer Therapeutics*; appointed to President Bush's National Cancer Advisory Board in June 2004.
Michael E. Weinblatt, M.D.	Co-Director of Clinical Rheumatology at the Brigham and Women's Hospital and Professor of Medicine at Harvard Medical School; published over 127 papers, reviews and invited chapters in the field of rheumatology primarily rheumatoid arthritis therapeutics; co-editor of the textbook, Treatment of Rheumatic Diseases, the textbook, Rheumatology 3rd edition; author of the Arthritis Action Program; co-received in 1997 the Arthritis Foundation Virginia P. Engalitcheff Award for Impact on Quality of Life for work on methotrexate; served as an Associate Editor of *Arthritis and Rheumatism*; currently sits on the editorial board of *Journal of Rheumatology*; was a member of the Rheumatology Subspeciality Board of the American Board of Internal Medicine; in 2001, served as the President of the American College of Rheumatology.

Bruce R. Zetter, Ph.D.	Charles Nowiszewski professor in the departments of cell biology and surgery at Harvard Medical School; Chief Scientific Officer at Boston Children's Hospital; has won numerous national and international awards for his work in the field of cancer research including a Faculty Research Award from the American Cancer Society and the MERIT award from the National Cancer Institute; served as an expert witness on cancer to the U.S. senate.

Board Composition

Our restated certificate of incorporation and restated bylaws to be effective upon completion of this offering provide that the authorized number of directors may be changed only by resolution of the board of directors. We currently have six directors. In accordance with our restated certificate of incorporation and restated bylaws, immediately upon the closing of this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders following the offering, the successors to the directors whose terms then expire will be elected to serve until the third annual meeting following the election. At the closing of this offering, our directors will be divided among the three classes as follows:

- The Class I directors will be Dr. Chen and Mr. Reardon, and their terms will expire at the annual meeting of stockholders to be held in 2006;
- The Class II directors will be Messrs. Gollust and Wilson, and their terms will expire at the annual meeting of stockholders to be held in 2007; and
- The Class III directors will be Dr. Bahcall and Mr. Kovner, and their terms will expire at the annual meeting of stockholders to be held in 2008.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Committees of the Board of Directors

Our board of directors has an audit committee, a compensation committee, and a nominating and governance committee, each of which has the composition and responsibilities described below.

Audit Committee. Our audit committee is composed of Messrs. Gollust, Reardon (chairman) and Wilson and is authorized to:

- approve and retain the independent auditors to conduct the annual audit of our books and records;
- review the proposed scope and results of the audit;
- review and pre-approve the independent auditor's audit and non-audit services rendered;
- approved the audit fees to be paid;
- review accounting and financial controls with the independent auditors and our financial and accounting staff;
- review and approve transactions between us and our directors, officers and affiliates;
- recognize and prevent prohibited non-audit services;
- establish procedures for complaints received by us regarding accounting matters;
- oversee internal audit functions; and
- prepare the report of the audit committee that SEC rules require to be included in our annual meeting proxy statement.

Compensation Committee. Our compensation committee is composed of Messrs. Gollust, Kovner and Wilson (chairman) and is authorized to:

- review and recommend the compensation arrangements for management, including the compensation for our President and Chief Executive Officer;
- establish and review general compensation policies with the objective to attract and retain superior talent, to reward individual performance and to achieve our financial goals;
- administer our stock incentive plan; and
- prepare the report of the compensation committee that SEC rules require to be included in our annual meeting proxy statement.

Nominating and Governance Committee. Our nominating and governance committee is composed of Messrs. Gollust (chairman), Kovner and Wilson and is authorized to:

- identify and nominate members of the board of directors;
- develop and recommend to the board of directors a set of corporate governance principles applicable to our company; and
- oversee the evaluation of the board of directors and management.

Compensation of Directors

We reimburse each member of our board of directors who is not an employee for reasonable travel and other expenses in connection with attending meetings of the board of directors.

We have granted the following stock options to our non-employee directors:

Name of Director	Number of Shares	Exercise Price	Date of Grant
Keith R. Gollust	181,818(1)	$ 7.455	7/15/2002
	109,090(2)	7.455	5/27/2004
Bruce Kovner	181,818(1)	7.455	7/15/2002
William S. Reardon, C.P.A.	21,818(1)	11.00	8/25/2004
Robert N. Wilson	90,909(1)	7.455	6/17/2003

(1) The options vest as to 25% of the shares on the first anniversary of the grant date and an additional 6.25% of the shares at the end of each successive three-month period thereafter.

(2) The option vests as to 50% of the shares upon grant and an additional 6.25% of the shares at the end of each successive three-month period thereafter.

In January 2005, our board of directors approved a policy in which each non-employee director will receive an option to purchase 22,000 shares of our common stock upon his or her initial appointment to our board of directors. These options shall vest as to 25% of such grant on the first anniversary of the grant date and as to an additional 6.25% of such grant on the last day of each calendar quarter thereafter, subject to the non-employee director's continued service as a director. However, in the event of termination of service of a non-employee director, such option shall vest to the extent of a pro rata portion through the non-employee director's last day of service based on the number of days accrued in the applicable period prior to his or her termination of service. Each non-employee director stock option will terminate on the earlier of ten years from the date of grant and three months after the recipient ceases to serve as a director, except in the case of death or disability, in which event the option will terminate one year from the date of the director's death or disability. The exercise price of all of these options will equal the fair market value of our common stock on the date of grant.

Each non-employee director shall be compensated on an annual basis for providing services to Synta. Director compensation shall be paid for the period from July 1 through June 30 of each year. Each non-employee director shall receive compensation consisting of one of the following combinations of cash and/or a grant of our common stock, at the election of each non-employee director, as follows:

- $40,000 cash;
- $30,000 cash and such number of shares of restricted common stock with a value of $10,000 on the date of grant of the shares;
- $20,000 cash and such number of shares of restricted common stock with a value of $20,000 on the date of grant of the shares;
- $10,000 cash and such number of shares of restricted common stock with a value of $30,000 on the date of grant of the shares; or
- such number of shares of restricted common stock with a value of $40,000 on the date of the grant of the shares.

The number of shares to be received by a non-employee director shall be calculated by dividing the total dollar amount that the non-employee director has elected to be paid in shares of common stock by the fair market value of the shares of our common stock on the last business day prior to the date of grant of the shares. Shares granted shall be subject to a lapsing repurchase right such that the shares shall be subject to forfeiture to us if a non-employee director does not continue to serve as a member of the board of directors as of the end of the applicable quarter as follows: the repurchase right shall lapse as to 25% of each such grant on each of September 30, December 31, March 31 and June 30 thereafter, provided such non-employee director continues to serve as a member of the board of directors as of the applicable date.

In addition, under this policy each non-employee director received the following pro rata share of the annual fee for the period from January 1, 2005 through June 30, 2005:

Director	Pro Rata Fee Paid
Keith R. Gollust	1,322 shares of restricted common stock
Bruce Kovner	1,322 shares of restricted common stock
William S. Reardon, C.P.A.	$10,000 and 661 shares of restricted common stock
Robert N. Wilson	1,322 shares of restricted common stock

The shares issued as set forth above were issued on January 18, 2005 based on a fair market value of $15.125 per share as of such date. These shares are subject to our repurchase right, which shall lapse as to 50% of each such grant on March 31, 2005 and June 30, 2005, provided such non-employee director continues to serve as a member of the board of directors as of such date. Any cash to be paid as set forth above will be paid 50% on March 31, 2005 and 50% on June 30, 2005.

Each non-employee director shall also receive an annual fee of $5,000 for each committee of the board of directors on which such individual serves. However, the chairman of each committee, other than the audit committee, shall receive an annual fee of $10,000, and the chairman of the audit committee shall receive an annual fee of $15,000 for services as chairman.

Compensation Committee Interlocks and Insider Participation

Our compensation committee is composed of Messrs. Gollust, Kovner and Wilson. No member of our compensation committee has at any time been an employee of ours. None of our executive officers serve as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Each of Messrs. Gollust, Kovner and Wilson and affiliates of theirs have participated in transactions with us. For a detailed description of these transactions, see "Certain Relationships and Related Party Transactions."

Executive Compensation

The following summary compensation table sets forth summary information as to compensation received by our President and Chief Executive Officer and our four other most highly compensated executive officers who were employed by us as of December 31, 2004 and earned more than $100,000 in salary and bonus for the year ended December 31, 2004.

Summary Compensation Table

				Long-Term Compensation		
				Awards		
Name and Principal Position	Year	Salary	Bonus(1)	Restricted Stock Awards(2)	Securities Underlying Options/ SARs (#)	All Other Compensation(3)
Safi R. Bahcall, Ph.D. President and Chief Executive Officer	2004	$ 300,000	$ 100,000	$ 1,099,976	—	$ 25,503
James G. Barsoum, Ph.D. Vice President, Biology	2004	208,998	53,000	879,972	14,545	—
Keizo Koya, Ph.D. Senior Vice President, Drug Development	2004	208,959	53,000	879,972	14,545	4,188
Matthew L. Sherman, M.D.(4) Senior Vice President and Chief Medical Officer	2004	222,693	81,000	879,972	127,272	—
Keith S. Ehrlich(5) Vice President, Finance and Administration	2004	191,811	44,000	549,980	54,545	—

(1) Reflects bonuses earned in 2004 and paid in 2005.

(2) Reflects restricted shares of common stock granted under our 2001 Stock Plan to each of the named executive officers on December 21, 2004. The amount in the table is based on the number of shares granted to the executive officer multiplied by $15.125, the fair value of our common stock as determined by our board of directors, less the per share purchase price of the restricted shares of $0.000275. As of December 31, 2004, Dr. Bahcall held 72,727 restricted shares valued at $1,090,885, Dr. Barsoum held 58,181 restricted shares valued at $872,699, Dr. Koya held 58,181 restricted shares valued at $872,699, Dr. Sherman held 58,181 restricted shares valued at $872,699, and Mr. Ehrlich held 36,363 restricted shares valued at $545,435. Because there was no public trading market for our common stock as of December 31, 2004, the value of the restricted shares at year-end have been calculated using an assumed initial public offering price of $15.00 per share less the per share purchase price of the restricted shares of $0.000275. Dividends will be paid on the restricted shares. These restricted shares are subject to repurchase by us at a repurchase price of $0.000275 per share if the executive officer is no longer employed by us. This right of repurchase lapses as to 50% of the shares on January 4, 2007 and the remaining 50% of the shares on the earlier of January 4, 2009 or the date the FDA approves an NDA for one of our drug candidates.

(3) The amounts shown include $25,503 of rental payments for a company apartment for Dr. Bahcall's use and $4,188 in lease payments for an automobile for Dr. Koya's use.

(4) Dr. Sherman joined us as Senior Vice President and Chief Medical Officer in March 2004.

(5) Mr. Ehrlich joined us as Vice President, Finance and Administration in March 2004. Mr. Ehrlich's salary includes $45,562 earned as a consultant in 2004 prior to his employment with us.

Option Grants in Last Fiscal Year

The following table shows information regarding stock options granted to the executive officers named in the summary compensation table above during our fiscal year ended December 31, 2004. Options were granted with an exercise price per share equal to the fair market value of our common stock on the date of grant, as determined by our board of directors. The potential realizable value is based on the assumption that our common stock appreciates at the annual rate shown, compounded annually, from the date of grant until the expiration of the ten-year term. These numbers are calculated based on SEC requirements and do not reflect projections or estimates of future stock price growth. Potential realizable values are computed by:

- multiplying the number of shares of common stock underlying each option by $15.00 per share, the assumed initial public offering price per share;
- assuming that the total stock value derived from that calculation compounds at the annual 5% or 10% rate shown in the table for the entire ten-year term of the option; and
- subtracting from that result the total option exercise price.

Actual gains, if any, on stock option exercises will be dependent on the future performance of the common stock. The percentage of total options granted is based on an aggregate of 924,320 options granted by us during the year ended December 31, 2004, to our employees, including the executive officers listed in the table below.

	Individual Grants					
					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term ($)	
Name	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Share)	Expiration Date	5%	10%
Safi R. Bahcall, Ph.D.	—	—	—	—	—	—
James G. Barsoum, Ph.D.	14,545	1.6%	$ 11.00	5/27/2014	$ 195,389	$ 405,895
Keizo Koya, Ph.D.	14,545	1.6%	11.00	5/27/2014	195,389	405,895
Matthew L. Sherman, M.D.	127,272	13.8%	11.00	5/27/2014	1,709,698	3,551,670
Keith S. Ehrlich	54,545	5.9%	11.00	5/27/2014	732,726	1,522,140

Year-End Option Values

The following table sets forth certain information with respect to the total value of options held by each executive officer named in the summary compensation table above as of December 31, 2004. Because there was no public trading market for the common stock as of December 31, 2004, the value of the

unexercised in-the-money options at year-end have been calculated using an assumed initial public offering price of $15.00 per share minus the applicable per share exercise price.

	Number of Securities Underlying Unexercised Options at December 31, 2004		Value of Unexercised In-the-Money Options at December 31, 2004	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Safi R. Bahcall, Ph.D.	—	—	—	—
James G. Barsoum, Ph.D.	47,727	75,909	$ 360,107	$ 521,190
Keizo Koya, Ph.D.	188,636	80,454	1,423,315	555,483
Matthew L. Sherman, M.D.	—	127,272	—	509,088
Keith S. Ehrlich	—	54,545	—	218,180

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Employment Agreement with Dr. Safi Bahcall

Pursuant to a letter agreement effective as of April 18, 2005, between us and Safi R. Bahcall, Ph.D., we agreed to employ Dr. Bahcall as our President and Chief Executive Officer on an at-will basis. We also agreed that so long as Dr. Bahcall continues to serve as our President and Chief Executive Officer, he will be nominated by the board of directors for election as a director at each annual meeting preceding which his term as director expires. Under this agreement, Dr. Bahcall's initial base salary is $340,000 per year, subject to adjustment from time to time at the discretion of the board of directors or the compensation committee. Dr. Bahcall is also eligible to receive annual performance based bonuses and grants of stock options under our stock plans at the discretion of the board of directors or the compensation committee. In the event of termination without cause, as defined in the agreement, Dr. Bahcall is entitled to continue to receive his then-current base salary for a period of 24 months. Dr. Bahcall has also entered into a non-competition/non-solicitation agreement pursuant to which he has agreed not to compete with Synta or to solicit customers or employees of Synta for a period of 24 months after the termination of his employment.

Offer Letters

Pursuant to a letter agreement dated October 1, 2002, between us and Keizo Koya, Ph.D., we agreed to employ Dr. Koya as Vice President of Drug Development on an at-will basis, beginning on October 1, 2002. Dr. Koya's base salary is currently $250,000 per year and he is also eligible to receive annual performance based bonuses. Under this agreement, Dr. Koya has been granted an incentive stock option to purchase a total of 181,818 shares of common stock at an exercise price of $7.455 per share. This option vests as to 54,545 of the shares upon grant and an additional 6.25% per calendar quarter after December 31, 2002.

Pursuant to a letter agreement dated February 18, 2004, between us and Matthew L. Sherman, M.D., we agreed to employ Dr. Sherman as Senior Vice President and Chief Medical Officer on an at-will basis, beginning on March 1, 2004. Dr. Sherman's base salary is currently $285,000 per year and he is also eligible to receive annual performance based bonuses. Under this agreement, Dr. Sherman has also been granted an incentive stock option to purchase a total of 127,272 shares of common stock at an exercise price of $11.00 per share. This option vests as to 25% of the shares on March 4, 2005 and an additional 6.25% of the shares per calendar quarter thereafter. In the event of termination without cause, as defined in the agreement, Dr. Sherman is entitled to a one-time severance payment one week after the date of termination equal to six months of base salary if the employment period has been less than 12 months, or 12 months of base salary if the employment period has been more than 12 months.

Pursuant to a letter agreement dated January 22, 2003, between us and James G. Barsoum, Ph.D., we agreed to employ Dr. Barsoum as Vice President of Biology on an at-will basis, beginning on February 26, 2003. Dr. Barsoum's base salary is currently $220,000 per year and he is also eligible to receive annual performance based bonuses. Under this agreement, Mr. Barsoum has also been granted an incentive stock option to purchase 109,090 shares of common stock at an exercise price of $7.455 per share. This option vests as to 25% of the shares on the first anniversary of the grant date and an additional 6.25% of the shares per calendar quarter thereafter. In the event of termination without cause, as defined in the agreement, Dr. Barsoum is entitled to a one-time severance payment on the date of termination equal to three months of base pay.

Pursuant to a letter agreement dated February 19, 2004, between us and Keith S. Ehrlich, we agreed to employ Mr. Ehrlich as Vice President, Finance and Administration on an at-will basis, beginning on March 1, 2004. Mr. Ehrlich's base salary is currently $192,000 per year and he is also eligible to receive annual performance based bonuses. Under this agreement, Mr. Ehrlich has been granted a nonqualified stock option to purchase 54,545 shares of common stock at an exercise price of $11.00 per share. This option vests as to 15,909 shares on the first anniversary of the grant date and an additional 3,219 shares per calendar quarter thereafter. In the event of termination without cause, as defined in the agreement, the vesting of the options will be adjusted so that 7,763 shares vest as of June 1, 2004 and an additional 1,137 shares vest each month through the date of termination.

Separation Agreement with Dr. Mitsunori Ono

On April 21, 2004, we entered into an agreement memorializing a previously established agreement with Dr. Mitsunori Ono, our former President and Chief Operating Officer, under which Dr. Ono resigned his employment with us in 2003, effective as of January 1, 2004. Under the agreement, we agreed to make a one time payment to Dr. Ono of $200,000 upon the signing of the agreement and 18 monthly payments of approximately $13,889 beginning in January 2004. Under the agreement, we accelerated the vesting and extended the time in which Dr. Ono may exercise options to purchase 68,181 shares of our common stock and extended the time in which Dr. Ono may exercise vested options to purchase 295,454 shares of common stock. In addition, options to purchase 290,909 shares of our common stock were cancelled pursuant to the terms thereof. Dr. Ono also released Synta, its stockholders, directors, officers, and employees from all claims he may have had against them.

Change-in-Control Arrangements

Under our 2005 Stock Plan, in the event of a change in control event where outstanding options are assumed or substituted or in the event of a change in control event that does not constitute a corporate transaction under our 2005 Stock Plan, options will become immediately exercisable in full if on or prior to the date that is six months after the date of the change in control event (i) an option holder's service with us or our succeeding corporation is terminated by us or the succeeding corporation without cause, as defined in our 2005 Stock Plan; (ii) a participant terminates his or her service with us as a result of being required to change the principal location where he or she renders services to a location more than 50 miles from his or her location of service immediately prior to the change in control event; or (iii) the participant terminates his or her service after there occurs a material adverse change in a participant's duties, authority or responsibilities which cause such participant's position with us to become of significantly less responsibility or authority than such participant's position was immediately prior to the change in control. Our 2005 Stock Plan provides similar change in control vesting provisions for restricted stock under the plan and allows the Board to make appropriate adjustments for other stock-based awards.

Employee Benefit Plans

2001 Stock Plan

Our 2001 Stock Plan was adopted by our board of directors and approved by our stockholders in July 2001. In December 2003, our board of directors and stockholders approved amendments to our 2001 Stock Plan. Under this plan, we may grant incentive stock options, nonqualified stock options and restricted and unrestricted stock awards. A maximum of 5,454,545 shares of common stock are authorized for issuance under our 2001 Stock Plan.

In accordance with the terms of the 2001 Stock Plan, our board of directors has authorized our compensation committee to administer our 2001 Stock Plan.

Our board of directors or any committee to which the board of directors delegates authority may, with the consent of the affected plan participants, amend outstanding awards consistent with the terms of the 2001 Stock Plan.

Upon a merger or other reorganization event, our board of directors, or the board of directors of any corporation assuming our obligations, may, in their sole discretion, take any one or more of the following actions pursuant to our 2001 Stock Plan, as to some or all outstanding options:

- provide that all outstanding options shall be assumed or substituted by the successor corporation;
- terminate all unexercised outstanding options immediately prior to the consummation of such transaction unless exercised by the optionee;
- in the event of a merger pursuant to which holders of our common stock will receive a cash payment for each share surrendered in the merger, make or provide for a cash payment to the optionees equal to the difference between the merger price times the number of shares of our common stock subject to such outstanding options (to the extent then exercisable at prices not in excess of the merger price), and the aggregate exercise price of all such outstanding options, in exchange for the termination of such options; and
- provide that all or any outstanding options shall become exercisable in full immediately prior to such event.

Pursuant to our 2001 Stock Plan, upon a merger or other reorganization event, any securities, cash or other property received in exchange for shares of restricted stock shall continue to be governed by the provisions of any restricted stock agreement pursuant to which such restricted stock was issued.

As of April 15, 2005, 639,513 shares have been issued upon the exercise of options and the grant of stock awards under this plan, 4,354,236 shares are subject to outstanding options under this plan, and 460,610 shares are available for future grant under this plan. After completion of this offering, the 2001 Stock Plan will terminate and we will grant no further stock options or other awards under this plan. All outstanding stock options granted and restricted stock issued under the 2001 Stock Plan as of the date of termination will remain outstanding and subject to their respective terms and the terms of the 2001 Stock Plan.

2005 Stock Plan

Our 2005 Stock Plan was adopted by our board of directors on April 13, 2005 and approved by our stockholders on April 14, 2005. The 2005 Stock Plan will become effective upon completion of this offering. The 2005 Stock Plan provides for the grant of incentive stock options, nonqualified stock options, restricted and unrestricted stock awards and other stock-based awards. Upon effectiveness, 3,500,000 shares of common stock will be reserved for issuance under the 2005 Stock Plan. In addition, the 2005 Stock Plan contains an "evergreen provision" which allows for an annual increase in the number of shares available for issuance under the plan on the first day of each of our fiscal years during the period beginning

in fiscal year 2006 and ending on the second day of fiscal year 2014. The annual increase in the number of shares shall be equal to the lowest of

- 1,900,000 shares;
- 5% of our outstanding shares on the first day of the fiscal year; and
- an amount determined by our board of directors.

Under this provision, no annual increase shall be made to the extent that the number of shares of common stock available for issuance under the 2005 Stock Plan and all other employee or director stock plans would exceed 25% of our outstanding shares on the first day of the applicable fiscal year.

In accordance with the terms of the 2005 Stock Plan, our board of directors has authorized our compensation committee to administer our 2005 Stock Plan however, our full board shall retain authority to make grants to our executive officers and members of our board of directors. In accordance with the provisions of the 2005 Stock Plan, our board of directors or compensation committee will determine the terms of options and other awards, including:

- the determination of which employees, directors and consultants will be granted options and other awards;
- the number of shares subject to options and other awards;
- the exercise price of each option which may not be less than fair market value on the date of grant;
- the schedule upon which options become exercisable;
- the termination or cancellation provisions applicable to options; the terms and conditions of other awards, including conditions for repurchase, termination or cancellation, issue price and repurchase price; and
- all other terms and conditions upon which each award may be granted in accordance with the 2005 Stock Plan.

No participant may receive awards for over 175,000 shares of common stock in any fiscal year.

In addition, our board of directors or any committee to which the board of directors delegates authority may, with the consent of the affected plan participants, reprice or otherwise amend outstanding awards consistent with the terms of the 2005 Stock Plan.

Upon a merger or other reorganization event, our board of directors, may, in their sole discretion, take any one or more of the following actions pursuant to our 2005 Stock Plan, as to some or all outstanding awards:

- provide that all options shall be assumed or substituted by the successor corporation;
- upon written notice to a participant, provide that the participant's unexercised options will become exercisable in full and will terminate immediately prior to the consummation of such transaction unless exercised by the participant;
- in the event of a merger pursuant to which holders of our common stock will receive a cash payment for each share surrendered in the merger, make or provide for a cash payment to the participants equal to the difference between the merger price times the number of shares of our common stock subject to such outstanding options (at prices not in excess of the merger price), and the aggregate exercise price of all such outstanding options (all options being made fully vested and immediately exercisable prior to their termination), in exchange for the termination of such options; and

- provide that outstanding awards shall be assumed or substituted by the successor corporation, become realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon the merger or reorganization event.

In addition, in the event of a change in control under our 2005 Stock Plan where outstanding options are assumed or substituted or in the event of a change in control that does not constitute a corporate transaction under our 2005 Stock Plan, options will become immediately exercisable in full if on or prior to the date that is six months after the date of the change in control (i) an option holder's service with us or our succeeding corporation is terminated by us or the succeeding corporation without cause, as defined in our 2005 Stock Plan; (ii) a participant terminates his or her service with us as a result of being required to change the principal location where he or she renders services to a location more than 50 miles from his or her location of service immediately prior to the change in control; or (iii) the participant terminates his or her service after there occurs a material adverse change in a participant's duties, authority or responsibilities which cause such participant's position with us to become of significantly less responsibility or authority than such participant's position was immediately prior to the change in control. Our 2005 Stock Plan provides similar change in control vesting provisions for restricted stock under the plan and allows the Board to make appropriate adjustments for other stock-based awards.

Limitation of Officers' and Directors' Liability and Indemnification

The Delaware General Corporation Law authorizes corporations to limit or eliminate, subject to certain conditions, the personal liability of directors to corporations and their stockholders for monetary damages for breach of their fiduciary duties. Our restated certificate of incorporation and restated bylaws limit the liability of our directors to the fullest extent permitted by Delaware law.

We have obtained director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us, including matters arising under the Securities Act. Our restated certificate of incorporation and restated bylaws also provide that we will indemnify any of our directors and officers who, by reason of the fact that he or she is one of our officers or directors, is involved in a legal proceeding of any nature. We will repay certain expenses incurred by a director or officer in connection with any civil or criminal action or proceeding, specifically including actions by us or in our name (derivative suits). Such indemnifiable expenses include, to the maximum extent permitted by law, attorney's fees, judgments, civil or criminal fines, settlement amounts and other expenses customarily incurred in connection with legal proceedings. A director or officer will not receive indemnification if he or she is found not to have acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interest. Prior to the completion of this offering, we plan to enter into agreements to indemnify our directors and officers. These agreements, among other things, will indemnify our directors and officers for certain expenses, including attorneys' fees, judgments, fines, and settlement amounts incurred by any such person in any action or proceeding, including any action by us arising out of such person's services as our director or officer, any of our subsidiaries from time to time or any other company or enterprise to which the person provides services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and officers.

Such limitation of liability and indemnification does not affect the availability of equitable remedies. In addition, we have been advised that in the opinion of the SEC, indemnification for liabilities arising under the Securities Act is against public policy as expressed in the Securities Act and is therefore unenforceable.

There is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that may result in a claim for such indemnification.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of the transactions we have engaged in (1) since January 1, 2002 with our directors and officers and beneficial owners of more than five percent of our voting securities and their affiliates and (2) since our inception in March 2000 with our founders, Dr. Safi R. Bahcall and Dr. Lan Bo Chen.

Issuance of Common Stock to Our Founders

In July of 2001, in connection with the initial capitalization of Synta, we issued an aggregate of 7,418,180 shares of common stock to our founders, Dr. Bahcall and Dr. Chen, at a purchase price of $0.000275 per share as follows:

Name	Number of Shares of Common Stock	Aggregate Purchase Price
Safi R. Bahcall, Ph.D.	2,909,090	$ 800
Lan Bo Chen, Ph.D.	4,509,090	1,240

Dr. Bahcall is also our President and Chief Executive Officer, a director and a beneficial owner of more than five percent of our voting securities. Dr. Chen is also a director and a beneficial owner of more than five percent of our voting securities. The purchase price per share was determined by the board of directors to be fair market value based on, among other things, the fact that Synta had just commenced operations.

Private Placements of Our Common Stock

During the period from July 2001 to December 2001, we issued an aggregate of 2,472,729 shares of our common stock to 21 investors at a purchase price of $1.375 per share, including an aggregate of 509,090 shares to the following directors, officers, and beneficial owners of more than five percent of our voting securities, and their affiliates:

Name	Number of Shares of Common Stock	Aggregate Purchase Price
John and Neta Bahcall	72,727	$ 100,000
Gollust Trust II	72,727	100,000
Wyandanch Partners, LP	363,636	500,000

John and Neta Bahcall are the parents of Dr. Bahcall. Keith R. Gollust, one of our directors, is the settlor for Gollust Trust II, a trust established for the benefit of Mr. Gollust's minor children, and is the president and sole stockholder of Gollust Management, Inc., which is the general partner of Wyandanch Partners, LP. The purchase price per share was the fair market value as determined by arms-length negotiations between sophisticated investors and Synta's management and board of directors, based on factors such as our stage of development and valuations of similarly situated private biopharmaceutical companies.

During the periods from April 2002 through May 2002 and from November 2002 through March 2003, we issued an aggregate of 8,352,549 shares of our common stock to 48 investors at a purchase price of $7.455 per share, including an aggregate of 4,493,138 shares to the following directors, officers, and beneficial owners of more than five percent of our voting securities, and their affiliates:

Name	Number of Shares of Common Stock	Aggregate Purchase Price
Keith R. Gollust	134,143	$ 1,000,000
CxSynta, LLC	4,358,995	32,495,000

CxSynta, LLC is a beneficial owner of more than five percent of our voting securities and an affiliated investment vehicle of the Caxton Corporation. Bruce Kovner, one of our directors, is the Chairman of the Caxton Corporation. The purchase price per share was the fair market value as determined by arms-length negotiations between sophisticated investors and Synta's management and board of directors, based on factors such as our stage of development and valuations of similarly situated private biopharmaceutical companies.

During the period from October 2003 through January 2004, we issued an aggregate of 4,545,455 shares of our common stock to 43 investors at a purchase price of $11.00 per share, including an aggregate of 2,009,089 shares to the following directors, officers, and beneficial owners of more than five percent of our voting securities, and their affiliates:

Name	Number of Shares of Common Stock	Aggregate Purchase Price
Robert N. Wilson	45,454	$ 500,000
CxSynta, LLC	1,818,181	20,000,000
Wyandanch Partners, LP	145,454	1,600,000

Robert N. Wilson is one of our directors. The purchase price per share was the fair market value as determined by arms-length negotiations between sophisticated investors and Synta's management and board of directors, based on factors such as our stage of development and valuations of similarly situated private biopharmaceutical companies.

In November 2004, we issued an aggregate of 5,818,191 shares of our common stock to 76 investors at a purchase price of $13.75 per share, including an aggregate of 2,263,013 shares to the following directors, officers, and beneficial owners of more than five percent of our voting securities, and their affiliates:

Name	Number of Shares of Common Stock	Aggregate Purchase Price
LAJ Holdings LLC	72,727	$ 1,000,000
Robert N. Wilson	181,818	2,500,000
Bruce Kovner	17,540	241,180
CxSynta, LLC	1,717,005	23,608,820
Wyandanch Partners, LP	273,923	3,766,445

Lin-Huey Chen, the spouse of Dr. Chen, is the managing member of LAJ Holdings LLC. The purchase price per share was the fair market value as determined by arms-length negotiations between sophisticated investors and Synta's management and board of directors, based on factors such as our stage of development and valuations of similarly situated private biopharmaceutical companies.

Issuance of Restricted Stock to Employees

On December 21, 2004, we granted an aggregate of 530,901 shares of restricted common stock to certain officers and key employees at a purchase price of $0.000275 per share as a reward for their service and as a long-term incentive, including an aggregate of 356,359 shares to the following officers:

Name of Holder	Number of Registrable Shares
Safi R. Bahcall, Ph.D.	72,727
Keizo Koya, Ph.D.	58,181
John A. McCarthy, Jr.	36,363
Matthew L. Sherman, M.D.	58,181
James G. Barsoum, Ph.D.	58,181
Keith S. Ehrlich	36,363
Wendy E. Rieder, Esq.	36,363

These restricted shares of common stock are subject to repurchase by us at a repurchase price of $0.000275 per share if the officer is no longer employed by us. This right of repurchase lapses as to 50% of the shares on January 4, 2007 and the remaining 50% on the earlier of January 4, 2009 or the date the FDA approves an NDA for one of our drug candidates. The fair value of the common stock issued was determined to be $15.125 per share.

Acquisition of Principia Associates, Inc. and SBR Pharmaceuticals Corp.

In September 2002, we acquired Principia Associates, Inc. and its subsidiary SBR Pharmaceuticals Corp. In this transaction, Principia became a wholly owned subsidiary of Synta as we acquired all of the outstanding capital stock of Principia in exchange for an aggregate of 1,796,182 shares of our common stock and warrants to purchase an aggregate of 348,772 shares of our common stock at a purchase price of $1.375 per share. The consideration paid in this transaction was determined through negotiations between the shareholders of Principia and the management and independent directors of Synta, based on factors such as the early stage potential of the compounds under development, the assets acquired, and the price paid by Principia to acquire SBR Pharmaceuticals Corp. in July 2002. CxSynta, LLC and Mr. Gollust owned a majority of the outstanding shares of Principia and received the following consideration in exchange for their Principia shares in this transaction:

Principia Shareholders	Principia Shares	Synta Shares Issued	Warrants Issued
CxSynta, LLC	500,000	690,839	209,264
Keith R. Gollust	300,000	414,503	41,852
Total:	800,000	1,105,342	251,116

Prior to this transaction, in July of 2002, Principia had acquired 98.8% of the outstanding capital stock of SBR Pharmaceuticals Corp., formerly Shionogi BioResearch Corp., at a purchase price of $0.3267973 per share, for an aggregate purchase price of approximately $12.2 million. Dr. Chen and affiliates of Dr. Chen were shareholders of Shionogi and received the following consideration in the transaction:

Shionogi Shareholders	Shionogi Shares	Aggregate Purchase Price
Lan Bo Chen, Ph.D.	1,140,000	$ 372,549
Lin-Huey Chen	4,800,000	1,568,627
Lan Bo Chen and Lin-Huey Chen Irrevocable Trust dated 12/29/95	860,000	281,046

The Lan Bo Chen and Lin-Huey Chen Irrevocable Trust is for the benefit of Dr. Chen, his spouse and family.

In addition, in August and September 2002, we loaned a total of $1.0 million to SBR Pharmaceuticals Corp. pursuant to two promissory notes with fixed interest rates of 7%. These notes were due on December 31, 2002 but were forgiven in connection with our acquisition of Principia described above. In December 2002, we paid the liability for the remaining 1.2% of the outstanding capital stock of SBR Pharmaceuticals, and Principia and SBR were merged with Principia as the surviving corporation, which was renamed SBR Pharmaceuticals Corp. We then merged this wholly owned subsidiary with and into Synta. We believe that the transactions described above were entered into on terms no less favorable to us than we could have obtained from unrelated third parties.

Acquisition of Diagon Genetics, Inc.

In December of 2002, we acquired Diagon Genetics, Inc. through the merger of Diagon with and into our wholly owned merger subsidiary, DGN Genetics Acquisition Corp., for consideration of approximately $13.5 million, consisting of 1,143,946 shares of our common stock at a per share value of $7.455 and $5.0 million in cash. Dr. Bahcall, Dr. Chen, the Ann Chen Trust and the Jane Chen Trust, owned all of the outstanding capital stock of Diagon and received the following consideration in exchange for their Diagon shares in this transaction:

Shareholder	Diagon Shares	Synta Shares Issued	Cash Paid
Safi R. Bahcall, Ph.D.	1,009	446,400	$ 1,222,220
Lan Bo Chen, Ph.D.	838	—	3,777,780
Ann Chen Trust, and Jane Chen Trust, Lin-Huey Chen co-trustee	1,153	697,546	—
Total:	3,000	1,143,946	$ 5,000,000

The Ann Chen Trust and Jane Chen Trust are for the benefit of Dr. Chen's daughters. Dr. Bahcall was also a member of the board of directors, the President and the Secretary of Diagon, and Dr. Chen was also a member of the board of directors of Diagon. The consideration paid in this transaction was determined through negotiation between the shareholders of Diagon and the management and independent directors of Synta, based on factors such as the value of intellectual property and technologies to be acquired and an assessment of potential future cash flows from products that could be developed using the technologies acquired, and the valuations of similarly situated privately held biopharmaceutical companies. In December 2002, the wholly owned subsidiary resulting from this transaction was merged with and into Synta. We believe this transaction was entered into on terms no less favorable to us than we could have obtained from unrelated third parties.

Acquisition of the Assets of Cancer Genomics, Inc., Kava Pharmaceuticals, Inc., and SinglePixel Biomedical, Inc.

In January of 2004, we acquired substantially all of the assets of each of Cancer Genomics, Inc., Kava Pharmaceuticals, Inc., and SinglePixel Biomedical, Inc. in a single transaction for consideration of approximately $2.2 million, consisting of 201,216 shares of our common stock, apportioned 25% to Cancer Genomics, 50% to Kava Pharmaceuticals, and 25% to SinglePixel Biomedical, at a per share value of $11.00 and the assumption of SinglePixel Biomedical, Inc.'s responsibilities under a Dana-Farber Cancer Institute license agreement. In addition, we are required to make cash payments to Kava Pharmaceuticals and SinglePixel Biomedical, respectively, if certain milestones regarding such company's technology are achieved. Further, if commercialization is achieved from products or services covered by a Cancer Genomics or Kava Pharmaceuticals patent we may owe royalties on the gross revenue achieved by such a product.

Pursuant to the Asset Purchase Agreement the shareholders of Kava Pharmaceuticals have an option to repurchase the technology and intellectual property for $750,000 if within 30 months following the sale we have not instituted clinical trials. We have not instituted clinical trials to date and cannot predict whether we will do so in the future. The Kava Pharmaceuticals technology is unrelated to our current clinical programs or our programs in development. Dr. Chen and his affiliates hold a non-voting membership interest in an unrelated entity CMAC, LLC, that is the majority stockholder of these three companies. Dr. Chen and his affiliates own substantially all of an entity, Three L Enterprises, that was a greater than 10% stockholder in Cancer Genomics, Inc., and SinglePixel Biomedical, Inc. The consideration paid in, and the terms of, this transaction were determined through negotiation between the shareholders of these entities and the management and independent directors of Synta, based on factors such as the value of intellectual property and technologies to be acquired and an assessment of potential future cash flows from products that could be developed using the technologies acquired, and the valuations of similarly situated privately held biopharmaceutical companies. We believe this transaction was entered into on terms no less favorable to us than we could have obtained from unrelated third parties.

License Agreement with SBR

In April 2002, we entered into an exclusive license agreement with SBR for certain small molecule technology and know-how. Pursuant to this license, we paid SBR an initial fee of $1.0 million, and were obligated to make milestone payments and pay royalties. At the time of this transaction, Dr. Chen and his affiliates were significant shareholders of SBR as described above. This agreement was terminated in connection with our acquisition of Principia described above. We believe this transaction was entered into on terms no less favorable to us than we could have obtained from unrelated third parties.

Sublease with Affiliated Entities of Dr. Lan Bo Chen

In October 2001, we entered into an arrangement to sublet office space from Munchi BioTherapeutics Corp., formerly known as Asiana Pharmaceuticals Corporation, an entity affiliated with and controlled by Dr. Chen. Three L Enterprises is the sole stockholder of this entity. Under the terms of this oral arrangement, we pay the monthly lease fees payable pursuant to the underlying lease, and we are obligated to pay the lease fees through the termination of the lease on May 30, 2009. In the alternative, we may find another tenant to sublet the space, but we are obligated to pay any difference between the monthly rent paid by the other tenant and the amount owed under the lease. Pursuant to this arrangement, we paid a total of approximately $14,000, $174,000, $194,000, and $213,000 in 2001, 2002, 2003, and 2004, respectively. We are engaged in final negotiations regarding the assignment of the lease to us. We believe this transaction was entered into on terms no less favorable than we could have obtained from unrelated third parties.

Consulting Agreement with Dr. Lan Bo Chen

In 2002, we entered into an oral consulting agreement with Dr. Chen pursuant to which Dr. Chen provided consulting services as mutually determined by us and Dr. Chen from time to time. This consulting agreement had no definitive term. Under the terms of the agreement, we provided compensation to Dr. Chen of $25,000 per month. Dr. Chen was paid $75,000, $300,000 and $300,000 in 2002, 2003 and 2004, respectively, under this arrangement. In April 2005, we entered into a written consulting agreement with Dr. Chen pursuant to which he has agreed to provide consulting services to us and to serve as the chairman and/or a member of our scientific advisory board. This written agreement supercedes the aforementioned oral agreement. Under the terms of this agreement, we pay Dr. Chen $25,000 per month for these services. This written agreement has no definitive term and may be terminated by us or Dr. Chen upon 15 days advance written notice. The agreement also contains a one-year post termination non-competition and non-solicitation provision.

Agreement and Release with Dr. Lan Bo Chen

In January 2005, we entered into an Agreement and Release with Dr. Chen whereby we resolved all outstanding matters regarding various oral understandings and arrangements between Dr. Chen and Synta, including arrangements relating to (1) the assignment by Dr. Chen of the benefit of his interests resulting from our acquisition of the assets of Cancer Genomics, Inc., Kava Pharmaceuticals, Inc., and SinglePixel Biomedical, Inc., (2) Dr. Chen's assignment of inventions, non-competition, non-solicitation and confidentiality agreements with us, and (3) a general release by Dr. Chen of any and all claims that Dr. Chen may have had against us. Pursuant to this agreement we will pay Dr. Chen $500,000 payable in $25,000 installments quarterly for five years.

Investor Rights Agreement

Upon completion of this offering, pursuant to an Amended and Restated Investor Rights Agreement dated December 31, 2002 by and among Synta and certain stockholders, as amended on January 11, 2005, the holders of 12,470,297 shares of our common stock and 370,453 shares of our common stock issuable upon the exercise of options, are entitled to registration rights with respect to the shares of common stock held by them. These rights are provided under the terms of an investor rights agreement, as amended, between us and these shareholders. These shareholders include the following directors, beneficial owners of more than five percent of our voting securities, and their affiliates:

Name of Holder	Number of Registrable Shares
CxSynta, LLC	8,830,645
Gollust Trust II	72,727
Wyandanch Partners, LP	1,331,659
Keith R. Gollust(1)	334,082
Bruce Kovner(2)	200,678
Total:	10,769,791

(1) Consists of 43,174 shares of common stock and 290,908 shares of common stock issuable upon the exercise of options.

(2) Consists of 121,133 shares of common stock and 79,545 shares of common stock issuable upon the exercise of options.

See "Description of Capital Stock — Registration Rights" for a more detailed description of these registration rights. Other than the registration rights set forth above, there are no provisions of the Amended and Restated Investor Rights Agreement, as amended, that will remain in effect after completion of this offering.

Indemnification Arrangements

Our restated certificate of incorporation and restated bylaws to be effective upon completion of this offering provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. In addition, we expect to enter into indemnification agreements with each of our directors and executive officers prior to completion of the offering. See "Management — Limitation of Officers' and Directors' Liability and Indemnification" for a more detailed description of these indemnification arrangements.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 15, 2005, and as adjusted to reflect the sale of our common stock offered by this prospectus by:

- the executive officers named in the summary compensation table;
- each of our directors;
- all of our current directors and executive officers as a group; and
- each stockholder known by us to own beneficially more than five percent of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Shares of common stock that may be acquired by an individual or group within 60 days of April 15, 2005, pursuant to the exercise of options or warrants, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Percentage of ownership is based on 32,903,233 shares of common stock outstanding on April 15, 2005 and 38,903,233 shares of common stock outstanding after the completion of this offering.

Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, based on information provided to us by such stockholders. Unless otherwise indicated, the address for each director and executive officer listed is: c/o Synta Pharmaceuticals Corp., 45 Hartwell Avenue, Lexington, Massachusetts 02421.

		Percentage of Common Stock Beneficially Owned	
Beneficial Owner	**Number of Shares Beneficially Owned**	**Before Offering**	**After Offering**
Directors and Executive Officers			
Safi R. Bahcall, Ph.D.(1)	3,259,126	9.9%	8.4%
Keizo Koya, Ph.D.(2)	267,270	*	*
Matthew L. Sherman, M.D.(3)	97,953	*	*
James G. Barsoum, Ph.D.(4)	117,271	*	*
Keith S. Ehrlich(5)	55,492	*	*
Keith R. Gollust(6)	1,654,376	5.0	4.2
Lan Bo Chen, Ph.D.(7)	5,036,936	15.3	12.9
Bruce Kovner(8)	8,974,506	27.3	23.1
William S. Reardon, C.P.A.(9)	661	*	*
Robert N. Wilson(10)	313,820	*	*
All current executive officers and directors as a group (13 persons)(11)	19,942,863	59.4	50.4
Five Percent Stockholders			
CxSynta LLC c/o Caxton Corporation Princeton Plaza, Building 2 731 Alexander Road Princeton, NJ 08540(12)	8,830,645	26.8	22.7
Lin-Huey Chen 184 East Emerson Road Lexington, MA 02420(13)	5,036,936	15.3	12.9

* Represents beneficial ownership of less than 1% of the shares of Common Stock.

(1) Represents shares of common stock owned of record by Dr. Bahcall. The amount excludes an aggregate of 159,999 shares of common stock of which 21,818 shares are owned of record by the Safi R. Bahcall Irrevocable Trust, the trustee of which is Dr. Bahcall's mother and of which Dr. Bahcall is the beneficiary; 94,545 shares are owned of record by the Neta Bahcall Grantor Retained Annuity Trust, the trustee of which is Dr. Bahcall's father and of which Dr. Bahcall is a beneficiary; 21,818 shares owned of record by the Dan O. Bahcall Irrevocable Trust, the trustee of which is Dr. Bahcall's mother and of which Dr. Bahcall's brother is the beneficiary; and 21,818 shares are owned of record by the Orli G. Bahcall Irrevocable Trust, the trustee of which is Dr. Bahcall's mother and of which Dr. Bahcall's sister is the beneficiary. Dr. Bahcall disclaims beneficial ownership of the shares held by these trusts.

(2) Consists of 58,181 shares of common stock owned of record by and 209,089 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by Dr. Koya.

(3) Consists of 58,181 shares of common stock owned of record by and 39,772 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by Dr. Sherman.

(4) Consists of 58,181 shares of common stock owned of record by and 59,090 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by Dr. Barsoum.

(5) Consists of 36,363 shares of common stock owned of record by and 19,129 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by Mr. Ehrlich.

(6) Consists of 43,174 shares of common stock owned of record by and 206,816 shares of common stock issuable upon the exercise of options exercisable within 60 days of Aprl 15, 2005 held by Mr. Gollust; 72,727 shares of common stock owned of record by the Gollust Trust II, a trust established for the benefit of Mr. Gollust's minor children; and 1,331,659 shares of common stock owned of record by Wyandanch Partners, L.P. Mr. Gollust is president and sole stockholder of Gollust Management, Inc., which is the general partner of Wyandanch Partners, L.P.

(7) Consists of 997,626 shares of common stock owned of record by Dr. Chen; 181,818 shares of common stock owned of record by the Lan Bo Chen 2004 GRAT; 206,870 shares of common stock owned of record by LAJ Holdings LLC, the manager of which is Dr. Chen's spouse; 2,914,933 shares of common stock owned of record by the Wisteria Trust, the trustee of which is Dr. Chen's spouse; 351,682 shares of common stock owned of record by the Ann Chen Trust, a co-trustee of which is Dr. Chen's spouse; 351,682 shares of common stock owned of record by the Jane Chen Trust, a co-trustee of which is Dr. Chen's spouse; 13,635 shares of common stock owned of record by the Chen Grandchildren's Trust, a co-trustee of which is Dr. Chen's spouse; 7,636 shares of common stock owned of record by the Alexander Chen Wu 2002 Irrevocable Trust, a co-trustee of which is Dr. Chen's spouse; an aggregate of 9,454 shares of common stock owned of record by Dr. Chen's two daughters; and 1,600 shares of common stock owned of record by the Allison Chen Wu 2004 Irrevocable Trust, a co-trustee of which is Dr. Chen's spouse. See note 13.

(8) Consists of 121,133 shares of common stock owned of record by and 22,728 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by Mr. Kovner; and 8,830,645 shares of common stock owned of record by CxSynta LLC. Caxton Corporation is the managing member of CxSynta LLC and Bruce Kovner is the chairman of Caxton Corporation. See note 12.

(9) Represents shares of common stock owned of record by Mr. Reardon.

(10) Consists of 274,048 shares of common stock owned of record by and 39,772 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by Mr. Wilson.

(11) Consists of the shares of common stock set forth in footnotes 1 through 10 and 72,726 shares of common stock owned of record by, and 92,726 shares of common stock issuable upon the exercise of options exercisable within 60 days of April 15, 2005 held by, two executive officers not named in the table.

(12) Represents 8,830,645 shares of common stock owned of record by CxSynta LLC. Caxton Corporation is the managing member of CxSynta LLC and Bruce Kovner is the chairman of Caxton Corporation. See note 8.

(13) Consists of 997,626 shares of common stock owned of record by Ms. Chen's spouse, Dr. Chen; 181,818 shares of common stock owned of record by the Lan Bo Chen 2004 GRAT, the granter of which is Ms. Chen's spouse; 206,870 shares of common stock owned of record by LAJ Holdings LLC, of which Ms. Chen is the manager; 2,914,933 shares of common stock owned of record by the Wisteria Trust, of which Ms. Chen is the trustee; 351,682 shares of common stock owned of record by the Ann Chen Trust, of which Ms. Chen is a co-trustee; 351,682 shares of common stock owned of record by the Jane Chen Trust, of which Ms. Chen is a co-trustee; 13,635 shares of common stock owned of record by the Chen Grandchildren's Trust, of which Ms. Chen is a co-trustee; 7,636 shares of common stock owned of record by the Alexander Chen Wu 2002 Irrevocable Trust, of which Ms. Chen is a co-trustee; an aggregate of 9,454 shares of common stock owned of record by Ms. Chen's two daughters; and 1,600 shares of common stock owned of record by the Allison Chen Wu 2004 Irrevocable Trust, of which Ms. Chen is a co-trustee. See note 7.

DESCRIPTION OF CAPITAL STOCK

Upon completion of this offering, we will be authorized to issue 100,000,000 shares of common stock, $0.0001 par value per share, and 5,000,000 shares of preferred stock, $0.0001 par value per share, and there will be 38,903,233 shares of common stock and no shares of preferred stock outstanding. As of April 15, 2005, we had 32,903,233 shares of common stock outstanding held of record by 168 stockholders, and there were outstanding options to purchase 4,463,326 shares of common stock.

Common Stock

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, and do not have cumulative voting rights. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for dividend payments. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon completion of this offering will be fully paid and nonassessable. The holders of common stock have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any liquidation, dissolution or winding-up of our affairs, holders of common stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of preferred stock, if any.

Preferred Stock

Preferred stock, if issued, would have priority over the common stock with respect to dividends and other distributions, including the distribution of assets upon liquidation. Our board of directors has the authority, without further stockholder authorization, to issue from time to time shares of preferred stock in one or more series and to fix the terms, limitations, relative rights and preferences, and variations of each series. Although we have no present plans to issue any shares of preferred stock, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could decrease the amount of earnings and assets available for distribution to the holders of common stock, could adversely affect the rights and powers, including voting rights, of the common stock, and could have the effect of delaying, deterring, or preventing a change in control of us or an unsolicited acquisition proposal.

Registration Rights

The holders of 12,470,297 shares of our common stock and 370,453 shares of our common stock issuable upon the exercise of options are entitled to certain registration rights with respect to these securities as set forth in an agreement between us and the holders of these securities. We are generally required to pay all expenses incurred in connection with registrations effected in connection with the following rights, excluding underwriting discounts and commissions, and fees and expenses of counsel to the registering security holders.

Demand Rights. Beginning upon the expiration of the lock-up agreements entered into by the holders of these registrable securities in connection with this offering, as described below in the section entitled "Shares Eligible for Future Sale — Lock-Up Agreements," subject to specified limitations, the holders of not less than 60% of these registrable securities may require that we register all or a portion of these securities for sale under the Securities Act, if the anticipated aggregate offering price of such securities is at least $15,000,000. We may be required to effect up to two such registrations. Stockholders with these registration rights who are not part of an initial registration demand are entitled to notice and are entitled to include their shares of common stock in the registration.

Piggyback Rights. If at any time after the expiration of the lock-up agreements entered into by the holders of these registrable securities in connection with this offering, we propose to register any of our equity securities under the Securities Act, other than in connection with:

- a registration relating solely to our stock option plans or other employee benefit plans, or
- a registration relating solely to a business combination or merger involving us,

the holders of these registrable securities are entitled to notice of such registration and are entitled to include their shares of common stock in the registration. Under certain circumstances, the underwriters, if any, may limit the number of shares included in any such registration.

Form S-3 Rights. If we become eligible to file registration statements on Form S-3, subject to specified limitations, a holder of these registrable securities can require us to register all or a portion of its registrable securities on Form S-3, if the anticipated aggregate offering price of such securities is at least $10,000,000. We may not be required to effect more than two such registrations in any rolling 12-month period. Stockholders with these registration rights who are not part of an initial registration demand are entitled to notice and are entitled to include their shares of common stock in the registration.

Anti-Takeover Provisions

The provisions of (1) Delaware law, (2) our restated certificate of incorporation to be effective upon completion of this offering, and (3) our restated bylaws to be effective upon completion of this offering discussed below could discourage or make it more difficult to accomplish a proxy contest or other change in our management or the acquisition of control by a holder of a substantial amount of our voting stock. It is possible that these provisions could make it more difficult to accomplish, or could deter, transactions that stockholders may otherwise consider to be in their best interests or the best interests of the company. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control of us. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. Such provisions also may have the effect of preventing changes in our management.

Delaware Statutory Business Combinations Provision. We are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporations Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. For purposes of Section 203, a "business combination" is defined broadly to include a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and, subject to certain exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns (or within three years prior, did own) 15% or more of the corporation's voting stock.

Classified Board of Directors; Removal of Directors for Cause. Our restated certificate of incorporation and restated bylaws provide that upon completion of this offering, our board of directors will be divided into three classes, with the term of office of the first class to expire at the first annual meeting of stockholders following the initial classification of directors, the term of office of the second class to expire at the second annual meeting of stockholders following the initial classification of directors, and the term of office of the third class to expire at the third annual meeting of stockholders following the initial classification of directors. At each annual meeting of stockholders, directors elected to succeed those directors whose terms expire will be elected for a three-year term of office. All directors elected to our classified board of directors will serve until the election and qualification of their respective successors or

their earlier resignation or removal. The board of directors is authorized to create new directorships and to fill such positions so created and is permitted to specify the class to which any such new position is assigned. The person filling such position would serve for the term applicable to that class. The board of directors (or its remaining members, even if less than a quorum) is also empowered to fill vacancies on the board of directors occurring for any reason for the remainder of the term of the class of directors in which the vacancy occurred. Members of the board of directors may only be removed for cause and only by the affirmative vote of 80% of our outstanding voting stock. These provisions are likely to increase the time required for stockholders to change the composition of the board of directors. For example, in general, at least two annual meetings will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

Advance Notice Provisions for Stockholder Proposals and Stockholder Nominations of Directors. Our restated bylaws provide that, for nominations to the board of directors or for other business to be properly brought by a stockholder before a meeting of stockholders, the stockholder must first have given timely notice of the proposal in writing to our Secretary. For an annual meeting, a stockholder's notice generally must be delivered not less than 45 days nor more than 75 days prior to the anniversary of the mailing date of the proxy statement for the previous year's annual meeting. Detailed requirements as to the form of the notice and information required in the notice are specified in the restated bylaws. If it is determined that business was not properly brought before a meeting in accordance with our bylaws, such business will not be conducted at the meeting.

Special Meetings of Stockholders. Special meetings of the stockholders may be called only by our board of directors pursuant to a resolution adopted by a majority of the total number of directors.

No Stockholder Action by Written Consent. Our restated certificate of incorporation and restated bylaws do not permit our stockholders to act by written consent. As a result, any action to be effected by our stockholders must be effected at a duly called annual or special meeting of the stockholders.

Super-Majority Stockholder Vote Required for Certain Actions. The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless the corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our restated certificate of incorporation requires the affirmative vote of the holders of at least 80% of our outstanding voting stock to amend or repeal any of the provisions discussed in this section of this prospectus entitled "Anti-Takeover Provisions." This 80% stockholder vote would be in addition to any separate class vote that might in the future be required pursuant to the terms of any preferred stock that might then be outstanding. In addition, an 80% vote is also required for any amendment to, or repeal of, our restated bylaws by the stockholders. Our restated bylaws may be amended or repealed by a vote of a majority of the total number of directors.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock will be EquiServe Trust Company.

Listing

We have applied to list our common stock on the Nasdaq National Market under the symbol "SNTA."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. Future sales of substantial amounts of our common stock in the public market could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have 38,903,233 shares of common stock outstanding, assuming no exercise of any outstanding options outstanding. Of these shares, the 6,000,000 shares sold in this offering will be freely transferable without restriction or registration under the Securities Act, except for any shares purchased by one of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining 32,903,233 shares of common stock are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 of the Securities Act, as described below. As a result of the contractual 180-day lock-up period described below and the provisions of Rules 144 and 701, these shares will be available for sale into the public market as follows:

Number of Shares	Date Available for Sale Into the Public Market
36,358	On the date of this prospectus.
26,827,404	After 180 days* from the date of this prospectus (subject, in some cases, to volume limitations).
6,039,471	At various times after 180 days* from the date of this prospectus (subject, in some cases, to volume limitations).

* This 180-day period corresponds to the end of the lock-up period described below in "Lock-Up Agreements." This lock-up period may be extended as described below.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after this offering, a person, or persons whose shares are aggregated, who owns shares that were purchased from us, or any affiliate, at least one year previously, is entitled to sell within any three-month period a number of shares that does not exceed the greater of (1) 1% of our then-outstanding shares of common stock, which will equal approximately 389,032 shares immediately after this offering, or (2) the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice of the sale on Form 144. Sales under Rule 144 are also subject to manner of sale provisions, notice requirements, and the availability of current public information about us. We are unable to estimate the number of shares that will be sold under Rule 144 since this will depend on the market price for our common stock, the personal circumstances of the stockholder and other factors.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the three months preceding a sale, and who owns shares within the definition of "restricted securities" under Rule 144 that were purchased from us, or any affiliate, at least two years previously, would be entitled to sell shares under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements described above.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering are entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirements or other restrictions contained in Rule 701.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Securities Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than "affiliates," as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by "affiliates" under Rule 144 without compliance with its one-year minimum holding period requirement.

Registration Rights

Upon completion of this offering, the holders of 12,470,297 shares of our common stock and 370,453 shares of our common stock issuable upon the exercise of options or their transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares held by affiliates.

Stock Options

As of April 15, 2005, there were options outstanding to purchase 4,463,326 shares of common stock, including options to purchase 109,090 shares of common stock granted outside of our stock plans, 460,610 shares of common stock were available for future option grants under our 2001 Stock Plan, which terminates upon the closing of this offering, and 3,500,000 shares of common stock have been reserved for future awards under our 2005 Stock Plan, which becomes effective upon the closing of this offering.

Upon completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering all shares of common stock subject to outstanding options or issuable pursuant to our stock plans. Subject to Rule 144 volume limitations applicable to affiliates, shares registered under any registration statements will be available for sale in the open market, except to the extent that the shares are subject to vesting restrictions with us or the contractual restrictions described below.

Lock-Up Agreements

The holders of substantially all of our currently outstanding stock have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters and subject to the exceptions described in the section entitled "Underwriters" in this prospectus, they will not, during the period ending 180 days after the date of this prospectus, subject to a possible extension as described below:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise. Morgan Stanley does not have any pre-established conditions to waiving the terms of the lock-up agreements. Any determination to release any shares subject to the lock-up agreements would be based on a number of factors at the time of determination, including but not necessarily limited to the market price of the common stock, the liquidity of the trading market for the common stock, general market conditions, the number of shares proposed to be sold and the timing, purpose and terms of the proposed sale.

The lock-up agreements also provide that, if we issue an earnings release or if material news or a material event relating to our company occurs during the last 17 days of the 180-day restricted period or if prior to the expiration of the 180-day restricted period we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restricted period will continue for the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, Lehman Brothers Inc., and Lazard Frères & Co. LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated	
Lehman Brothers Inc.	
Lazard Frères & Co. LLC	
Total	

The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of specified legal matters by their counsel and to other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share under the public offering price. No underwriter may allow, and no dealer may reallow, any concession to other underwriters or to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of 900,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be $, the total underwriters' discounts and commissions would be $ and the total proceeds to us would be $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

We and all of our directors and officers and holders of substantially all of our outstanding stock have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares of our common stock,

whether any transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise.

The 180-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release or material news or a material event relating to our company occurs; or

- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period,

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

These restrictions do not apply to:

- the sale of shares to the underwriters;

- the issuance by us of shares of our common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;

- the issuance by us of shares or options to purchase shares of our common stock pursuant to our stock plans, provided that the recipient of the shares agrees to be subject to the restrictions described above;

- transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares, provided that no filing by any party under the Exchange Act will be required or will be voluntarily made in connection with subsequent sales of common stock or other securities acquired in such open market transactions;

- transfers of shares or securities convertible into shares as a gift or charitable contribution, or by will or intestacy;

- transfers of shares or securities convertible into shares to any trust the sole beneficiaries of which are the transferee or a member of the immediate family of the transferee; or

- transfers or securities convertible into shares to certain entities or persons affiliated with the stockholder;

provided that in the case of each of the last three transactions, each donee, distributee, transferee, and recipient agrees to be subject to the restrictions described in the immediately preceding paragraph, no filing under Section 16 of the Securities Exchange Act of 1934, as amended, is required in connection with these transactions, other than a filing on a Form 5 made after the expiration of the 180-day period, and no transaction includes a disposition for value.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of our common stock.

	Paid by Synta Pharmaceuticals	
	No Exercise	Full Exercise
Per share	$	$
Total	$	$

In addition, we estimate that the expenses of this offering payable by us, other than underwriting discounts and commissions, will be $.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of the common stock, the underwriters may bid for, and purchase, shares of common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in this offering, if the syndicate repurchases previously distributed common stock in transactions to cover syndicate short positions or to stabilize the price of the common stock. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

We have applied for quotation of our common stock on the Nasdaq National Market under the symbol "SNTA."

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

Pricing of the Offering

Prior to the offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares will be our future prospects and those of our industry in general, our sales, earnings, and other financial operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the issuance of the common stock offered by us in this offering will be passed upon for us by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. Ropes & Gray LLP, Boston, Massachusetts, has acted as counsel for the underwriters in connection with certain legal matters related to this offering.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of Synta Pharmaceuticals Corp. as of December 31, 2003 and 2004, and for each of the years in the three-year period ended December 31, 2004 and for the period from inception (March 10, 2000) through December 31, 2004, the consolidated financial statements of Principia Associates, Inc. as of September 20, 2002 and for the period from inception (June 17, 2002) through September 20, 2002, and the financial statements of SBR Pharmaceuticals Corp. as of July 31, 2002 and for the seven months ended July 31, 2002, have been included herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered by this prospectus. This prospectus, which is part of the registration statement, omits certain information, exhibits, schedules, and undertakings set forth in the registration statement. For further information pertaining to us and our common stock, reference is made to the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents or provisions of any documents referred to in this prospectus are not necessarily complete, and in each instance where a copy of the document has been filed as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the matters involved.

You may read and copy all or any portion of the registration statement without charge at the public reference room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the registration statement may be obtained from the SEC at prescribed rates from the public reference room of the SEC at such address. You may obtain information regarding the operation of the public reference room by calling 1-800-SEC-0330. In addition, registration statements and certain other filings made with the SEC electronically are publicly available through the SEC's web site at http://www.sec.gov. The registration statement, including all exhibits and amendments to the registration statement, has been filed electronically with the SEC.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act and, accordingly, will file annual reports containing financial statements audited by an independent public accounting firm, quarterly reports containing unaudited financial data, current reports, proxy statements and other information with the SEC. You will be able to inspect and copy such periodic reports, proxy statements, and other information at the SEC's public reference room, and the web site of the SEC referred to above.

INDEX TO FINANCIAL STATEMENTS

SYNTA PHARMACEUTICALS CORP.
(A Development-Stage Company)

Report of Independent Registered Public Accounting Firm

The Board of Directors
Synta Pharmaceuticals Corp.:

We have audited the accompanying consolidated balance sheets of Synta Pharmaceuticals Corp. (the Company), a development-stage company, as of December 31, 2003 and 2004, and the related consolidated statements of operations, stockholders' equity (deficit) and comprehensive loss, and cash flows for each of the years in the three-year period ended December 31, 2004 and the period from inception (March 10, 2000) through December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Synta Pharmaceuticals Corp. as of December 31, 2003 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, and the period from inception (March 10, 2000) through December 31, 2004, in conformity with United States generally accepted accounting principles.

/s/ KPMG LLP

Boston, Massachusetts
February 4, 2005, except as to note 15,
which is as of April 14, 2005

SYNTA PHARMACEUTICALS CORP.
(A Development-Stage Company)

Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	December 31	
	2003	2004
Assets		
Current assets:		
Cash and cash equivalents	$ 36,062	$ 42,736
Restricted cash	345	457
Marketable securities available-for-sale	40,164	82,232
Prepaid expenses and other current assets	489	597
Total current assets	77,060	126,022
Property and equipment, net	3,245	4,797
Deferred offering costs	—	1,085
Other assets	82	115
Total assets	$ 80,387	$ 132,019
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 209	$ 2,885
Accrued expenses	2,942	8,996
Capital lease obligations—current	—	537
Deferred revenue	345	457
Total current liabilities	3,496	12,875
Capital lease obligations—long-term	—	1,188
Total liabilities	3,496	14,063
Commitments and contingencies (notes 11 and 15)		
Stockholders' equity		
Common stock, par value $0.0001 per share. Authorized 150,000,000 shares; 25,889,022 shares issued and outstanding and 45,455 subscribed shares at December 31, 2003 and 32,801,068 shares issued and outstanding at December 31, 2004	3	3
Additional paid-in capital	144,153	238,929
Deferred compensation	(2,307)	(10,435)
Stock subscription receivable	(500)	—
Accumulated other comprehensive income (loss)	33	(116)
Deficit accumulated during the development stage	(64,491)	(110,425)
Total stockholders' equity	76,891	117,956
Total liabilities and stockholders' equity	$ 80,387	$ 132,019

See accompanying notes to consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.
(A Development-Stage Company)

Consolidated Statements of Operations

(in thousands, except share and per share amounts)

	Years ended December 31			Period from inception (March 10, 2000) through December 31, 2004
	2002	2003	2004	
Research grant revenue	$ —	$ 1,304	$ 173	$ 1,477
Operating expenses:				
Research and development	7,292	24,337	38,136	70,042
In-process research and development	18,088	—	1,583	19,671
General and administrative	1,569	5,261	7,383	14,415
Other compensation expense(1)	9,315	—	—	9,315
Total operating expenses	36,264	29,598	47,102	113,443
Loss from operations	(36,264)	(28,294)	(46,929)	(111,966)
Other income:				
Investment income, net	110	416	995	1,541
Net loss	$ (36,154)	$ (27,878)	$ (45,934)	$ (110,425)
Basic and diluted weighted average common shares outstanding	12,041,660	21,853,163	27,205,672	
Basic and diluted net loss per common share	$ (3.00)	$ (1.28)	$ (1.69)	

(1) Excluded from general and administrative expense.

See accompanying notes to consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.
(A Development-Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Loss
(in thousands, except share amounts)

	Common stock								
	Shares	Amount	Additional paid-in capital	Deferred compensation	Stock subscription receivable	Accumulated other comprehensive income (loss)	Deficit accumulated during the development stage	Total stockholders' equity (deficit)	Comprehensive loss
Balance at inception	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$
Net loss	—	—	—	—	—	—	(78)	(78)	(78)
Balance at December 31, 2000	—	—	—	—	—	—	(78)	(78)	$ (78)
Issuance of common shares to founders	7,418,180	1	1	—	—	—	—	2	
Issuance of common shares	2,472,729	—	3,400	—	(225)	—	—	3,175	
Issuance and remeasurement of stock options for services	—	—	120	(120)	—	—	—	—	
Compensation expense related to stock options for services	—	—	—	26	—	—	—	26	
Net loss	—	—	—	—	—	—	(381)	(381)	(381)
Balance at December 31, 2001	9,890,909	1	3,521	(94)	(225)	—	(459)	2,744	$ (381)
Issuance of common shares	5,182,631	1	38,634	—	—	—	—	38,635	
Issuance of common stock and warrants for Principia	1,796,182	—	15,860	—	—	—	—	15,860	
Proceeds from stock subscription	—	—	—	—	225	—	—	225	
Issuance of common stock for licenses	139,798	—	1,042	—	—	—	—	1,042	
Issuance of common stock for Diagon	1,143,946	—	8,525	—	—	—	—	8,525	
Issuance and remeasurement of stock options for services	—	—	851	(851)	—	—	—	—	
Compensation expense related to stock options for services	—	—	—	274	—	—	—	274	
Net loss	—	—	—	—	—	—	(36,154)	(36,154)	(36,154)
Balance at December 31, 2002	18,153,466	2	68,433	(671)	—	—	(36,613)	31,151	$ (36,154)
Issuance of common shares, net	7,442,646	1	70,479	—	—	—	—	70,480	
Amount due from stock subscription	—	—	500	—	(500)	—	—	—	
Issuance of common stock for licenses	26,828	—	200	—	—	—	—	200	
Exercise of stock warrants	209,264	—	288	—	—	—	—	288	
Exercise of stock options	56,818	—	423	—	—	—	—	423	
Modification of employee stock options	—	—	1,289	—	—	—	—	1,289	
Issuance and remeasurement of stock options for services	—	—	2,541	(2,541)	—	—	—	—	
Compensation expense related to stock options for services	—	—	—	905	—	—	—	905	
Unrealized gain on marketable securities	—	—	—	—	—	33	—	33	33
Net loss	—	—	—	—	—	—	(27,878)	(27,878)	(27,878)
Balance at December 31, 2003	25,889,022	3	144,153	(2,307)	(500)	33	(64,491)	76,891	$ (27,845)

See accompanying notes to consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.
(A Development-Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Loss (Continued)
(in thousands, except share amounts)

	Common stock								
	Shares	Amount	Additional paid-in capital	Deferred compensation	Stock subscription receivable	Accumulated other comprehensive income (loss)	Deficit accumulated during the development stage	Total stockholders' equity (deficit)	Comprehensive loss
Issuance of common shares under stock subscription	272,727	$ —	$ 2,493	$ —	$ 500	$ —	$ —	$ 2,993	$
Issuance of common shares, net	5,818,191	—	79,900	—	—	—	—	79,900	
Issuance of common stock in connection with acquisition	201,216	—	2,213	—	—	—	—	2,213	
Issuance of restricted common shares	530,901	—	8,030	(8,030)	—	—	—	—	
Issuance stock options at less than fair value	—	—	471	(471)	—	—	—	—	
Exercise of stock options	47,159	—	352	—	—	—	—	352	
Exercise of stock warrants	41,852	—	58	—	—	—	—	58	
Issuance and remeasurement of stock options for services	—	—	1,259	(1,259)	—	—	—	—	
Compensation expense related to stock options for services	—	—	—	1,331	—	—	—	1,331	
Compensation expense related to issuance of stock options and restricted stock below fair value	—	—	—	301	—	—	—	301	
Unrealized loss on marketable securities	—	—	—	—	—	(149)	—	(149)	(149)
Net loss	—	—	—	—	—	—	(45,934)	(45,934)	(45,934)
Balance at December 31, 2004	32,801,068	$ 3	$ 238,929	$ (10,435)	$ —	$ (116)	$ (110,425)	$ 117,956	$ (46,083)

See accompanying notes to consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.
(A Development-Stage Company)

Consolidated Statements of Cash Flows

(in thousands)

	Years ended December 31			Period from inception (March 10, 2000) through December 31, 2004
	2002	2003	2004	
Cash flows from operating activities:				
Net loss	$ (36,154)	$ (27,878)	$ (45,934)	$ (110,425)
Adjustments to reconcile net loss to net cash used in operating activities:				
In-process research and development	18,088	—	1,583	19,671
Common stock issued for licenses	1,042	200	—	1,242
Other stock-related compensation expense	9,589	2,194	1,632	13,441
Depreciation and amortization	292	1,006	1,547	2,847
Changes in operating assets and liabilities, net of acquisitions:				
Restricted cash	—	(345)	(112)	(457)
Prepaid expenses and other current assets	(53)	(344)	(108)	(337)
Other assets	(27)	13	(33)	(48)
Accounts payable	33	202	2,041	2,305
Accrued expenses	880	995	5,477	7,166
Deferred revenue	—	345	112	457
Net cash used in operating activities	(6,310)	(23,612)	(33,795)	(64,138)
Cash flows from investing activities:				
Cash paid for acquisitions, net of cash acquired	(5,586)	—	—	(5,586)
Advances issued to related parties	(500)	—	—	(1,630)
Purchases of marketable securities	—	(47,916)	(124,711)	(172,627)
Sales and maturities of marketable securities	—	7,785	82,494	90,279
Repayment of advances from related parties	1,000	500	—	1,630
Purchases of property and equipment	(200)	(769)	(1,594)	(2,611)
Net cash used in investing activities	(5,286)	(40,400)	(43,811)	(90,545)
Cash flows from financing activities:				
Proceeds from issuance of common stock and warrants, net	38,860	70,768	82,951	195,756
Proceeds from exercise of stock options	—	424	352	776
Proceeds from sale—leaseback of property and equipment	—	—	1,317	1,317
Payment of capital lease obligation	(20)	(70)	(153)	(243)
Payment of deferred offering costs	—	—	(187)	(187)
Net cash provided by financing activities	38,840	71,122	84,280	197,419
Net increase in cash and cash equivalents	27,244	7,110	6,674	42,736
Cash and cash equivalents at beginning of period	1,708	28,952	36,062	—
Cash and cash equivalents at end of period	$ 28,952	$ 36,062	$ 42,736	$ 42,736
Supplemental disclosure of cash flow information:				
Purchase of equipment under capital lease	—	—	$ 1,878	$ 1,878
Cash paid for interest	—	—	$ 19	$ 19

See accompanying notes to consolidated financial statements.

(1) Nature of Business

Synta Pharmaceuticals Corp. (the Company), formerly Neutra Pharmaceuticals Corp., was incorporated in March 2000 and commenced operations in July 2001. The Company is an emerging pharmaceutical company focusing on discovering, developing, and commercializing novel drugs for inflammatory disease, cancer and diabetes.

The Company is subject to risks common to emerging companies in the drug development and pharmaceutical industry including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, dependence on key personnel, uncertainty of market acceptance of products, product liability, uncertain protection of proprietary technology, potential inability to raise additional financing and compliance with FDA and other government regulations.

(2) Summary of Significant Accounting Policies

Basis of Presentation

Since its inception, the Company has devoted its efforts to research, product development, and securing financing. Although the Company's planned principal operations have commenced, it has not earned significant revenue. Accordingly, the consolidated financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 7, *Accounting and Reporting by Development-Stage Enterprises.*

Principles of Consolidation

The consolidated financial statements include the financial statements of Synta Pharmaceuticals Corp. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Reclassification in the Preparation of Financial Statements

Certain amounts in prior years' consolidated financial statements have been reclassified to conform with the current presentation. These reclassifications had no effect on the Company's reported net loss or financial position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include recoverability of long-lived and deferred tax assets, valuation of acquired in-process research and development, measurement of stock-based compensation, and the fair value of the Company's common stock. The Company bases its estimates on historical experience and various other assumptions that management believes to be reasonable under the circumstances. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include money market funds and marketable securities. The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Changes in cash and cash equivalents may be affected by shifts in investment portfolio maturities, as well as actual cash disbursements.

Marketable Securities

The Company considers its marketable securities available-for-sale in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Marketable securities consist of investments in high-grade corporate, government and government agency obligations that are classified as available-for-sale. Since these securities are available to fund current operations they are classified as current assets on the consolidated balance sheet. Marketable securities are stated at fair value, including accrued interest, with their unrealized gains and losses included as a component of accumulated other comprehensive income (loss), which is a separate component of stockholders' equity, until such gains and losses are realized. The fair value of these securities is based on quoted market prices. If a decline in value is considered other-than-temporary, based on available evidence, the unrealized loss is transferred from other comprehensive income (loss) to the consolidated statement of operations. Realized gains and losses are determined on the specific identification method.

During the year ended December 31, 2004, the Company recorded no realized gains and losses on marketable securities. There were no charges to write down marketable securities in 2004.

Credit Risk and Concentrations

Financial instruments that potentially subject the Company to a concentration of credit risk consist of money market funds and marketable securities. Deposits with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk. Marketable securities consist of investments in high-grade corporate, government and government agency obligations. The Company's policy for investments in marketable securities, approved by the board of directors, establishes guidelines relating to diversification and maturities that allows the Company to manage risk.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, marketable securities, and capital lease obligations, approximate their fair values.

Property and Equipment

Property and equipment is carried at cost and depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Leasehold improvements are amortized over the lesser of the lease term or estimated useful life.

Research and Development Costs

Research and development costs are expensed as incurred in accordance with SFAS No. 2, *Accounting for Research and Development Costs.* Research and development costs are comprised of costs incurred in performing research and development activities, including salaries, benefits, facilities, research-related overhead, clinical trial costs, contracted services, technology acquisition license fees, and other external costs.

Patents

Costs to secure and defend patents are expensed as incurred and are classified as general and administrative expense in the Company's consolidated statements of operations. Patent expenses were approximately $158,000, $628,000, $1,605,000 and $2,391,000 for the years ended December 31, 2002, 2003, 2004, and for the period from inception (March 10, 2000) through December 31, 2004, respectively.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are determined based on differences between financial reporting and income tax basis of assets and liabilities, as well as net operating loss carryforwards, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets may be reduced by a valuation allowance to reflect the uncertainty associated with their ultimate realization.

Impairment of Long-Lived Assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144). In accordance with SFAS 144, management assesses the potential impairments of its long-lived assets whenever events or changes in circumstances indicate that an asset's carrying value may not be recoverable. If the carrying value exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset, the Company writes down the asset to its estimated fair value. Management believes that no long-lived assets were impaired as of December 31, 2003 and 2004.

Revenue Recognition

Revenues to date have been generated by research grant contracts and, accordingly, the Company recognizes revenue in accordance with the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin No. 101, *Revenue Recognition in Financial Statements* (SAB 101), as amended by Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104). Revenues from research contracts are recognized in the period the related services are performed and the reimbursable costs are incurred. The Company is a development-stage enterprise, and no revenues have been derived to date from its principal operations.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements using the intrinsic value method in accordance with Accounting Principles Board Opinion (APB) No. 25, *Accounting for Stock*

Issued to Employees, and complies with the disclosure provisions of SFAS No. 123, *Accounting for Stock-Based Compensation,* as amended by SFAS No. 148*, Accounting for Stock-Based Compensation—Transition and Disclosure—An Amendment of SFAS No. 123* (SFAS 148). Under APB No. 25, compensation cost is recognized based on the difference, if any, on the date of grant between the fair value of the Company's common stock and the exercise price of stock options granted or the purchase price of restricted stock. Under SFAS No. 123, compensation cost is measured at the grant date based on the fair value of the award and is recognized on a pro rata basis over the service period, which is usually the vesting period.

The Company provides the disclosure requirements of SFAS No. 148. If compensation expense for the Company's stock-based compensation plan had been determined based on the fair value at the grant dates as calculated in accordance with SFAS No. 123, the Company's net loss would approximate the pro forma amounts below:

	Years ended December 31			Period from inception (March 10, 2000) through December 31, 2004
	2002	2003	2004	
	(in thousands, except per share amounts)			
Net loss, as reported	$ (36,154)	$ (27,878)	$ (45,934)	$ (110,425)
Add: stock-based employee compensation expense determined under the fair value method	(409)	(2,567)	(1,113)	(4,090)
Deduct: stock-based employee compensation expense included in reported net loss	—	1,419	301	1,720
Pro forma net loss	$ (36,563)	$ (29,026)	$ (46,746)	$ (112,795)
Basic and diluted net loss per common share, as reported	$ (3.00)	$ (1.28)	$ (1.69)	
Basic and diluted net loss per common share, pro forma	(3.04)	(1.33)	(1.72)	

The Company has estimated the fair value of its granted stock options and restricted stock awards using the Black-Scholes model by applying a present value approach which does not consider expected volatility of the underlying stock (minimum value method) using the following weighted average assumptions:

	Years ended December 31			Period from inception (March 10, 2000) through December 31, 2004
	2002	2003	2004	
Risk-free interest rate	3.34%	2.51%	4.14%	3.45%
Expected life	5 years	5 years	5 years	5 years
Volatility	—	—	—	—
Expected dividend yield	—	—	—	—

The weighted average fair value per share of options and restricted stock granted during 2002, 2003, and 2004 was $1.02, $0.91 and $6.93, respectively.

Equity instruments issued to nonemployees are accounted for in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Force Issue (EITF) No. 96-18, *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods or Services*.

Comprehensive Income (Loss)

SFAS No. 130, *Reporting Comprehensive Income*, requires that all components of comprehensive income (loss) be disclosed in the consolidated financial statements. Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances from non-owner sources. Changes in unrealized gains (losses) on marketable securities represents the only difference between the Company's net loss and comprehensive loss.

Segment Reporting

The Company has adopted SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information,* which requires companies to report selected information about operating segments, as well as enterprise-wide disclosures about products, services, geographical area, and major customers. Operating segments are determined based on the way management organizes its business for making operating decisions and assessing performance. The Company has only one operating segment, the discovery, development and commercialization of drug products.

Basic and Diluted Net Loss Per Common Share

Net loss per share is computed based on the guidance of SFAS No. 128, *Earnings Per Share*, requiring companies to report both basic net loss per common share, which is computed using the weighted average number of common shares outstanding during the period, and diluted net loss per common share, which is computed using the weighted average number of common shares outstanding and the weighted average dilutive potential common shares outstanding using the treasury stock method. However, for all periods presented, diluted net loss per share is the same as basic net loss per share as the inclusion of weighted average shares of unvested restricted common stock and common stock issuable upon the exercise of stock options and warrants would be anti-dilutive. In addition, the weighted average number of shares of unvested restricted common stock is excluded from basic weighted average common shares outstanding.

The following table summarizes securities outstanding as of each year-end which were not included in the calculation of diluted net loss per share as their inclusion would be anti-dilutive.

	December 31		
	2002	2003	2004
Common stock options	2,021,536	2,798,354	3,668,400
Common stock warrants	348,772	139,508	97,656
Unvested restricted common stock	—	—	530,901

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R, *Share-Based Payment: an amendment of FASB Statements No. 123 and 95* (SFAS 123R), which requires companies to measure and recognize compensation expense for all stock-based payments at fair value. SFAS 123R is effective for annual periods beginning after June 15, 2005 and, thus, will be effective for us beginning with the first quarter of 2006. Early adoption is encouraged. We are currently evaluating the impact of SFAS 123R on our financial position and results of operations. See note 2 for information related to the pro forma effects on our reported net loss and net loss per share of applying the fair value recognition provisions of the previous SFAS No. 123 to stock-based employee compensation.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51*, and in December 2003, issued a revised FIN 46 (FIN 46R) which addresses the period of adoption of FIN 46R for entities created before January 31, 2003. FIN 46R provides a new consolidation model which determines control and consolidation based on potential variability in gains and losses. The provisions of FIN 46R are effective for enterprises with variable interest entities created after January 31, 2003. The Company adopted the provisions of FIN 46R in the first quarter of 2004 and the adoption did not have a material impact on the consolidated financial statements.

(3) Acquisitions

Principia Associates, Inc.

In September 2002, the Company acquired all of the outstanding capital stock of Principia Associates, Inc. (Principia) and its wholly-owned subsidiary, SBR Pharmaceuticals Corp. (formerly Shionogi BioResearch Corp.) (SBR) in exchange for an aggregate of 1,796,182 shares of common stock of the Company together with warrants to purchase an aggregate of 348,772 shares of common stock of the Company, forgiveness of a $1.0 million short-term promissory notes receivable and cash of approximately $268,000. Total value of consideration paid was approximately $16.9 million. Principia was formed and held by three stockholders of the Company. On July 31, 2002, Principia and members of the Company's board of directors, together with their respective affiliates, acquired a majority of the common stock of SBR. The Company's scientific founder, a member of the board of directors and major shareholder of the Company, previously owned approximately 20% of SBR.

The common stock of the Company was valued at $7.455 per share, its fair value as determined by the Company's board of directors, for an aggregate value of approximately $13.4 million. The common stock purchase warrants, which expire in 2005, have an exercise price of $1.375 per share. The warrants were valued at approximately $2.2 million using the Black-Scholes valuation pricing model, with the following assumptions: risk-free interest rate of 2.3%, volatility of 75%, and a life of three years.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Current assets, including cash of $922	$ 995
In-process research and development	13,888
Property and equipment	3,527
Other assets	67
Total assets acquired	18,477
Liabilities assumed	1,617
Net assets acquired	$ 16,860

For accounting purposes, the transaction was treated as an acquisition of assets and not a business combination because Principia did not meet the definition of a business under EITF 98-3, *Determination Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business*. The purchase price was allocated to assets acquired and liabilities assumed based on management's analysis and estimates of fair values. Management's estimates of fair value are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. The acquired in-process research and development (IPR&D) was valued at $11.7 million. The remaining excess purchase price over the identified tangible and intangible assets and liabilities assumed was approximately $2.2 million. The excess amount was allocated to the acquired intangible assets, resulting in approximately $13.9 million being assigned to IPR&D assets that were written off at the date of acquisition in accordance with FASB Interpretation No. 4, *Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method*.

The value assigned to IPR&D related to research projects for which technological feasibility had not yet been established and no future alternative uses existed. The fair value was determined using the income approach, which discounts expected future cash flows from projects under development to their net present value using a risk-adjusted rate. Each project was analyzed to determine the utilization of core technology; the complexity, cost and time to complete development; any alternative future use or current technological feasibility; and the stage of completion. Future cash flows were estimated, taking into account the expected life cycles of the product and the underlying technology, relevant market sizes and industry trends. The estimated net cash flows from these products were based on management's estimates of related revenues, cost of goods sold, R&D costs, selling, general and administrative costs, and income taxes. Discount rates ranging from 30% to 40% were utilized based on the nature of the technology of the products, the stage of completion of the projects, the complexity of the development effort and the risks associated with reaching technological feasibility of the projects.

SBR had three products under development at the acquisition date, contributing 59%, 23%, and 18% of the total IPR&D value. The products under development are intended to result in therapeutic products in the areas of oncology and autoimmune disease. Commercialization of any product is not anticipated for several years.

Diagon Genetics, Inc.

In December 2002, the Company acquired all of the outstanding capital stock of Diagon Genetics, Inc. (Diagon). The purchase price of approximately $13.5 million consisted of 1,143,946 shares of common stock at a per share value of $7.455 and $5.0 million in cash. Diagon was previously owned by the Company's Chief Executive Officer and scientific founder, both of whom are board members and significant shareholders of the Company.

For accounting purposes, the transaction did not constitute a business combination because Diagon did not meet the definition of a business under EITF No. 98-3, *Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business*. At the time, Diagon's activities consisted of owning the rights to the development of certain intellectual property that might be used to develop therapeutic drug products. Commercialization of any product is not anticipated for several years. The Company allocated the purchase price to the fair value of the acquired assets and liabilities. As a result, the Company recorded in-process research and development of $4.2 million, which was written off at the date of acquisition. As noted above, Diagon was previously owned by the Company's Chief Executive Officer and its scientific founder, both members of the Company's board of directors, therefore the remaining excess purchase price of $9.3 million was charged to operations as other compensation expense in the accompanying consolidated statement of operations.

The value assigned to IPR&D related to research projects for which technological feasibility had not yet been established and no future alternative uses existed. The fair value was determined using the income approach, which discounts expected future cash flows from projects under development to their net present value using a risk-adjusted rate. Each project was analyzed to determine the utilization of core technology; the complexity, cost and time to complete development; any alternative future use or current technological feasibility; and the stage of completion. Future cash flows were estimated, taking into account the expected life cycles of the product and the underlying technology, relevant market sizes and industry trends. The estimated net cash flows from these products were based on management's estimates of related revenues, cost of goods sold, R&D costs, selling, general and administrative costs, and income taxes. A discount rate of 30% was utilized based on the nature of the technology of the products, the stage of completion of the projects, the complexity of the development effort and the risks associated with reaching technological feasibility of the projects.

The Company had three products under development at the acquisition date, contributing 66%, 29%, and 5% of the total IPR&D value. The products under development are intended to result in therapeutic products in the areas of oncology, autoimmune disease, and allergy. Commercialization of any product is not anticipated for several years.

Cancer Genomics, Inc., Kava Pharmaceuticals, Inc. and SinglePixel Biomedical, Inc.

In January 2004, the Company acquired certain assets of Cancer Genomics, Inc., Kava Pharmaceuticals, Inc. (Kava) and SinglePixel Biomedical, Inc. (collectively, CKS) in a single transaction. Direct and indirect shareholders in these companies included the Company's scientific founder, who is also a board member, as well as three current or former Company executives. The purchase price of approximately $2.2 million consisted of 201,216 shares of the Company's common stock. In addition, the Company is required to make cash payments of up to $2.0 million if certain milestones are achieved. If

commercialization is achieved, the Company will be required to pay royalties on the gross sales of any payment of service covered by the acquired technology. Under the terms of the Asset Purchase Agreement, if within 30 months following the sale, the Company has not initiated clinical trials for a Kava product, then the shareholders of Kava have the option to repurchase the intellectual property from the Company for $750,000 for a period of three months after the 30 month period ends. The intellectual property acquired from Kava is unrelated to our current clinical programs or our programs in development.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

In-process research and development	$ 1,583
Property and equipment (including capitalized software)	736
Total assets acquired	2,319
Liabilities assumed	(106)
Net assets acquired	$ 2,213

The purchase price was allocated to assets acquired and liabilities assumed based on management's analysis and estimates of fair values. Management's estimates of fair value are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. The acquired IPR&D was initially valued at approximately $0.5 million. The remaining excess purchase price over the identified tangible and intangible assets and liabilities assumed was approximately $1.1 million. The excess amount was allocated to the acquired intangible assets, resulting in approximately $1.6 million being assigned to IPR&D assets that were written off at the date of acquisition in accordance with FASB Interpretation No. 4. The Kava IPR&D pertained to the small-molecule pharmaceutical for the treatment of anxiety and general pain. The initial value of the Kava IPR&D was based on the cost approach. During 2002, after an initial investment to advance the technology, the Company ceased further funding of the project.

(4) Marketable Securities

A summary of available-for-sale marketable securities held by the Company as of December 31, 2003 and 2004 is as follows:

	December 31, 2003			
	Cost	Unrealized gains	Unrealized losses	Fair value
	(in thousands)			
Cash and cash equivalents:				
Cash and money market funds	$ 34,547	$ —	$ —	$ 34,547
Marketable securities with original maturities of less than 3 months	1,515	—	—	1,515
Total cash and cash equivalents	36,062	—	—	36,062
Marketable securities:				
Corporate bonds:				
Due within 1 year	18,227	—	(10)	18,217
Due within 1 to 2 years	16,521	25	(2)	16,544
	34,748	25	(12)	34,761
Government agency bonds:				
Due within 1 year	5,383	20	—	5,403
Due within 1 to 2 years	—	—	—	—
	5,383	20	—	5,403
Total marketable securities	40,131	45	(12)	40,164
Total cash, cash equivalents and marketable securities	$ 76,193	$ 45	$ (12)	$ 76,226

	December 31, 2004			
	Cost	Unrealized gains	Unrealized losses	Fair value
	(in thousands)			
Cash and cash equivalents:				
Cash and money market funds	$ 25,381	$	$	$ 25,381
Marketable securities with original maturities of less than 3 months	17,355	—	—	17,355
Total cash and cash equivalents	42,736			42,736
Marketable securities:				
Corporate bonds:				
Due within 1 year	59,805	—	(59)	59,746
Due within 1 to 2 years	16,093	—	(57)	16,036
	75,898	—	(116)	75,782
Government agency bonds:				
Due within 1 year	6,450	—	—	6,450
Due within 1 to 2 years	—	—	—	—
	6,450	—	—	6,450
Total marketable securities	82,348	—	(116)	82,232
Total cash, cash equivalents and marketable				

securities	$ 125,084	$ —	$ (116)	$ 124,968

(5) Property and Equipment

Property and equipment consist of the following at December 31:

	2003	2004
	(in thousands)	
Laboratory equipment	$ 2,488	$ 3,422
Leasehold improvements	1,841	1,841
Office equipment	122	232
Equipment under capital lease	—	1,878
Furniture and fixtures	100	100
	4,551	7,473
Less accumulated depreciation and amortization	(1,306)	(2,676)
	$ 3,245	$ 4,797

Depreciation and amortization expenses of property and equipment were approximately $292,000, $1,006,000, $1,547,000 and $2,847,000 for the years ended December 31, 2002, 2003, 2004, and for the period from inception (March 10, 2000) through December 31, 2004, respectively. The net book value and accumulated depreciation of equipment under capital lease was $1,752,000 and $126,000, respectively, at December 31, 2004.

(6) Stockholders' Equity

Capital Stock—Authorized Shares

In October 2004, the Company's stockholders approved an increase in the number of authorized shares of common stock from 100,000,000 shares to 150,000,000 shares, each share having a $0.0001 par value. As of December 31, 2004, 32,801,068 shares of common stock were issued and outstanding.

Each common stockholder is entitled to one vote for each share of stock held. The common stock will vote together with all other classes and series of stock of the Company as a single class on all actions to be taken by the Company's stockholders. Each share of common stock is entitled to receive dividends, as and when declared by the Company's board of directors.

The Company has never declared cash dividends on any of its capital stock and does not expect to do so in the foreseeable future.

On December 13, 2002, the Company entered into an Amended and Restated Investor Rights Agreement (the Investor Rights Agreement) with its three largest stockholders and their affiliates exclusive of the founders (the Investors). The Investors Rights Agreement grants certain rights and privileges to and places certain restrictions upon the Investors, including: (i) grants the Investor a right of first refusal to purchase the Investor's pro rata share of any private securities offering by the Company, so long as such Investor owns at least 5% of the Company's outstanding common stock; (ii) piggyback registration rights with respect to any registration by the Company of its securities in preparation for a public offering, with priority over other Company stockholders; (iii) demand registration rights commencing 180 days after a public offering in which such Investor did not exercise its piggyback registration rights, allowing the Investor to demand that the Company register the Investor's securities so long as the value of such securities equals or exceeds $5.0 million; and (iv) places restrictions upon the

Investors' abilities to transfer, contract to transfer, or enter into any swap agreement related to the Company's securities starting from the date of an initial public offering and ending up to 180 days later, provided that all of the Company's directors, executive officers, and 1% or greater shareholders agree to similar restrictions. Finally, the Company bears certain information reporting and indemnification obligations with respect to the Investors and the registration of the Company's securities, and the Investors bear certain indemnification obligations to the Company with respect to the registration of the Investor's Company securities.

Issuance of Common Stock

In July 2001, the Company issued 7,418,180 shares of its common stock to its founding members for $0.000275 per share.

Between July and December 2001, the Company sold 2,472,729 shares of its common stock at $1.375 per share (the A Round Financing) through a stock subscription, resulting in gross proceeds of $3.4 million. As of December 31, 2001, the Company had a stock subscription receivable of $225,000, which was received in 2002.

During 2002, the Company sold 5,182,631 shares of its common stock at $7.455 per share (the B Round Financing), resulting in gross proceeds of approximately $38.6 million.

In July and December 2002, the Company issued an aggregate of 139,798 shares of its common stock, plus $30,000 of cash, in exchange for exclusive royalty-bearing licenses for certain patent rights. The aggregate value of the stock and cash consideration of $1,072,000 was charged immediately to research and development costs.

Between January and March 2003, the Company completed the B Round Financing by issuing 3,169,918 shares of common stock at $7.455 per share, which resulted in gross proceeds of approximately $23.6 million.

In March 2003, the Company issued 26,828 shares of its common stock, plus $40,000 cash, in exchange for an exclusive royalty-bearing license for certain patent rights. The total value of the consideration paid of $240,000 was expensed immediately to research and development costs (see note 11).

In September 2003, the Company commenced the sale of 4,545,455 shares of its common stock at $11.00 per share (the C Round Financing). Through December 31, 2003, the Company had issued 4,272,728 shares, resulting in gross proceeds of $47.0 million. In addition, 45,455 shares of common stock were subscribed but unissued. The stock subscription receivable of $500,000 is reflected as a component of stockholders' equity on the accompanying consolidated balance sheet. The remaining 272,727 shares of common stock were issued in January 2004, which resulted in additional gross proceeds of $3.0 million.

In January 2004, the Company received the proceeds under a stock subscription for 272,727 shares of its common stock at $11.00 per share, for net proceeds of $2,993,000 (C Round Financing).

In November 2004, the Company sold 5,818,191 shares of its common stock at $13.75 per share, for net proceeds of $79,900,000.

In 2002 and 2004, the Company issued common stock in connection with acquisitions (see note 3).

Issuance of Restricted Stock

In December 2004, the Company sold and issued 530,901 restricted shares of common stock to its officers and certain employees at par value. Holders of the restricted shares employed by the Company in January 2007 will become vested in 50% of the restricted stock. The remaining 50% vests upon the earlier of January 2009 or the approval of the Company's first New Drug Application (NDA) by the Food and Drug Administration (FDA). The excess of the fair value over the purchase price of the common stock at the date of issuance, an aggregate of approximately $8.0 million, has been recorded as deferred compensation and will be amortized and expensed ratably over the estimated vesting period.

Warrants

In September 2002, the Company issued warrants to purchase an aggregate of 348,772 shares of its common stock at an exercise price of $1.375 per share and with an expiration date of September 19, 2005, in connection with its acquisition of Principia (see note 3). In December 2003, warrants to purchase 209,264 shares of the Company's common stock were exercised, resulting in proceeds of $288,000. In November 2004, warrants to purchase 41,852 shares of the Company's common stock were exercised, resulting in proceeds of $58,000. At December 31, 2004, the Company had outstanding warrants to purchase 97,656 shares of common stock at an exercise price of $1.375 per share and with an expiration date of September 19, 2005. These warrants were fully exercised in January 2005, resulting in proceeds to the Company of $134,000.

(7) 2001 Stock Option Plan

In July 2001, the Company adopted the Synta Pharmaceuticals Corp. 2001 Stock Plan (the 2001 Stock Option Plan). The 2001 Stock Option Plan provides for the grant of incentive stock options, nonstatutory stock options and restricted stock to employees, officers, directors and consultants to the Company. A total of 5,454,545 shares of common stock have been reserved for issuance under the 2001 Stock Option Plan. The administration of the 2001 Stock Option Plan is under the general supervision of the board of directors. The exercise price of the stock options will be determined by the board of directors, provided that incentive stock options will be granted at not less than fair market value of the common stock on the date of grant and will expire no later than ten years from the date the option is granted. As of December 31, 2004, the Company had options outstanding to purchase 3,668,400 shares of its common stock, including options to purchase 109,090 shares of the Company's common stock granted outside of the 2001 Stock Option Plan, had issued 530,901 restricted shares of common stock and had 1,260,357 shares available for future issuances under the 2001 Stock Option Plan.

The Company's stock option activity for the years ended December 31, 2002, 2003, and 2004 is as follows:

	2002		2003		2004	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Outstanding at January 1	201,655	$ 1.38	2,021,536	$ 6.66	2,798,354	$ 6.99
Granted	1,983,517	6.77	1,147,636	7.76	1,115,592	10.81
Exercised	—	—	(56,818)	7.46	(47,159)	7.46
Cancelled	(163,636)	1.38	(314,000)	7.40	(198,387)	7.62
Outstanding at December 31	2,021,536	6.66	2,798,354	6.99	3,668,400	8.11
Exercisable at December 31	504,106	$ 6.10	1,085,676	$ 6.52	1,907,691	$ 6.82

The following table summarizes information about stock options outstanding at December 31, 2004:

	Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 1.375	239,655	6.91	$ 1.38	211,245	$ 1.38
7.455	2,380,518	8.12	7.46	1,668,264	7.46
11.00	986,772	9.38	11.00	28,182	11.00
13.75	61,455	9.98	13.75	—	—
	3,668,400	8.41		1,907,691	

In 2002, 2003, and 2004, the Company issued stock options to purchase 199,518, 166,327, and 60,364 shares of common stock, respectively, to nonemployee consultants, including its scientific advisors. The compensation expense is recorded over the respective vesting periods and is subject to variable accounting treatment prior to vesting, whereby the Company remeasures the fair value of the options at the end of each reporting period using the Black-Scholes valuation pricing model including estimated volatility. Compensation expense related to these options was approximately $274,000, $775,000, $1,331,000 and $2,406,000 for the years ended December 31, 2002, 2003, 2004, and for the period from inception (March 10, 2000) through December 31, 2004, respectively.

In connection with a separation agreement with a former officer in 2003 that was memorialized in 2004, the Company accelerated the vesting and extended the time in which the officer may exercise options to purchase 68,181 shares of the Company's common stock and extended the time in which the officer may exercise vested options to purchase an additional 295,454 shares of the Company's common stock. In addition, options to purchase 290,909 shares of the Company's common stock were cancelled pursuant to the terms thereof. The Company recorded a non-cash compensation charge of approximately $1,289,000 related to the modification of the options. In addition, the Company agreed to pay the officer an aggregate of $450,000 during 2004 and 2005. In 2003, the Company recorded a total charge of approximately $1.7 million to research and development.

The following table outlines the stock option grants and issuance of restricted stock during 2004:

Recipient	Month Issued or Granted	Shares	Per Share Exercise/ Purchase Price	Per Share Fair Value	Per Share Intrinsic Value
Grants of stock options:					
Employees	February 2004	18,909	11.00	11.00	—
Advisory board member	February 2004	36,364	11.00	11.00	—
Employees and officers	May 2004	626,864	11.00	11.00	—
Advisory board members	May 2004	18,182	11.00	11.00	—
Board member	May 2004	109,090	7.455	11.00	3.545
Employees	August 2004	150,909	11.00	11.00	—
Board member	August 2004	21,818	11.00	11.00	—
Advisory board member	August 2004	5,818	11.00	11.00	—
Employees	September 2004	66,182	11.00	11.00	—
Employees	December 2004	61,456	13.75	15.125	1.375
Issuance of Restricted Stock to employees	December 2004	530,901	—	15.125	15.125
Total		1,646,493			

(8) Employee Stock Purchase Plan

In December 2002, the Company's board of directors adopted a noncompensatory Employee Stock Purchase Plan (the ESPP). Under the ESPP, employees of the Company who elect to participate may purchase the Company's common stock at a 15% discount from the fair market value. The Company may exclude employees who have not been employed with the Company for at least two years from participating in any offering period under the ESPP at the discretion of the board of directors. The ESPP permits an enrolled employee to make contributions to purchase shares of the Company's common stock by having withheld from his or her salary an amount between 1% and 15% of compensation. The total number of shares of common stock that may be issued under the ESPP is 134,143. As of December 31, 2004, no shares of common stock have been issued under the ESPP. The ESPP was terminated in January, 2005.

(9) Accrued Expenses

Accrued expenses consist of the following at December 31:

	2003	2004
	(in thousands)	
Contracted research costs	$ 1,649	$ 6,372
Compensation and benefits	900	647
Professional fees	232	1,413
Other	161	564
	$ 2,942	$ 8,996

(10) Income Taxes

Differences between the actual tax benefit and tax benefit computed using the United States federal income tax rate is as follows:

	Years ended December 31			Period from inception (March 10, 2000) through December 31, 2004
	2002	2003	2004	
	(in thousands)			
Income tax benefit at statutory rate	$ (12,654)	$ (9,478)	$ (15,618)	$ (37,911)
In-process research and development	6,331	—	—	6,331
Stock-based compensation	3,272	438	—	3,710
Tax credits	(1,067)	(425)	(1,434)	(2,935)
Other	3	370	20	393
Change in valuation allowance	4,115	9,095	17,032	30,412
Income tax benefit	$ —	$ —	$ —	$ —

The effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities at December 31, are presented below:

	2003	2004
	(in thousands)	
Deferred tax assets:		
Federal and state net operating loss carryforwards	$ 21,427	$ 35,679
Federal and state research and experimentation credits	1,822	4,132
Licenses	918	851
Depreciation and amortization	428	1,223
Deferred compensation	551	1,261
Other	418	275
Deferred tax assets	25,564	43,421
Less valuation allowance	(25,564)	(43,421)
Net deferred tax assets	$ —	$ —

The valuation allowance for deferred tax assets was approximately $25,564,000 and $43,421,000 as of December 31, 2003 and 2004, respectively. The increase in the total valuation allowance for the years ended December 31, 2002, 2003, 2004, and for the period from inception (March 10, 2000) through December 31, 2004 was approximately $15,078,000, $10,271,000, $17,857,000, and $43,421,000, respectively. The Company has established valuation allowances against its deferred tax assets because management believes that, after considering all of the available objective evidence, both historical and perspective, the realization of the deferred tax assets does not meet the "more likely than not" criteria under SFAS No. 109.

The Company completed an analysis to determine if there were changes in ownership, as defined by Section 382 of the Internal Revenue Code, that would limit its ability to utilize certain net operating loss and tax credit carryforwards. The Company determined that it experienced an ownership change, as

defined by Section 382, in connection with its acquisition of Principia Associates, Inc. on September 20, 2002. As a result, the utilization of the Company's federal tax net operating loss carryforwards generated prior to the ownership change is limited. As of December 31, 2004, the Company has net operating loss carryforwards for U.S. federal tax purposes of approximately $85,472,000 million, after taking into consideration net operating losses expected to expire unused as a result of Section 382 limitations, and the remainder will expire in varying amounts through 2024 unless utilized. At December 31, 2004, the Company has state net operating loss carryforwards of approximately $69,669,000 million, which will expire through 2009 unless utilized. The utilization of these net operating loss carryforwards may be further limited if the Company experiences future ownership changes as defined in Section 382 of the Internal Revenue Code. At December 31, 2004, the Company had approximately $3,351,000 and $781,000, respectively, in federal and state research and development credits.

(11) Commitments and Contingencies

Leases

The Company leases its laboratory and office space for its headquarters facility under a non-cancelable operating lease expiring in November 2006. This lease agreement contains a five-year renewal option. In June 2004, the Company entered into a noncancelable operating lease for additional laboratory and office space through January 2008.

The Company subleased laboratory and office space from its scientific founder, who is a major shareholder of the Company, under a tenant-at-will arrangement. In May 2004, in agreement with the Company, the scientific founder exercised a five-year renewal option under the lease. The Company expects that the lease will be assigned to the Company in February 2005. The renewed noncancelable operating lease agreement expires in May 2009.

The Company entered into a noncancelable operating lease for an additional office facility in January 2005. The lease has a two-year term with a one-year renewal option.

In November 2004, the Company entered into an agreement for an equipment lease line of credit. Under the agreement, the Company may periodically directly lease, or sell and lease-back, up to $3.0 million of equipment, with payment periods of 36 or 48 months and a $1.00 purchase option at the end of each lease period. The lease rates are based upon a fixed base interest rate plus the respective prevailing 36- or 48-month U.S. Treasury Bill interest rates at the time of each funding. The leases will be accounted for as capital leases. In November 2004, the Company sold and leased back under this agreement approximately $1.3 million of its previously purchased equipment, of which approximately $1.0 million and $0.3 million were capitalized and will be paid over 36 and 48 months, respectively. As a result, the Company recorded a deferred gain of approximately $209,000 which is being amortized over the applicable lease period. The Company also leases certain vehicles and equipment under various other non-cancelable capital and operating leases.

Future minimum payments, excluding operating costs and taxes, under the Company's capital and non-cancelable operating leases, and including the office facility lease entered into in January 2005, are approximately as follows (in thousands):

	Capital leases	Operating leases
Years ended December 31,		
2005	$ 670	$ 1,880
2006	670	1,846
2007	545	931
2008	88	267
2009	3	87
Total minimum lease payments	1,976	$ 5,011
Less: amount representing interest	251	
Present value of minimum capital lease payments	1,725	
Less current portions of capital lease obligations	537	
Capital lease obligations—long term	$ 1,188	

Rent expense was approximately $318,000, $718,000, $1,033,000 and $2,085,000 for the years ended December 31, 2002, 2003, 2004, and for the period from inception (March 10, 2000) through December 31, 2004, respectively, including rent paid for the lease from its scientific founder in the amounts of approximately $174,000, $194,000, $213,000 and $595,000, respectively.

License Agreements

Queen's Medical Center

In March 2003, the Company entered into an exclusive, royalty-bearing license agreement with Queen's Medical Center (QMC) for certain technology related to ion channel technologies. The Company paid QMC cash of $40,000 and issued 26,828 shares of its common stock. The total consideration paid of approximately $240,000 was expensed immediately to research and development costs. Under the terms of the Agreement, if certain milestones are met, the Company is obligated to make cash payments of up to an aggregate of $1.0 million. If commercialization is achieved, the Company will be required to pay royalties to QMC on the net sales of any product using the licensed technologies. In the event the Company grants a sublicense of the licensed technology, the Company is obligated to compensate QMC a percentage of all fees received from the sublicense.

Through December 31, 2004, no milestone, royalty, or sublicense payments had been earned by or paid to QMC.

Beth Israel Deaconess Medical Center

In connection with its acquisition of Diagon in December 2002 (see note 3), the Company acquired two exclusive licenses relating primarily to monoclonal antibodies and ion channel technologies, respectively, in return for payment of cash and 67,071 shares of its common stock to Beth Israel Deaconess Medical Center (Beth Israel). The total value of the stock of $500,000 was expensed immediately by the Company to research and development costs. Under the terms of the licenses, if certain milestones are

met, the Company is required to make cash payments up to an aggregate of $2.0 million. If commercialization is achieved, the Company will be required to pay royalties on the net sales of any product using the licensed technologies. In the event the Company grants a sublicense of the licensed technologies, the Company is obligated to compensate Beth Israel a percentage of all fees received from the sublicense.

As a result of the Diagon acquisition, the Company also assumed an exclusive license with Beth Israel to specific know-how relating to certain calcium channels. Under the terms of the agreement, if certain milestones are met, the Company is required to make cash payments up to an aggregate of $800,000. If commercialization is achieved, the Company will be required to pay royalties on the net sales of any product using the licensed know-how.

Through December 31, 2004, no milestone, royalty or sublicense payments had been earned by or paid to Beth Israel.

Dana-Farber Cancer Institute

In July 2002, the Company entered into an exclusive license agreement with Dana-Farber Cancer Institute (DFCI) for certain patent rights relating to the use of immune system modulators with other agents for use against cancer. The Company paid DFCI cash of approximately $30,000 and issued 72,727 shares of its common stock. The total consideration paid of approximately $572,000 was expensed immediately to research and development costs. Under the terms of the agreement, if certain milestones are met, the Company is required to make cash payments up to an aggregate of $600,000. If commercialization is achieved, the Company will be required to pay nominal royalties on the net sales of any product using the licensed technologies.

Through December 31, 2004, no milestone, royalty or sublicense payments had been earned by or paid to DFCI.

SBR Pharmaceuticals Corp.

In April 2002, the Company entered into an exclusive license agreement with SBR for certain patent rights relating to a potential cancer product. The Company paid $1.0 million to SBR which was immediately expensed to research and development costs. Under the agreement, the Company was obligated for milestone payments and royalties in the event of commercialization, none of which have been earned or paid. In September 2002, the Company acquired Principia, a related party, who in July 2002 acquired a majority of the outstanding stock of SBR (see note 3).

Consulting Agreements

In July 2002, the Company entered into a consulting agreement with a member of its scientific advisory board (SAB), which was amended and restated effective January 1, 2004. The agreement has an initial term of two years from the amendment date and automatically extends for additional one-year terms unless thirty days' written notice is given by either party. In addition to an annual consulting fee, in the event the Company executes a transaction during the first two years of the consulting agreement in which the Company grants a license or other right of certain defined intellectual property, the SAB member is entitled to a one-time bonus payment of $150,000 and a portion of any up-front license fee, milestone

payments or equity payments to purchase the Company's common stock over a certain defined amount related to the license transaction. The bonus and milestone payments may be paid in either cash or common stock, at the Company's discretion. In addition, the Company will pay QMC a portion of any committed research payments received by the Company that directly relate to the intellectual property, provided that the research agreement with QMC remains in effect when such payment is received by the Company. The SAB member may be entitled to a retention bonus of $1.0 million in the event the Company is acquired or there is a sale of substantially all of the assets related to the consulting agreement, subject to certain limitations.

In October 2002, the Company entered into a consulting agreement with an SAB member for scientific advisory services which was amended in October 2003. Under the amended consulting agreement, the term is four years from the effective date of the amendment, and for a one-time payment of $400,000, a one-time bonus payment based on the achievement of a certain performance milestone was eliminated. In addition to an annual consulting fee, the consultant is entitled a bonus payment of a portion of any up-front or milestone payments received by the Company related to calcium channel technology during the four-year term of the amended agreement.

Guarantees

As permitted under Delaware law, the Company's Certificate of Incorporation and Bylaws provide that the Company will indemnify certain of its officers and directors for certain claims asserted against them in connection with their service as an officer or director. The maximum potential amount of future payments that the Company could be required to make under these indemnification provisions is unlimited. However, the Company has purchased a directors' and officers' liability insurance policy that reduces its monetary exposure and enables it to recover a portion of any future amounts paid. The Company believes the estimated fair value of these indemnification arrangements is minimal.

The Company customarily agrees in the ordinary course of its business to indemnification provisions in agreements with clinical trials investigators in its drug development programs, in sponsored research agreements with academic and not-for-profit institutions, in various comparable agreements involving parties performing services for the Company in the ordinary course of business, and in its real estate leases. The Company also expects to agree to certain indemnification provisions in any drug discovery and development collaboration agreements. With respect to the Company's clinical trials and sponsored research agreements, these indemnification provisions typically apply to any claim asserted against the investigator or the investigator's institution relating to personal injury or property damage, violations of law or certain breaches of the Company's contractual obligations arising out of the research or clinical testing of the Company's compounds or drug candidates. With respect to lease agreements, the indemnification provisions typically apply to claims asserted against the landlord relating to personal injury or property damage caused by the Company, to violations of law by the Company or to certain breaches of the Company's contractual obligations. The indemnification provisions appearing in collaboration agreements are similar, but in addition provide some limited indemnification for its collaborator in the event of third-party claims alleging infringement of intellectual property rights. In each of the cases above, the term of these indemnification provisions generally survives the termination of the agreement, although the provision has the most relevance during the contract term and for a short period of time thereafter. The maximum potential amount of future payments that the Company could be required to make under these provisions is generally unlimited. The Company purchased insurance policies covering personal

injury, property damage and general liability that reduce its exposure for indemnification and would enable it in many cases to recover a portion of any future amounts paid. The Company has never paid any material amounts to defend lawsuits or settle claims related to these indemnification provisions. Accordingly, the Company believes the estimated fair value of these indemnification arrangements is minimal.

(12) Related Party Transactions

The Company pays its scientific founder and a member of the board consulting fees of approximately $25,000 per month. Total consulting fees paid in 2002, 2003 and 2004 were approximately $75,000, $300,000 and $300,000, respectively.

During 2001 and 2002, the Company contracted with a company owned by the Company's scientific founder, board member and significant shareholder to provide drug development testing services. Amounts advanced under this arrangement totaled $1.0 million and $500,000 as of December 31, 2001 and 2002, respectively. During 2002 and 2003, all advances were paid back to the Company as no services were ever performed.

On August 23, 2002 and September 11, 2002, the Company issued two promissory notes receivable of $500,000 each to SBR (a wholly-owned subsidiary of Principia). The promissory notes had a fixed interest rate of 7% and were due on December 31, 2002. The promissory notes were forgiven in connection with the Company's acquisition of Principia (see note 3).

(13) Retirement Plan

In 2003, the Company implemented a 401(k) retirement plan (the Synta 401(k) Plan) in which substantially all of its permanent employees are eligible to participate. Participants may contribute a percentage of their annual compensation to the plan, subject to statutory limitations. The Company may declare discretionary matching contributions to the Synta 401(k) Plan. As of December 31, 2004, the Company had not declared any matching contributions since inception of the plan.

(14) Research Grant Contracts

In August 2002, the Company was awarded a $250,000 government contract with the Office of Naval Research to perform scientific research services related to the monitoring of biological agents. In 2003, the Company performed all services and received full funding, and recognized $250,000 as research grant revenue for services performed under the terms of the contract.

In September 2002, the Company was appointed as a subcontractor to a contract awarded by the Defense Advanced Research Projects Agency (DARPA). The Company's subcontract award totaled $1.2 million and requires the Company to provide scientific services utilizing expertise in immunology, screening and diagnostics. No services were performed in 2002. During 2003, the Company had recognized approximately $1.0 million of research grant revenue for services performed under the terms of the subcontract, which ran through March 31, 2004.

In May 2003, the Company was awarded a $500,000 government contract with DARPA to perform research services associated with performance enhancement. As of December 31, 2003, the Company had recognized approximately $43,000 of research grant revenue for services performed under the terms of the

contract, which expired in September 2004. In addition, the Company recorded deferred revenue of approximately $457,000, which represents advance payments received under this contract. In accordance to the terms of the DARPA contract, the advance payments received by the Company are deposited in a separate interest-bearing account and are recorded as restricted cash as of December 31, 2004.

(15) Subsequent Events

Scientific Founders' Agreement and Release

In January 2005, the Company entered into an Agreement and Release with its scientific founder, who is a board member, whereby all outstanding matters regarding various oral understandings and arrangements between the scientific founder and the Company were resolved, including arrangements relating to (1) the assignment by the scientific founder of the benefit of his interests resulting from the Company's acquisition of the net assets of CKS, (2) the scientific founder's assignment of inventions, non-competition, non-solicitation and confidentiality agreements with the Company, and (3) a release by the scientific founder of any and all claims that the scientific founder may have had against the Company. Pursuant to this agreement, the Company is paying the scientific founder $500,000, payable in $25,000 installments quarterly for five years.

Reverse Stock Split

In April 2005, the Board of Directors and the stockholders of the Company approved a 1-for-2.75 reverse stock split. All share data shown in the accompanying consolidated financial statements have been retroactively restated to reflect the reverse stock split. In addition, in April 2005, the Board of Directors and the stockholders of the Company approved a reduction in the authorized shares of the Company's common stock to 100,000,000 shares, effective upon the completion of an initial public offering of the Company's common stock.

2005 Stock Plan

The 2005 Stock Plan was adopted by our Board of Directors and approved by our stockholders in April 2005. The 2005 Stock Plan will become effective upon completion of an initial public offering of the Company's common stock and the 2001 Stock Option Plan will be terminated. The 2005 Stock Plan provides for the grant of incentive stock options, nonqualified stock options, restricted and unrestricted stock awards and other stock-based awards. Upon effectiveness, 3,500,000 shares of common stock will be reserved for issuance under the 2005 Stock Plan.

Report of Independent Registered Public Accounting Firm

The Board of Directors
Synta Pharmaceuticals Corp.:

We have audited the accompanying consolidated balance sheet of Principia Associates, Inc. (the Company), a development-stage company, as of September 20, 2002, and the related consolidated statements of operations, stockholders' equity and cash flows for the period from inception (June 17, 2002) through September 20, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Principia Associates, Inc. as of September 20, 2002, and the results of their operations and their cash flows for the period from inception (June 17, 2002) through September 20, 2002 in conformity with United States generally accepted accounting principles.

As discussed in note 11, the Company was acquired by Synta Pharmaceuticals Corp. in September 2002.

/s/ KPMG LLP

Boston, Massachusetts
December 1, 2004, except as to note 11,
which is as of April 14, 2005

PRINCIPIA ASSOCIATES, INC.
(A Development-Stage Company)

Consolidated Balance Sheet

September 20, 2002

(in thousands, except share and per share amounts)

Assets		
Current assets:		
Cash and cash equivalents	$	1,097
Advance to related party		500
Prepaid expenses and other current assets		74
Total current assets		1,671
Property and equipment, net		3,315
Security deposits		67
	$	5,053
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to related party	$	1,000
Accounts payable		2,109
Accrued expenses		167
Acquisition payables		518
Current maturities of capital lease obligation		82
Total current liabilities		3,876
Long-term liabilities:		
Capital lease obligation, less current maturities		7
Total liabilities		3,883
Stockholders' equity:		
Common stock, $0.01 par value. Authorized 2,000,100 shares; issued and outstanding 1,300,000 shares		13
Additional paid-in capital		12,987
Deficit accumulated during the development stage		(11,830)
Total stockholders' equity		1,170
	$	5,053

See accompanying notes to consolidated financial statements.

PRINCIPIA ASSOCIATES, INC.
(A Development-Stage Company)

Consolidated Statement of Operations

Period from inception (June 17, 2002) to September 20, 2002

(in thousands)

Operating expenses:		
In-process research and development	$	9,551
Research and development expenses		1,949
General and administrative expenses		335
Total operating expenses		11,835
Loss from operations		(11,835)
Other income (expense):		
Interest expense		(1)
Interest income		6
Net loss	$	(11,830)

See accompanying notes to consolidated financial statements.

PRINCIPIA ASSOCIATES, INC.
(A Development-Stage Company)

Consolidated Statement of Stockholders' Equity

Period from inception (June 17, 2002) to September 20, 2002

(in thousands, except share amounts)

	Common stock		Additional paid-in capital	Deficit accumulated during the development stage	Total stockholders' equity
	Number of shares	Amount			
Issuance of common shares	1,300,000	$ 13	$ 12,987	$ —	$ 13,000
Net loss	—	—	—	(11,830)	(11,830)
Balance at September 20, 2002	1,300,000	$ 13	$ 12,987	$ (11,830)	$ 1,170

See accompanying notes to consolidated financial statements.

PRINCIPIA ASSOCIATES, INC.
(A Development-Stage Company)

Consolidated Statement of Cash Flows

Period from inception (June 17, 2002) to September 20, 2002

(in thousands)

Cash flows from operating activities:		
Net loss	$	(11,830)
Adjustments to reconcile net loss to net cash used by operating activities:		
In-process research and development		9,551
Depreciation and amortization expense		191
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets		20
Accounts payable		780
Accrued expenses		30
Net cash used by operating activities		(1,258)
Cash flows from investing activities:		
Cash paid for acquisition, net of cash acquired		(11,603)
Capital expenditures		(29)
Net cash used by investing activities		(11,632)
Cash flows from financing activities:		
Proceeds from issuance of common stock		13,000
Proceeds from notes payable to related party		1,000
Principal payments of capital lease obligation		(13)
Net cash provided by financing activities		13,987
Net increase in cash and cash equivalents		1,097
Cash and cash equivalents at beginning of period		—
Cash and cash equivalents at end of period	$	1,097
Supplemental disclosures of cash flow information:		
Cash paid during the year:		
Interest expense	$	2

See accompanying notes to consolidated financial statements.

PRINCIPIA ASSOCIATES, INC.
(A Development-Stage Company)

Notes to Consolidated Financial Statements

September 20, 2002

(1) Nature of Business

Principia Associates, Inc. (the Company) was incorporated in Delaware on June 17, 2002. Business operations effectively commenced with the acquisition of SBR Pharmaceuticals Corp. (formerly Shionogi BioResearch Corp.) (SBR) on July 31, 2002. SBR conducted research and development activities related to the treatment of various diseases. All of SBR's funding came from its majority stockholder, Shionogi & Co. Ltd. In September 2002, the Company was acquired by Synta Pharmaceuticals Corp. (Synta) (see note 9). The three shareholders of the Company are principal shareholders and board members of Synta.

The Company was subject to risks common to emerging companies in the drug development and pharmaceutical industry including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, dependence on key personnel, uncertainty of market acceptance of products, product liability, uncertain protection of proprietary technology, potential inability to raise additional financing and compliance with FDA and other government regulations.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the financial statements of Principia Associates, Inc. and its subsidiary, SBR. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

Since its inception, the Company devoted its efforts to research, product development, and securing financing. The Company's planned principal operations had not commenced. Accordingly, the consolidated financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 7, *Accounting and Reporting by Development-Stage Enterprises.*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include recoverability of long-lived and deferred tax assets, measurement of stock-based compensation, and the fair value of the Company's common stock. The Company bases its estimates on historical experience and various other assumptions that management believes to be reasonable under the circumstances. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include money market funds, which are valued at cost plus accrued interest. The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Credit Risk and Concentrations

Financial instruments that potentially subject the Company to a concentration of credit risk consist of money market funds. Deposits with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, capital leases and long-term debt, approximate their fair values.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Equipment held under capital leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Amortization of assets held under capital leases is included in depreciation expense and amortization expense.

Research and Development Costs

Research and development costs are expensed as incurred in accordance with SFAS No. 2, *Accounting for Research and Development Costs.* Research and development costs are comprised of costs incurred in performing research and development activities, including salaries, benefits, facilities, research-related overhead, contract services and other external costs.

Patents

Costs to secure and defend patents are expensed as incurred and are classified as general and administrative expenses in the Company's statements of operations.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date.

Impairment of Long-Lived Assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144). In accordance with SFAS 144, management assesses the potential impairments of its long-lived assets whenever events of

changes in circumstances indicate that an asset's carrying value may not be recoverable. If the carrying value exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset, the Company will write down the asset to its estimated fair value.

Comprehensive Income (Loss)

SFAS No. 130, *Reporting Comprehensive Income*, requires that all components of comprehensive income (loss) be disclosed in the consolidated financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances. For the period presented, the Company's comprehensive loss is equal to its net loss reported in the accompanying consolidated statements of operations.

Segment Reporting

The Company adopted SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information,* which requires companies to report selected information about operating segments, as well as enterprise-wide disclosures about products, services, geographical area, and major customers. Operating segments are determined based on the way management organizes its business for making operating decisions and assessing performance. The Company had only one operating segment, the discovery, development and commercialization of drug products.

(3) Acquisition of SBR Pharmaceuticals Corp.

On July 31, 2002, the Company purchased 98.8% of the outstanding stock of SBR Pharmaceuticals Corp. (formerly Shionogi BioResearch Corp.) (SBR) from its shareholders in exchange for an aggregate of approximately $12.2 million in cash and agreed to purchase the remaining outstanding shares and certain stock options for approximately $268,000. The Company incurred transaction-related costs of approximately $250,000 consisting exclusively of legal costs. The scientific founder of Synta, who is a majority shareholder and a board member, was a 20% shareholder of SBR.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Current assets, including cash of $619	$	1,212
In-process research and development		9,551
Property and equipment		3,478
Other assets		67
Total assets acquired		14,308
Liabilities assumed		1,568
Net assets acquired	$	12,740

For accounting purposes, the transaction was treated as an acquisition of assets and not a business combination because SBR did not meet the definition of a business under EITF 98-3, *Determination Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business*. The purchase

price was allocated to assets acquired and liabilities assumed based on management's analysis and estimates of fair values. Management's estimates of fair value are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. The acquired in-process research and development (IPR&D) was valued at $9.6 million. The IPR&D assets were written off at the date of acquisition in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 4, *Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method*.

The value assigned to IPR&D related to research projects for which technological feasibility had not yet been established and no future alternative uses existed. The fair value was determined using the income approach, which discounts expected future cash flows from projects under development to their net present value using a risk-adjusted rate. Each project was analyzed to determine the utilization of core technology; the complexity, cost and time to complete development; any alternative future use or current technological feasibility; and the stage of completion. Future cash flows were estimated, taking into account the expected life cycles of the product and the underlying technology, relevant market sizes and industry trends. The estimated net cash flows from these products were based on management's estimates of related revenues, cost of goods sold, R&D costs, selling, general and administrative costs, and income taxes. Discount rates ranging from 30% to 40% were utilized based on the nature of the technology of the products, the stage of completion of the projects, the complexity of the development effort and the risks associated with reaching technological feasibility of the projects.

The Company had three products under development at the acquisition date, contributing 59%, 23%, and 18% of the total IPR&D value. The products under development are intended to result in therapeutic products in the areas of oncology, autoimmune disease, and allergy. Commercialization of any product is not anticipated for several years.

(4) Property and Equipment

Property and equipment is comprised of the following at September 20, 2002 (in thousands):

Furniture and equipment	$ 1,604
Leasehold improvements	1,903
	3,507
Less accumulated depreciation and amortization	(192)
Net property and equipment	$ 3,315

(5) Accrued Expenses

Accrued expenses consist of the following at September 20, 2002 (in thousands):

Compensation and benefits	$ 132
Professional fees	30
Other	5
	$ 167

(6) Stockholders' Equity

In August 2002, the Company issued 1,300,000 shares of its common stock for proceeds of $13,000,000.

(7) Leases

The Company is obligated under a capital lease for certain lab equipment that expires in September 2003. At September 20, 2002, the gross amount of machinery and equipment and related accumulated amortization recorded under the capital lease is as follows (in thousands):

Equipment	$ 126
Less accumulated amortization	(8)
	$ 118

The Company also has several operating leases that expire at various dates through 2006. Rental expense for operating leases was approximately $75,000 for the period from inception (June 17, 2002) through September 20, 2002.

Future minimum lease payments under noncancelable operating leases and future minimum capital lease payments as of September 20, 2002 are as follows:

	Capital leases	Operating leases
	(in thousands)	
Periods ending December 31:		
2002 (remaining period through December 31, 2002)	$ 22	$ 139
2003	72	486
2004	—	482
2005	—	481
2006	—	481
Total minimum lease payments	94	$ 2,069
Less amount representing interest	(5)	
Present value of net minimum lease obligation	89	
Less current portion	(82)	
Long-term capital lease obligation	$ 7	

(8) Income Taxes

Differences between the actual tax benefit and the tax benefit computed using the U.S. federal income tax rate of 34% is as follows for the period from inception (June 17, 2002) through September 20, 2002 (in thousands):

Income tax benefit at statutory rate	$ (4,023)
In-process research and development	3,247
Nondeductible expenses	2
Change in valuation allowance	774
Income tax expense	$ —

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at September 20, 2002 are presented below (in thousands):

Deferred tax assets:	
Net operating loss carryforwards	$ 8,587
Compensated absences and others	46
Tax credits carryforwards	622
Charitable contribution carryover	3
Depreciation and amortization	493
Total gross deferred tax assets	9,751
Less valuation allowance	(9,751)
Net deferred tax assets	$ —

The valuation allowance was approximately $9,751,000 at September 20, 2002. The Company has recorded a full valuation allowance against its deferred tax assets since management believes that after considering all the available evidence, both positive and negative, it is not more likely than not that the deferred tax assets will be realized.

At September 20, 2002, the Company has net operating loss carryforwards for federal income tax purposes of approximately $24.7 million which are available to offset future federal taxable income, if any, expiring in various years through 2022 and a state net operating loss carryforward of approximately $2.2 million expiring in 2007.

The Company's ability to utilize its net operating loss and credit carryforwards may be limited if the Company experiences an ownership change as defined in Section 382 of the Internal Revenue Code. Generally, an ownership change occurs when the ownership percentage of 5% or greater stockholders increases by more than 50% over a three-year period. The Company has not determined the extent of this provision on the utilization of the net operating loss and credit carryforwards.

(9) Related-Party Transactions

License Agreement

In April 2002, SBR entered into an exclusive license agreement with Synta. Under the terms of the agreement, SBR received $1,000,000 for licensing certain of its technology. In addition, as a result of the acquisition of SBR, the Company is entitled to other payments totaling $14.0 million depending on the achievement of certain milestones in the research and development process by Synta. The Company is also eligible to receive royalties from the net sales upon communication of the licensed product from Synta.

Notes Payable

In August 2002 and September 2002, the Company issued promissory notes payable totaling $1,000,000 to Synta to fund the Company's operations. The promissory notes had a fixed interest rate of 7% and were due on December 31, 2002. The promissory notes were forgiven in connection with the Synta's acquisition of the Company (see note 11).

Advance to Related Party

During 2002, SBR contracted with a company owned by its scientific founder, board member and significant shareholder to provide drug development testing services. The former board member and significant shareholder of SBR is the scientific founder, board member and significant shareholder of Synta. Amounts advanced under this arrangement totaled $500,000. As of September 20, 2002, no services had yet been performed under this contract.

(10) Retirement Plan

The Company has a defined contribution 401(k) plan (the Plan). The Plan covers substantially all employees of the Company. The Company has elected not to contribute to the Plan for the period from inception (June 17, 2002) through September 20, 2002, and accordingly, has not recorded any pension expense in the accompanying consolidated statement of operations.

(11) Subsequent Event

Sale of Company

On September 20, 2002, Synta acquired all of the outstanding shares of the Company's common stock from its shareholders in exchange for 1,796,182 shares of its common stock together with warrants to purchase an aggregate of 348,772 shares of Synta common stock, forgiveness of the $1,000,000 short-term promissory notes payable and cash of approximately $268,000. The total value of the consideration was approximately $16.9 million. The three shareholders of the Company are principal shareholders and board members of Synta (see note 1).

The above share data has been restated to reflect the 1-for-2.75 reverse stock split of Synta's common stock approved by Synta's Board of Directors and stockholders in April 2005.

Report of Independent Registered Public Accounting Firm

The Board of Directors
Synta Pharmaceuticals Corp.:

We have audited the accompanying balance sheet of SBR Pharmaceuticals Corp. (the Company) as of July 31, 2002, and the related statements of operations, stockholders' equity and cash flows for the seven months ended July 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SBR Pharmaceuticals Corp. as of July 31, 2002, and the results of its operations and its cash flows for the seven months ended July 31, 2002 in conformity with United States generally accepted accounting principles.

As discussed in note 12, the Company was acquired by Principia Associates, Inc. on July 31, 2002.

/s/ KPMG LLP

Boston, Massachusetts
December 1, 2004

SBR PHARMACEUTICALS CORP.

Balance Sheet

(in thousands, except share and per share amounts)

	July 31, 2002
Assets	
Current assets:	
Cash and cash equivalents	$ 619
Advance to related party	500
Prepaid expenses and other current assets	95
	1,214
Property and equipment, net	3,478
Security deposits	67
	$ 4,759
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 1,329
Accrued expenses	137
Current maturities of capital lease obligation	81
	1,547
Long-term liabilities:	
Capital lease obligation, less current maturities	21
	1,568
Stockholders' equity	
Common stock, $0.01 par value. Authorized 40,000,000 shares; issued and outstanding 37,855,200 shares	379
Additional paid-in capital	54,027
Accumulated deficit	(51,215)
	3,191
	$ 4,759

See accompanying notes to financial statements.

SBR PHARMACEUTICALS CORP.

Statement of Operations

(in thousands)

	Seven months ended July 31, 2002
License revenue	$ 1,000
Operating expenses:	
Research and development expenses	5,057
General and administrative expenses	1,344
Total operating expenses	6,401
Loss from operations	(5,401)
Other income (expense):	
Interest income	13
Interest expense	(12)
Net loss	$ (5,400)

See accompanying notes to financial statements.

SBR PHARMACEUTICALS CORP.

Statement of Stockholders' Equity

Seven months ended July 31, 2002

(in thousands, except share amounts)

	Common stock				
	Number of shares	Amount	Additional paid-in capital	Accumulated deficit	Total stockholders' equity
Balance at December 31, 2001	37,834,800	$ 378	$ 51,526	$ (45,815)	$ 6,089
Amounts received from majority stockholder under research and development agreement	—	—	2,500	—	2,500
Exercise of stock options	20,400	1	1	—	2
Net loss	—	—	—	(5,400)	(5,400)
Balance at July 31, 2002	37,855,200	$ 379	$ 54,027	$ (51,215)	$ 3,191

See accompanying notes to financial statements.

SBR PHARMACEUTICALS CORP.

Statement of Cash Flows

(in thousands)

	Seven months ended July 31, 2002
Cash flows from operating activities:	
Net loss	$ (5,400)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization expense	1,118
Changes in operating assets and liabilities:	
Advance to related party	(500)
Prepaid expenses and other current assets	(5)
Accounts payable	1,279
Accrued expenses	(119)
Net cash used by operating activities	(3,627)
Cash flows from investing activity:	
Capital expenditures	(305)
Net cash used by investing activity	(305)
Cash flows from financing activities:	
Amounts received from majority stockholder under capital and research and development agreements	2,500
Amounts received from exercise of stock options	2
Payments of long-term debt	(250)
Payments of capital lease obligation	(44)
Net cash provided by financing activities	2,208
Net decrease in cash and cash equivalents	(1,724)
Cash and cash equivalents at beginning of period	2,343
Cash and cash equivalents at end of period	$ 619
Supplemental disclosures of cash flow information:	
Cash paid during the year:	
Interest expense	$ 12

See accompanying notes to financial statements.

(1) Nature of Business

SBR Pharmaceuticals Corp. (formerly Shionogi BioResearch Corp.) (the Company) was formed to conduct research and development activities related to the treatment of various diseases. In order to fund the initial stages of operations, the Company entered into a research and development agreement and a capital agreement with Shionogi & Co. Ltd., (the majority stockholder) (see notes 8 and 12).

The Company was subject to risks common to emerging companies in the drug development and pharmaceutical industry including, but not limited to, uncertainty of product development and commercialization, lack of marketing and sales history, dependence on key personnel, uncertainty of market acceptance of products, product liability, uncertain protection of proprietary technology, potential inability to raise additional financing and compliance with FDA and other government regulations.

On July 31, 2002, the Company was acquired by Principia Associates, Inc. (see note 12).

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include recoverability of long-lived and deferred tax assets, measurement of stock-based compensation, and the fair value of the Company's common stock. The Company bases its estimates on historical experience and various other assumptions that management believes to be reasonable under the circumstances. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include money market funds, which are valued at cost plus accrued interest. The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Credit Risk and Concentrations

Financial instruments that potentially subject the Company to a concentration of credit risk consist of money market funds. Deposits with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, capital leases and long-term debt, approximate their fair values.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

Equipment held under capital leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. Amortization of assets held under capital leases is included in depreciation and amortization expense.

Research and Development Costs

Research and development costs are expensed as incurred in accordance with SFAS No. 2, *Accounting for Research and Development Costs*. Research and development costs are comprised of costs incurred in performing research and development activities, including salaries, benefits, facilities, research-related overhead, contracted services and other external costs.

Patents

Costs to secure and defend patents are expensed as incurred and are classified as general and administrative expenses in the Company's statements of operations.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date.

Impairment of Long-Lived Assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144). In accordance with SFAS 144, management assesses the potential impairments of its long-lived assets whenever events of changes in circumstances indicate that an asset's carrying value may not be recoverable. If the carrying value exceeds the undiscounted future cash flows estimated to result from the use and eventual disposition of the asset the Company writes down the asset to its estimated fair value. Management believes that no long-lived assets were impaired as of July 31, 2002.

Revenue Recognition

The Company follows the revenue recognition criteria outlined in Staff Accounting Bulletin (SAB) No. 101, *Revenue Recognition in Financial Statements*, as revised by SAB No. 104, *Revenue Recognition*, and Emerging Issues Task Force (EITF) Issue 00-21 *Revenue Arrangements with Multiple Deliverables* (EITF Issue 00-21). Accordingly, revenues from licensing agreements are recognized based on the performance requirements of the agreement. Nonrefundable up-front fees, where the Company has an ongoing involvement or performance obligation, would be recorded as deferred revenue in the balance sheet and amortized into collaboration revenue in the statement of operations over the term of the performance obligation.

Funding from research and development services with the majority stockholder is not recognized as contract revenue in the accompanying statements of operations in accordance with Statement of Financial Accounting Standards (SFAS) No. 68, *Research and Development Arrangements*. Under SFAS No. 68, there is a presumption that transactions between significant related parties creates an arrangement where the funded party may have to repay the funding party.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements using the intrinsic value method in accordance with Accounting Principle Board Opinion (APB) No. 25, *Accounting for Stock Issued to Employees*, and complies with the disclosure provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. Under APB No. 25, compensation cost is recognized based on the difference, if any, on the date of grant between the fair value of the Company's common stock and the exercise price of stock options granted. Under SFAS No. 123, compensation cost is measured at the grant date based on the fair value of the award and is recognized on a pro rata basis over the service period, which is usually the vesting period.

If compensation expense for the Company's stock-based compensation plan had been determined based on the fair value at the grant dates as calculated in accordance with SFAS No. 123, the Company's net loss would have increased by an immaterial amount.

Equity instruments issued to nonemployees are accounted for in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Force Issue (EITF) No. 96-18, *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods or Services*.

Comprehensive Income (Loss)

SFAS No. 130, *Reporting Comprehensive Income*, requires that all components of comprehensive income (loss) be disclosed in the consolidated financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions, and other events and circumstances. For the period presented, the Company's comprehensive loss is equal to its net loss reported in the accompanying statement of operations.

Segment Reporting

The Company has adopted SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information*, which requires companies to report selected information about operating segments, as well as enterprise-wide disclosures about products, services, geographical area, and major customers. Operating segments are determined based on the way management organizes its business for making operating decisions and assessing performance. The Company has only one operating segment, the discovery, development and commercialization of drug products.

(3) Property and Equipment

Property and equipment is comprised of the following (in thousands):

	July 31, 2002
Furniture and equipment	$ 6,262
Leasehold improvements	3,740
	10,002
Less accumulated depreciation and amortization	(6,524)
Net property and equipment	$ 3,478

(4) Accrued Expenses

Accrued expenses consist of the following (in thousands):

	July 31, 2002
Compensation and benefits	$ 133
Other	4
	$ 137

(5) Leases

The Company is obligated under various capital leases for furniture and equipment that expire at various dates through 2003. The gross amount of equipment and related accumulated amortization recorded under a capital lease are as follows (in thousands):

	July 31, 2002
Furniture and equipment	$ 290
Less accumulated amortization	164
	$ 126

The Company also has several operating leases that expire at various dates through 2006. Rental expense for operating leases is approximately $307,000 for the seven months ended July 31, 2002.

Future minimum lease payments under noncancelable operating leases and future minimum capital lease payments as of July 31, 2002 are as follows:

	Capital leases	Operating leases
	(in thousands)	
Periods ending December 31:		
2002 (through December 31, 2002)	$ 36	$ 208
2003	73	486
2004	—	482
2005	—	482
2006	—	481
Total minimum lease payments	109	$ 2,139
Less amount representing interest	(7)	
Present value of net minimum lease obligations	102	
Less current portion	(81)	
Long-term capital lease obligation	$ 21	

(6) Long-Term Debt

In 1997, the Company entered into a loan agreement with the majority stockholder to borrow $5,000,000 for fixed asset acquisitions. As of December 31, 2001, the outstanding principal balance related to this agreement was $250,000. Interest on borrowings outstanding accrued at a rate of 6.63%. Principal payments of $250,000 plus interest are due on a quarterly basis. The final principal payment on the loan was paid in March 2002.

(7) Income Taxes

Differences between the actual tax benefit and the tax benefit computed using the U.S. federal income tax rate of 34% is as follows (in thousands):

	Seven months ended July 31, 2002
Income tax benefit at statutory rate	$ (1,836)
Additional paid-in capital recognition	850
Nondeductible expenses	6
Change in valuation allowance	980
Income tax expense	$ —

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands):

	July 31, 2002
Deferred tax assets:	
Net operating loss carryforwards	$ 9,633
Tax credits carryforwards	1,403
Mass Corp. start-up cost	28
Compensated absences	6
Charitable contribution carryover	3
Plant and equipment, due to difference in depreciation	462
Total gross deferred tax assets	11,535
Less valuation allowance	(11,535)
Net deferred tax assets	$ —

The net change in the total valuation allowance for the seven months ended July 31, 2002 was an increase of approximately $951,000. The Company has recorded a full valuation allowance against its deferred tax assets since management believes that, after considering all of the available objective evidence, both positive and negative, the realization of the deferred tax assets does not meet the "more likely than not" criteria under SFAS No. 109.

At July 31, 2002, the Company has net operating loss carryforwards for federal income tax purposes of approximately $22.5 million which are available to offset future federal taxable income, if any, expiring in various years through 2022 and a state net operating loss carryforward of approximately $21.0 million expiring in various years through 2007. Pursuant to the Tax Reform Act of 1986, annual utilization of the Company's net operating loss carryforwards and other tax attributes may be limited if the Company experiences an ownership change as defined in Section 382 of the Internal Revenue Code. Generally, an ownership change occurs when the ownership percentage of 5% or greater stockholders increased by more than 50% over a three-year period. The Company has not determined the extent of this provision on the utilization of the loss and credit carryforwards (see note 12).

(8) Related Party Transactions

During 1997, the Company entered into a research and development agreement with the majority stockholder. Under the terms of the agreement, the Company will provide certain research and development services in return for specified funding. Total cash payments under the contract of $50,000,000 will be received in quarterly installments of $1,250,000 through the year ended 2006.

Additionally, in 1997 the Company entered into a capital agreement with the majority stockholder. Under the terms of the agreement, the majority stockholder will contribute total cash payments of $50,000,000 to the Company to be received in quarterly installments of $1,250,000 through the year ended 2006. The Company received no funding during the seven months ended July 31, 2002 related to this agreement. This agreement terminated effective April 1, 2002.

Effective April 1, 2002, the majority stockholder and the Company have signed an Amended and Restated Research Funding Agreement, which replaces the prior research development agreements. Under the terms of the agreement, the Company shall proceed working on its research projects. Subject to the approval of the Company's board of directors, the Company may seek or enter into other agreements for contract research or take on other research projects, whether funded by third parties or self-funded. Total cash payments under the new contract of $10,000,000 will be received in quarterly installments of $1,250,000 through March 2004, beginning April 1, 2002 (see note 12).

The Company received $2,500,000 during the seven months ended July 31, 2002 in funding under the research and development agreements. Such amounts have been recorded in the accompanying financial statements as additional paid-in capital.

In anticipation of a possible initial public offering, the majority shareholder granted a call option to the Company to purchase 11,000,000 shares of the common stock, $0.01 par value, which represents 27.5% of the Company's authorized shares. The exercise price for the call option is $1.15 per share subject to adjustment in event of the subdivision, split-up or combination of the option shares.

During 2002, the Company contracted with a company owned by the Company's scientific founder, board member and significant shareholder to provide drug development testing services. Amounts advanced under this arrangement totaled $500,000. As of July 31, 2002 no services had yet been performed under this contract.

(9) License Agreement

In April 2002, the Company entered into an exclusive license agreement with Synta Pharmaceuticals Corp. (Synta). Under the terms of the license agreement, the Company granted and transferred a license and know-how related to certain small molecule technology to Synta. Synta paid an initial nonrefundable fee of $1,000,000. The Company is also entitled to other payments totaling $14,000,000 depending on the achievement of certain milestones in the research and development process by Synta. In addition, after the first commercial sale of a licensed product covered by the agreement, the Company is eligible to receive a royalty of 3.5% of the net sales from Synta.

(10) Stock Option Plan

In 1997, the Company adopted the Shionogi BioResearch Corp. Incentive Stock Option Plan (the Plan). The Plan provides for the grant of stock options to employees, officers, directors, consultants and advisors to the Company. The terms of the options will be determined by the board of directors. Stock options are granted with an exercise price equal to the fair value of the underlying common stock at the date of grant. Options granted under the Plan will generally vest over a five year period. A total of 4,600,000 shares of common stock have been reserved for issuance under the Plan.

Summary of stock option activity is presented below:

	Seven months ended July 31, 2002	
	Shares	Weighted average exercise price
Outstanding at beginning of period	1,250,334	$ 0.05
Granted	—	—
Exercised	(20,400)	0.08
Canceled	(12,000)	0.25
Outstanding at end of period	1,217,934	$ 0.07
Options exercisable at end of period	1,062,471	
Weighted average fair value of options granted during the period		—
Weighted average remaining contractual life		6.4 years

The following table summarizes information about stock options outstanding at July 31, 2002:

Price range	Outstanding options	Weighted average price	Weighted average remaining contractual life	Exercisable options	Weighted average price
$0.01	908,600	$ 0.01	5.59	895,000	$ 0.01
0.25	309,334	0.25	8.69	167,471	0.25
	1,217,934			1,062,471	

(11) Retirement Plan

In October 1997, the Company adopted a defined contribution 401(k) plan (the Plan). The Plan covers substantially all employees of the Company. The Company has elected not to contribute to the Plan for the seven months ended July 31, 2002, and accordingly, has not recorded any expense in the accompanying statement of operations.

(12) Subsequent Event

Sale of Company

On July 31, 2002, Principia Associates, Inc. acquired the Company from its shareholders for approximately $12.5 million in cash.

Effective at the closing date, the Amended and Restated Research Funding Agreement, dated as of April 1, 2002, by and between the majority stockholder and the Company was terminated. In addition, the Call Option Agreement by and between the majority stockholder and the Company was also terminated (see note 8).


SYNTA
PHARMACEUTICALS

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth an itemization of the various costs and expenses, all of which we will pay, in connection with the issuance and distribution of the securities being registered. All of the amounts shown are estimated except the SEC Registration Fee, the Nasdaq National Market Listing Fee and the NASD Filing Fee.

SEC Registration Fee	$ 13,536
Nasdaq National Market Listing Fee	125,000
NASD Filing Fee	12,000
Printing and Engraving Fees	180,000
Legal Fees and Expenses	1,800,000
Accounting Fees and Expenses	475,000
Blue Sky Fees and Expenses	5,000
Transfer Agent and Registrar Fees	5,000
Miscellaneous	84,464
Total	$ 2,700,000

Item 14. Indemnification of Directors and Officers.

Our restated certificate of incorporation and restated bylaws provide that each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or an officer of Synta Pharmaceuticals Corp. or is or was serving at our request as a director, officer, or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by us to the fullest extent authorized by the Delaware General Corporation Law against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such.

Section 145 of the Delaware General Corporation Law permits a corporation to indemnify any director or officer of the corporation against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, suit or proceeding brought by reason of the fact that such person is or was a director or officer of the corporation, if such person acted in good faith and in a manner that he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, if he or she had no reason to believe his or her conduct was unlawful. In a derivative action, (*i.e.*, one brought by or on behalf of the corporation), indemnification may be provided only for expenses actually and reasonably incurred by any director or officer in connection with the defense or settlement of such an action or suit if such person acted in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, except that no indemnification shall be provided if such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine that the defendant is fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Pursuant to Section 102(b)(7) of the Delaware General Corporation Law, Article NINTH of our restated certificate of incorporation eliminates the liability of a director to us or our stockholders for monetary damages for such a breach of fiduciary duty as a director, except for liabilities arising:

- from any breach of the director's duty of loyalty to us or our stockholders;
- from acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law; and
- from any transaction from which the director derived an improper personal benefit.

We carry insurance policies insuring our directors and officers against certain liabilities that they may incur in their capacity as directors and officers. In addition, we expect to enter into indemnification agreements with each of our directors and executive officers prior to completion of the offering.

Additionally, reference is made to the Underwriting Agreement filed as Exhibit 1.1 hereto, which provides for indemnification by the underwriters of Synta Pharmaceuticals Corp., our directors and officers who sign the registration statement and persons who control Synta Pharmaceuticals Corp., under certain circumstances.

Item 15. Recent Sales of Unregistered Securities.

Since January 18, 2002, we have sold the following securities that were not registered under the Securities Act. The following information gives effect to a 1-for-2.75 reverse split of our common stock to be effected prior to the completion of this offering.

(a) Issuances of Capital Stock and Warrants

Set forth below is information regarding shares of our common stock issued and warrants granted, by us since January 18, 2002. Also included is the consideration, if any, received by us for such shares and warrants.

1. Between April 15, 2002 and May 16, 2002, we issued and sold 1,609,723 shares of our common stock at a purchase price per share of $7.455 to two accredited investors for an aggregate purchase price of $12,000,000.00.

2. On July 25, 2002, we issued 72,727 shares of our common stock with an aggregate value of $542,160.00 to a private research institute as consideration for a license of technology from such research institute.

3. Between November 7, 2002 and March 27, 2003, we issued and sold 6,742,826 shares of our common stock at a purchase price per share of $7.455 to 48 accredited investors for an aggregate purchase price of $50,265,732.78.

4. On September 20, 2002, we issued 1,796,182 shares of our common stock with an aggregate value of $13,389,996.60, and granted warrants to purchase 348,772 shares of our common stock with an aggregate value of approximately $2,200,000.00 to the former stockholders of a privately held corporation as consideration for our acquisition of such corporation.

5. On December 30, 2002, we issued 1,143,946 shares of our common stock with an aggregate value of $8,527,781.02 to the former stockholders of a privately held corporation as consideration for our acquisition of such corporation.

6. On December 30, 2002, we issued 67,071 shares of our common stock with an aggregate value of $499,998.92 to a medical center as consideration for a license of technology from such medical center.

7. On March 27, 2003, we issued 26,828 shares of our common stock with an aggregate value of $200,000.11 to a privately held company as consideration for a license of technology from such company.

8. Between October 15, 2003 and January 22, 2004, we issued and sold 4,545,455 shares of our common stock at a purchase price per share of $11.00 to 43 accredited investors for an aggregate purchase price of $50,000,000.00.

9. On December 17, 2003, we issued 209,264 shares of our common stock upon the exercise of warrants to an accredited investor for an aggregate purchase price of $287,738.00.

10. On January 9, 2004, we issued 201,216 shares of our common stock with an aggregate value of $2,213,376.00 to three privately held corporations as consideration for our acquisition of certain assets from such corporations.

11. On November 10, 2004, we issued and sold 5,818,191 shares of our common stock at a purchase price per share of $13.75 to 76 accredited investors for an aggregate purchase price of $80,000,000.00.

12. On November 15, 2004, we issued 41,852 shares of our common stock upon the exercise of warrants to an accredited investor for an aggregate purchase price of $57,547.50.

13. On December 21, 2004, we issued 530,901 shares of restricted common stock to certain officers at a purchase price of $0.000275 per share for an aggregate purchase price of $146.00.

14. On January 11, 2005, we issued 97,656 shares of our common stock upon the exercise of warrants to an accredited investor for an aggregate purchase price of $134,277.50.

15. On January 18, 2005, we issued 4,627 shares of restricted common stock to our non-employee directors as compensation for services as a director at a purchase price of $0.000275 per share for an aggregate purchase price of $1.27.

All of these issuances were made in reliance on Section 4(2) of the Securities Act or Regulation D promulgated thereunder as sales not involving a public offering. The recipients of securities in each of the above-referenced transactions represented their intentions to acquire the securities for investment purposes only and not with a view to, or for sale in connection with, any distribution thereof and appropriate legends were affixed to the instruments representing such securities issued in such transactions. All recipients either received adequate information about us or had, through their relationship with us, adequate access to such information.

(b) Certain Grants and Exercises of Stock Options

The sale and issuance of the securities described below were deemed to be exempt from registration under the Securities Act in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act, as transactions by an issuer not involving a public offering or transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701.

Pursuant to our stock plans and certain stand-alone stock option agreements, we have issued options to purchase an aggregate of 5,247,054 shares of common stock. Of these options:

- options to purchase 679,557 shares of common stock have been canceled or lapsed without being exercised;
- options to purchase 103,977 shares of common stock have been exercised; and
- options to purchase a total of 4,463,326 shares of common stock are currently outstanding, at a weighted average exercise price of $9.38 per share.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

Exhibit Number	Description of Exhibit
*1.1	Form of Underwriting Agreement.
†3.1	Certificate of Incorporation, as amended, of the Registrant.
3.1(a)	Certificate of Amendment to Certificate of Incorporation, as amended, to be filed prior to completion of the offering to effect a 1-for-2.75 reverse stock split.
3.2	Restated Certificate of Incorporation of the Registrant to be filed upon completion of this offering.
†3.3	Bylaws, as amended, of the Registrant.
3.4	Restated Bylaws of the Registrant to be effective upon completion of this offering.
*4.1	Form of Common Stock Certificate.
†4.2.1	Amended and Restated Investor Rights Agreement dated December 13, 2002, by and among the Registrant and certain stockholders of the Registrant.
†4.2.2	First Amendment, dated January 11, 2005, to the Amended and Restated Investor Rights Agreement, dated December 13, 2002, by and among the Registrant and certain stockholders of the Registrant.
*5.1	Opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel to the Registrant, with respect to the legality of securities being registered.
†10.1	2001 Stock Plan.
10.2	2005 Stock Plan.
10.2(a)	Form of incentive stock option agreement under 2005 Stock Plan.
10.2(b)	Form of nonqualified stock option agreement under 2005 Stock Plan.
10.2(c)	Form of restricted stock agreement under 2005 Stock Plan.
@10.3	Director Compensation Policy.
†10.4	Non-Qualified Stock Option Agreement, dated May 27, 2004, by and between the Registrant and Keith R. Gollust.
†10.5	Duffy Hartwell Limited Partnership Commercial Lease, dated November 4, 1996, by and between Duffy Hartwell Limited Partnership and Shionogi BioResearch Corp.
†10.6	Lease of 125 Hartwell Avenue, Lexington, MA, dated October 26, 1992, by and between Fuji ImmunoPharmaceuticals Corp. and 125 Hartwell Trust, as amended by First Amendment dated January 31, 1993, Second Amendment dated October 1, 1997, Third Amendment dated November 1, 2002, Assignment and Assumption of Lease and Consent of Release by Landlord and Fourth Amendment of Lease, dated July 9, 2004, and Fifth Amendment, dated October 22, 2004.
†10.7	Pinnacle Properties Management, Inc. Standard Form Commercial Lease, dated May 31, 1999, by and between 6-8 Preston Court, L.L.C. and Asiana Pharmaceuticals Corporation, as amended by Amendment to Lease #1, dated July 31, 2000, Amendment to Lease #2, dated November 26, 2001, and Amendment to Lease #3, dated December 2003.
†10.8	Lease, dated January 13, 2005, by and between the Registrant and Mortimer B. Zuckerman and Edward H. Linde, Trustees of 91 Hartwell Avenue Trust.
†10.9	Stock Exchange Agreement, dated September 9, 2002, by and among the Registrant, Principia Associates, Inc. and certain stockholders of Principia Associates, Inc.
†10.10	Agreement of Merger, dated December 27, 2002, by and among the Registrant, DGN Genetics Acquisition Corp., Diagon Genetics, Inc. and certain stockholders of Diagon Genetics, Inc.

†**10.11	Asset Purchase Agreement, dated December 17, 2003, by and among the Registrant, Cancer Genomics, Inc., Kava Pharmaceuticals, Inc., SinglePixel Biomedical, Inc. and CMAC, LLC.
†10.12	Letter Agreement, dated April 21, 2004, by and between the Registrant and Dr. Mitsunori Ono.
†10.13	Letter Agreement, dated May 7, 2004, by and between the Registrant and John A. McCarthy, Jr.
†10.14	Letter Agreement, dated February 18, 2004, by and between the Registrant and Dr. Matthew L. Sherman.
†10.15	Letter Agreement, dated October 12, 2002, by and between the Registrant and Dr. Keizo Koya.
†10.16	Letter Agreement, dated January 22, 2003, by and between the Registrant and Dr. James Barsoum.
†10.17	Letter Agreement, dated February 19, 2004, by and between the Registrant and Keith Ehrlich.
†10.18	Letter Agreement, dated January 14, 2003, by and between the Registrant and Wendy E. Rieder.
†10.19	Master Lease Agreement, dated November 10, 2004, by and between the Registrant and General Electric Capital Corporation.
†10.20	Agreement and Release, dated January 14, 2005, by and among the Registrant and Dr. Lan Bo Chen.
10.21	Letter Agreement, dated January 3, 2005, by and between the Registrant and Stephen M. Gansler.
10.22	Letter Agreement, dated March 16, 2005, by and between the Registrant and Robert J. Terifay.
10.23	Form of Indemnification Agreement between the Registrant and its directors and executive officers.
10.24	Letter Agreement, dated April 18, 2005, by and between the Registrant and Safi R. Bahcall, Ph.D.
10.25	Consulting Agreement, dated April 18, 2005, by and between the Registrant and Lan Bo Chen, Ph.D.
†21.1	List of Subsidiaries.
23.1	Consents of KPMG LLP, Independent Registered Public Accounting Firm.
*23.2	Consent of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. (see Exhibit 5.1).
†24.1	Powers of Attorney.

* To be filed by amendment.

** Confidential treatment has been granted for portions of this exhibit.

† Previously filed.

@ Replaces previously filed exhibit.

(b) Financial Statement Schedules

Financial Statement Schedules are omitted because the information is included in our financial statements or notes to those financial statements.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 14 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has duly caused this Amendment No. 3 to this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Lexington, Massachusetts, on April 21, 2005.

By: /s/ SAFI R. BAHCALL

Safi R. Bahcall, Ph.D.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to this registration statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
/s/ SAFI R. BAHCALL Safi R. Bahcall, Ph.D.	President, Chief Executive Officer and Director (principal executive officer)	April 21, 2005
/s/ JOHN A. MCCARTHY, JR. John A. McCarthy, Jr.	Senior Vice President and Chief Financial Officer (principal financial officer)	April 21, 2005
* Keith S. Ehrlich	Vice President, Finance and Administration (principal accounting officer)	April 21, 2005
* Keith R. Gollust	Chairman of the Board	April 21, 2005
* Lan Bo Chen, Ph.D.	Director	April 21, 2005
* Bruce Kovner	Director	April 21, 2005
* William S. Reardon, C.P.A.	Director	April 21, 2005
* Robert N. Wilson	Director	April 21, 2005

*By: /s/ JOHN A. MCCARTHY, JR.
Attorney-in-fact

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
*1.1	Form of Underwriting Agreement.
†3.1	Certificate of Incorporation, as amended, of the Registrant.
3.1(a)	Certificate of Amendment to Certificate of Incorporation, as amended, to be filed prior to completion of the offering to effect a 1-for-2.75 reverse stock split.
3.2	Restated Certificate of Incorporation of the Registrant to be filed upon completion of this offering.
†3.3	Bylaws, as amended, of the Registrant.
3.4	Restated Bylaws of the Registrant to be effective upon completion of this offering.
*4.1	Form of Common Stock Certificate.
†4.2.1	Amended and Restated Investor Rights Agreement dated December 13, 2002, by and among the Registrant and certain stockholders of the Registrant.
†4.2.2	First Amendment, dated January 11, 2005, to the Amended and Restated Investor Rights Agreement, dated December 13, 2002, by and among the Registrant and certain stockholders of the Registrant.
*5.1	Opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel to the Registrant, with respect to the legality of securities being registered.
†10.1	2001 Stock Plan.
10.2	2005 Stock Plan
10.2(a)	Form of incentive stock option agreement under 2005 Stock Plan.
10.2(b)	Form of nonqualified stock option agreement under 2005 Stock Plan.
10.2(c)	Form of restricted stock agreement under 2005 Stock Plan.
@10.3	Director Compensation Policy.
†10.4	Non-Qualified Stock Option Agreement, dated May 27, 2004, by and between the Registrant and Keith R. Gollust.
†10.5	Duffy Hartwell Limited Partnership Commercial Lease, dated November 4, 1996, by and between Duffy Hartwell Limited Partnership and Shionogi BioResearch Corp.
†10.6	Lease of 125 Hartwell Avenue, Lexington, MA, dated October 26, 1992, by and between Fuji ImmunoPharmaceuticals Corp. and 125 Hartwell Trust, as amended by First Amendment dated January 31, 1993, Second Amendment dated October 1, 1997, Third Amendment dated November 1, 2002, Assignment and Assumption of Lease and Consent of Release by Landlord and Fourth Amendment of Lease, dated July 9, 2004, and Fifth Amendment, dated October 22, 2004.
†10.7	Pinnacle Properties Management, Inc. Standard Form Commercial Lease, dated May 31, 1999, by and between 6-8 Preston Court, L.L.C. and Asiana Pharmaceuticals Corporation, as amended by Amendment to Lease #1, dated July 31, 2000, Amendment to Lease #2, dated November 26, 2001, and Amendment to Lease #3, dated December 2003.
†10.8	Lease, dated January 13, 2005, by and between the Registrant and Mortimer B. Zuckerman and Edward H. Linde, Trustees of 91 Hartwell Avenue Trust.
†10.9	Stock Exchange Agreement, dated September 9, 2002, by and among the Registrant, Principia Associates, Inc. and certain stockholders of Principia Associates, Inc.
†10.10	Agreement of Merger, dated December 27, 2002, by and among the Registrant, DGN Genetics Acquisition Corp., Diagon Genetics, Inc. and certain stockholders of Diagon Genetics, Inc.
†**10.11	Asset Purchase Agreement, dated December 17, 2003, by and among the Registrant, Cancer Genomics, Inc., Kava Pharmaceuticals, Inc., SinglePixel Biomedical, Inc. and CMAC, LLC.
†10.12	Letter Agreement, dated April 21, 2004, by and between the Registrant and Dr. Mitsunori Ono.
†10.13	Letter Agreement, dated May 7, 2004, by and between the Registrant and John A. McCarthy, Jr.

†10.14	Letter Agreement, dated February 18, 2004, by and between the Registrant and Dr. Matthew L. Sherman.
†10.15	Letter Agreement, dated October 12, 2002, by and between the Registrant and Dr. Keizo Koya.
†10.16	Letter Agreement, dated January 22, 2003, by and between the Registrant and Dr. James Barsoum.
†10.17	Letter Agreement, dated February 19, 2004, by and between the Registrant and Keith Ehrlich.
†10.18	Letter Agreement, dated January 14, 2003, by and between the Registrant and Wendy E. Rieder.
†10.19	Master Lease Agreement, dated November 10, 2004, by and between the Registrant and General Electric Capital Corporation.
†10.20	Agreement and Release, dated January 14, 2005, by and among the Registrant and Dr. Lan Bo Chen.
10.21	Letter Agreement, dated January 3, 2005, by and between the Registrant and Stephen M. Gansler.
10.22	Letter Agreement, dated March 16, 2005, by and between the Registrant and Robert J. Terifay.
10.23	Form of Indemnification Agreement between the Registrant and its directors and executive officers.
10.24	Letter Agreement, dated April 18, 2005, by and between the Registrant and Safi R. Bahcall, Ph.D.
10.25	Consulting Agreement, dated April 18, 2005, by and between the Registrant and Lan Bo Chen, Ph.D.
†21.1	List of Subsidiaries.
23.1	Consents of KPMG LLP, Independent Registered Public Accounting Firm.
*23.2	Consent of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. (see Exhibit 5.1).
†24.1	Powers of Attorney.

* To be filed by amendment.

** Confidential treatment has been granted for portions of this exhibit.

† Previously filed.

@ Replaces previously filed exhibit.

QuickLinks

Exhibit 3.1(a)

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

OF

SYNTA PHARMACEUTICALS CORP.
(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is Synta Pharmaceuticals Corp.

2. The Certificate of Incorporation of the Corporation was filed on March 10, 2000 under the name Neutra Pharmaceuticals Corp. Thereafter a Certificate of Amendment of the Certificate of Incorporation was filed on July 12, 2001 that changed the name of the Corporation to Synta Pharmaceuticals Corp. The Certificate of Incorporation, as amended on July 12, 2001, September 5, 2002 and November 4, 2004, is hereby further amended to change the capitalization of the Corporation by striking Paragraph 4 of the Certificate of Incorporation, as amended, by replacing Paragraph 4 with the following new Paragraph 4.

"4. The total number of shares that this Corporation shall have authority to issue is 150,000,000 shares of Common Stock, $.0001 par value per share designated as "Common Stock".

Upon the effectiveness of this Certificate of Amendment, every 2.75 shares of Common Stock outstanding or held by the Corporation in its treasury shall be changed and reclassified into 1 share of Common Stock $.0001 par value per share, which shares shall be fully paid and nonassessable shares of Common Stock of the Corporation."

3. Pursuant to Section 228(a) of the General Corporation Law of the State of Delaware, the holders of outstanding shares of the Corporation having no less than the minimum number of votes that would be necessary to authorize or take such actions at a meeting at which all shares entitled to vote thereon were present and voted, consented to the adoption of the aforesaid amendments without a meeting, without a vote and without prior notice and that written notice of the taking of such actions is being given in accordance with Section 228(e) of the General Corporation Law of the State of Delaware.

Signed this day of , 2005.

/s/ Safi R. Bahcall, Ph.D.

Safi R. Bahcall, Ph.D.
President and Chief Executive Officer

Exhibit 3.2

RESTATED
CERTIFICATE OF INCORPORATION
OF
SYNTA PHARMACEUTICALS CORP.
(Originally incorporated on March 10, 2000
under the name Neutra Pharmaceuticals Corp.)

FIRST: The name of the corporation is Synta Pharmaceuticals Corp. (the "Corporation").

SECOND: The name and address of the Corporation's registered agent in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity or carry on any business for which corporations may be organized under the Delaware General Corporation Law or any successor statute.

FOURTH:

A. DESIGNATION AND NUMBER OF SHARES.

The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 105,000,000 shares, consisting of 100,000,000 shares of common stock, par value $0.0001 per share (the "Common Stock") and 5,000,000 shares of Preferred Stock, par value $0.0001 per share (the "Preferred Stock").

B. PREFERRED STOCK

1. Shares of Preferred Stock may be issued in one or more series at such time or times and for such consideration as the Board of Directors may determine.

2. Authority is hereby expressly granted to the Board of Directors to fix from time to time, by resolution or resolutions providing for the establishment and/or issuance of any series of Preferred Stock, the designation and number of the shares of such series and the powers, preferences and rights of such series, and the qualifications, limitations or restrictions thereof, to the fullest extent such authority may be conferred upon the Board of Directors under the Delaware General Corporation Law.

The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of capital

stock then entitled to vote, voting together as a single class, without a separate class vote of the holders of the Common Stock or Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock designation.

C. COMMON STOCK.

The holders of the Common Stock are entitled to one vote for each share held; PROVIDED, HOWEVER, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any certificate of designation relating to Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other

such series, to vote thereon by law or pursuant to this Restated Certificate of Incorporation (including any certificate of designation relating to Preferred Stock).

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation or the Bylaws of the Corporation as in effect from time to time, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and not by written consent.

D. Special meetings of the stockholders may only be called by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For the purposes of this Restated Certificate of Incorporation, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

SIXTH:

A. Subject to the rights of the holders of shares of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board.

B. Subject to the rights of the holders of shares of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the Board of Directors of the Corporation shall be divided into three classes, with the term of office of the first class to expire at the first annual meeting of stockholders following the initial classification of directors, the term of office of the second class to expire at the second annual meeting of stockholders, following the initial classification of directors, and the term of office of the third class to expire at the third annual meeting of stockholders following the initial classification of directors. At each annual meeting of stockholders, directors elected to succeed those directors whose terms expire, other than directors elected by the holders of any series of Preferred Stock, shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election and until their successors are duly elected and qualified.

C. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office even though less than a quorum, or by a sole remaining director, and not by stockholders, and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

D. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

E. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time only for cause and only by the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the outstanding shares of capital stock then entitled to vote at an election of the directors, voting together as a single class.

F. At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. At any meeting of the Board of Directors, all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law.

SEVENTH: The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; provided, that in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation, the

affirmative vote of the holders of at least eighty (80%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws of the Corporation.

EIGHTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that, except with respect to proceedings to enforce rights to indemnification or as otherwise required by law, the Corporation shall not be required to indemnify or advance expenses to any such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee unless such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article EIGHTH shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such

office.

C. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under this Article EIGHTH.

D. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article EIGHTH shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person. No repeal or amendment of this Article EIGHTH shall adversely affect any

rights of any person pursuant to this Article EIGHTH which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment.

NINTH: No director shall be personally liable to the Corporation or its stockholders for any monetary damages for breaches of fiduciary duty as a director; provided that this provision shall not eliminate or limit the liability of a director, to the extent that such liability is imposed by applicable law, (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 or successor provisions of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. All references in this Article NINTH to a director shall also be deemed to refer to any such director acting in his or her capacity as a Continuing Director (as defined in Article TWELFTH).

TENTH: The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the Delaware General Corporation Law and all rights conferred upon stockholders are granted subject to this reservation; provided that in addition to the vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of shares of voting stock of the Corporation representing at least eighty (80%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter or repeal, or adopt (whether by merger, consolidation or otherwise) any provision inconsistent with, Articles FIFTH, SIXTH, SEVENTH, EIGHTH, NINTH, this Article TENTH and Article TWELFTH of this Restated Certificate of Incorporation.

ELEVENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed

for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the

said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

TWELFTH: The Board of Directors is expressly authorized to cause the Corporation to issue rights pursuant to Section 157 of the Delaware General Corporation Law and, in that connection, to enter into any agreements necessary or convenient for such issuance, and to enter into other agreements necessary and convenient to the conduct of the business of the Corporation. Any such agreement may include provisions limiting, in certain circumstances, the ability of the Board of Directors of the Corporation to redeem the securities issued pursuant thereto or to take other action thereunder or in connection therewith unless there is a specified number or percentage of Continuing Directors then in office. Pursuant to Section 141(a) of the Delaware General Corporation Law, the Continuing Directors shall have the power and authority to make all decisions and determinations, and exercise or perform such other acts, that any such agreement provides that such Continuing Directors shall make, exercise or perform. For purposes of this Article TWELFTH and any such agreement, the term, "Continuing Directors," shall mean (1) those directors who were members of the Board of Directors of the Corporation at the time the Corporation entered into such agreement and any director who subsequently becomes a member of the Board of Directors, if such director's nomination for election to the Board of Directors is recommended or approved by the majority vote of the Continuing Directors then in office or (2) such members of the Board of Directors designated in, or in the manner provided in, such agreement as Continuing Directors.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of the Certificate of Incorporation of this Corporation, and which has been duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law, has been executed by its duly authorized President and Chief Executive Officer this ____ day of _____, 2005.

SYNTA PHARMACEUTICALS CORP.

By:

Safi R. Bahcall, Ph.D.
Its President and Chief Executive Officer

Exhibit 3.4

SYNTA PHARMACEUTICALS CORP.

RESTATED BYLAWS

ARTICLE I - STOCKHOLDERS

SECTION 1. ANNUAL MEETING.

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall fix each year.

SECTION 2. SPECIAL MEETINGS.

Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. For the purposes of these Restated Bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. Special meetings of the stockholders may be held at such place within or without the State of Delaware as may be stated in such resolution.

SECTION 3. NOTICE OF MEETINGS.

Notice of the place, if any, date, and time of all meetings of the stockholders, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation, as amended and restated from time to time).

When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the

adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

SECTION 4. QUORUM.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

SECTION 5. ORGANIZATION AND CONDUCT OF BUSINESS.

The Chairman of the Board of Directors or, in his or her absence, the Chief Executive Officer of the Corporation or, in his or her absence, the President or, in his or her absence, such person as the Board of Directors may have designated, shall call to order any meeting of the stockholders and shall preside at and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such regulation of the manner of voting and the conduct of discussion as he or she deems to be appropriate. The chairman of any meeting of stockholders shall have the power to adjourn the meeting to another place and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

SECTION 6. INTENTIONALLY OMITTED.

SECTION 7. NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

A. ANNUAL MEETINGS OF STOCKHOLDERS.

Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a)

pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section.

B. SPECIAL MEETINGS OF STOCKHOLDERS.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the notice of meeting given pursuant to Section 2 above. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section.

C. CERTAIN MATTERS PERTAINING TO STOCKHOLDER BUSINESS AND NOMINATIONS.

(1) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph A of this Section or a special meeting pursuant to paragraph B of this Section, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such other business must otherwise be a proper matter for stockholder action under the Delaware General Corporation Law, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares

required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section. To be timely, a stockholder's notice pertaining to an annual meeting shall be delivered to the Secretary at the principal executive offices of the Corporation not less than forty-five (45) or more than seventy-five (75) days prior to the first anniversary (the "Anniversary") of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting; PROVIDED, HOWEVER, that in the event that the date of the annual meeting is more than thirty (30) days before or more than thirty (30) days after the anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the ninetieth

(90) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice for an annual meeting or a special meeting shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(2) Notwithstanding anything in the second sentence of paragraph C (1) of this Section to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least fifty-five (55) days prior to the Anniversary (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after the first anniversary of the preceding year's annual meeting, at least seventy (70) days prior to such annual meeting), a stockholder's notice required by this Section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(3) In the event the Corporation calls a special meeting of

stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph C(1) of this Section shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the ninetieth (90th) day prior to such special meeting nor later than the close of business on the later of the sixtieth (60th) day prior to such special meeting, or the tenth (10th) day following

the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

D. GENERAL.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section. Except as otherwise provided by law or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

SECTION 8. PROXIES AND VOTING.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

All voting, including on the election of directors but excepting where otherwise required by law, may be by voice vote. Any vote not taken by voice shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may

be required under the procedure established for the meeting. The Corporation may, and to the extent required by law, shall, in advance of any meeting of

stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

Except as otherwise provided in the terms of any class or series of Preferred Stock of the Corporation, all elections at any meeting of stockholders shall be determined by a plurality of the votes cast, and except as otherwise required by law or as provided herein, all other matters determined by stockholders at a meeting shall be determined by a majority of the votes cast affirmatively or negatively.

SECTION 9. ACTION WITHOUT MEETING.

Any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by written consent.

SECTION 10. STOCK LIST.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be made in the manner specified by law.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II - BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS, NUMBER, ELECTION, TENURE AND QUALIFICATION.

A. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directions.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board.

C. Subject to the rights of the holders of shares of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the Board of Directors of the Corporation shall be divided into three classes, with the term of office of the first class to expire at the first annual meeting of stockholders following the initial classification of directors, the term of office of the second class to expire at the second annual meeting of stockholders, following the initial classification of directors, and the term of office of the third class to expire at the third annual meeting of stockholders following the initial classification of directors. At each annual meeting of stockholders, directors elected to succeed those directors whose terms expire, other than directors elected by the holders of any series of Preferred Stock, shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election and until their successors are duly elected and qualified.

SECTION 2. VACANCIES AND NEWLY CREATED DIRECTORSHIPS.

Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office even though less than a quorum, or by a sole remaining director and not by stockholders, and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

SECTION 3. RESIGNATION AND REMOVAL.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation at its principal place of business or to the Chairman of the Board, Chief Executive Officer, President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time only for cause and only by the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then outstanding shares of the Corporation then entitled to vote at an election of directors, voting together as a single class.

SECTION 4. REGULAR MEETINGS.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

SECTION 5. SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the Chief Executive Officer, and shall be called by the Secretary if requested by a majority of the Whole Board, and shall be held at such place, on such date, and at such time as he or she or they shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or orally, by telegraph, telex, cable, telecopy or electronic transmission given not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

SECTION 6. QUORUM.

At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

SECTION 7. ACTION BY CONSENT.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if all members of the Board consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of

proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 8. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

SECTION 9. CONDUCT OF BUSINESS.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law.

SECTION 10. POWERS.

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

(1) To declare dividends from time to time in accordance with law;

(2) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

(3) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, to borrow funds and guarantee obligations, and to do all things necessary in connection therewith;

(4) To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(5) To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;

(6) To adopt from time to time such stock, option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;

(7) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and,

(8) To adopt from time to time regulations, not inconsistent with these Bylaws, for the management of the Corporation's business and affairs.

SECTION 11. COMPENSATION OF DIRECTORS.

Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

ARTICLE III - COMMITTEES

SECTION 1. COMMITTEES OF THE BOARD OF DIRECTORS.

The Board of Directors, by a vote of a majority of the Board of Directors, may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation to the fullest extent authorized by law. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

SECTION 2. CONDUCT OF BUSINESS.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members of any committee shall constitute a quorum unless the committee shall consist of one (1)

or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV - OFFICERS

SECTION 1. ENUMERATION.

The officers of the Corporation shall consist of a Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary and such other officers as the Board of Directors or the Chief Executive Officer may determine, including, but not limited to, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

SECTION 2. ELECTION.

The Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Treasurer and the Secretary shall be elected annually by the Board of Directors at their first meeting following the annual meeting of the stockholders. The Board of Directors or the Chief Executive Officer, may, from time to time, elect or appoint such other officers as it or he or she may determine, including, but not limited to, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

SECTION 3. QUALIFICATION.

The Chairman of the Board, if any, and any Vice Chairman appointed to act in the absence of the Chairman, if any, shall be elected by and from the Board of Directors, but no other officer need be a director. Two or more offices may be held by any one person. If required by vote of the Board of Directors, an officer shall give bond to the Corporation for the faithful performance of his or her duties, in such form and amount and with such sureties as the Board of Directors may determine. The premiums for such bonds shall be paid by the Corporation.

SECTION 4. TENURE AND REMOVAL.

Each officer elected or appointed by the Board of Directors shall hold office until the first meeting of the Board of Directors following the next annual meeting of the stockholders and until his or her successor is elected or appointed and qualified, or until he or she dies, resigns, is removed or becomes disqualified, unless a shorter term is specified in the vote electing or appointing said officer. Each officer appointed by the Chief Executive Officer shall hold office until his or her

successor is elected or appointed and qualified, or until he or she dies, resigns, is removed or becomes disqualified, unless a shorter term is specified by any agreement or other instrument appointing such officer. Any officer may resign by giving written notice of his or her resignation to the Chief Executive Officer, the President, or the Secretary, or to the Board of Directors at a meeting of the Board, and such resignation shall become effective at the time specified therein. Any officer elected or appointed by the Board of Directors may be removed from office with or without cause only by vote of a majority of the directors. Any officer appointed by the Chief Executive Officer may be removed with or without cause by the Chief Executive Officer or by vote of a majority of the directors.

SECTION 5. CHAIRMAN OF THE BOARD.

The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and stockholders at which he or she is present and shall have such authority and perform such duties as may be prescribed by these Bylaws or from time to time be determined by the Board of Directors.

SECTION 6. CHIEF EXECUTIVE OFFICER.

The Chief Executive Officer shall be the chief executive officer of the Corporation and shall, subject to the direction of the Board of Directors, have general supervision and control of its business. Unless otherwise provided by resolution of the Board of Directors, in the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the stockholders and, if a director, meetings of the Board of Directors. The Chief Executive Officer shall have general supervision and direction of all of the officers, employees and agents of the Corporation. The Chief Executive Officer shall also have the power and authority to determine the duties of all officers, employees and agents of the Corporation, shall determine the compensation of any officers whose compensation is not established by the Board of Directors and shall have the power and authority to sign all stock certificates, contracts and other instruments of the Corporation which are authorized.

SECTION 7. PRESIDENT.

Except for meetings at which the Chief Executive Officer or the Chairman of the Board, if any, presides, the President shall, if present, preside at all meetings of stockholders, and if a director, at all meetings of the Board of Directors. The President shall, subject to the control and direction of the Chief Executive Officer and the Board of Directors, have and perform such powers and duties as may be prescribed by these Bylaws or from time to time be

determined by the Chief Executive Officer or the Board of Directors. The President shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized. In the absence of a Chief Executive Officer, the President shall be the chief executive officer of the Corporation and shall, subject to the direction of the Board of Directors, have general supervision

and control of its business and shall have general supervision and direction of all of the officers, employees and agents of the Corporation.

SECTION 8. VICE PRESIDENTS.

The Vice Presidents, if any, in the order of their election, or in such other order as the Board of Directors or the Chief Executive Officer may determine, shall have and perform the powers and duties of the President (or such of the powers and duties as the Board of Directors or the Chief Executive Officer may determine) whenever the President is absent or unable to act. The Vice Presidents, if any, shall also have such other powers and duties as may from time to time be determined by the Board of Directors or the Chief Executive Officer.

SECTION 9. CHIEF FINANCIAL OFFICER, TREASURER AND ASSISTANT TREASURERS.

The Chief Financial Officer shall, subject to the control and direction of the Board of Directors and the Chief Executive Officer, be the chief financial officer of the Corporation and shall have and perform such powers and duties as may be prescribed in these Bylaws or be determined from time to time by the Board of Directors and the Chief Executive Officer. All property of the Corporation in the custody of the Chief Financial Officer shall be subject at all times to the inspection and control of the Board of Directors and the Chief Executive Officer. The Chief Financial Officer shall have the responsibility for maintaining the financial records of the Corporation. The Chief Financial Officer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. Unless the Board of Directors has designated another person as the Corporation's Treasurer, the Chief Financial Officer shall also be the Treasurer. Unless otherwise voted by the Board of Directors, the Treasurer (if different than the Chief Financial Officer) and each Assistant Treasurer, if any, shall have and perform the powers and duties of the Chief Financial Officer whenever the Chief Financial Officer is absent or unable to act, and may at any time exercise such of the powers of the Chief Financial Officer, and such other powers and duties, as may from time to time be determined by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer.

SECTION 10. SECRETARY AND ASSISTANT SECRETARIES.

The Board of Directors or the Chief Executive Officer shall appoint a Secretary and, in his or her absence, an Assistant Secretary. Unless otherwise directed by the Board of Directors, the Secretary or, in his or her absence, any Assistant Secretary, shall attend all meetings of the directors and stockholders and shall record all votes of the Board of Directors and stockholders and minutes of the proceedings at such meetings. The Secretary or, in his or her absence, any Assistant Secretary, shall notify the directors of their meetings, and shall have and perform such other powers and duties as may from time to time be determined by the Board of Directors. If the Secretary or an Assistant Secretary is elected but is not present at any meeting of directors or stockholders, a

temporary Secretary may be appointed by the directors or the Chief Executive Officer at the meeting.

SECTION 11. BOND.

If required by the Board of Directors, any officer shall give the Corporation a bond in such sum and with such surety or sureties and upon such terms and conditions as shall be satisfactory to the Board of Directors, including without limitation a bond for the faithful performance of the duties of his office and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his control and belonging to the Corporation.

SECTION 12. ACTION WITH RESPECT TO SECURITIES OF OTHER CORPORATIONS.

Unless otherwise directed by the Board of Directors or the Chief Executive Officer, the Chief Executive Officer, the President, the Chief Financial Officer and/or Treasurer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V - STOCK

SECTION 1. CERTIFICATES OF STOCK.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by the Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

SECTION 2. TRANSFERS OF STOCK.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of this Article of these Bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

SECTION 3. RECORD DATE.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting;

provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 4. LOST, STOLEN OR DESTROYED CERTIFICATES.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

SECTION 5. REGULATIONS.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

SECTION 6. INTERPRETATION.

The Board of Directors shall have the power to interpret all of the terms and provisions of these Bylaws, which interpretation shall be conclusive.

ARTICLE VI - NOTICES

SECTION 1. NOTICES.

If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

SECTION 2. WAIVER OF NOTICE.

A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

ARTICLE VII -INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. RIGHT TO INDEMNIFICATION.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that, except as provided in Section 3

of this Article with respect to proceedings to enforce rights to indemnification or as otherwise required by law, the Corporation shall not be required to indemnify or advance expenses to any

such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee unless such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

SECTION 2. RIGHT TO ADVANCEMENT OF EXPENSES.

The right to indemnification conferred in Section 1 of this Article shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an Indemnitee in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any repeal or modification of any of the provisions of this Article shall not adversely affect any right or protection of an Indemnitee existing at the time of such repeal or modification.

SECTION 3. RIGHT OF INDEMNITEES TO BRING SUIT.

If a claim under Section 1 or 2 of this Article is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall also be entitled to be paid the expenses of prosecuting or defending such suit. In (i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors

who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of

expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the Corporation.

SECTION 4. NON-EXCLUSIVITY OF RIGHTS.

The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation as amended from time to time, these Bylaws, any agreement, any vote of stockholders or disinterested directors or otherwise.

SECTION 5. INSURANCE.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 6. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE CORPORATION.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE VIII - CERTAIN TRANSACTIONS

SECTION 1. TRANSACTIONS WITH INTERESTED PARTIES.

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which

authorizes the contract or transaction or solely because the votes of such director or officer are counted for such purpose, if:

(a) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

SECTION 2. QUORUM.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which

authorizes the contract or transaction.

ARTICLE IX - MISCELLANEOUS

SECTION 1. FACSIMILE SIGNATURES.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

SECTION 2. CORPORATE SEAL.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

SECTION 3. RELIANCE UPON BOOKS, REPORTS AND RECORDS.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such

information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 4. FISCAL YEAR.

Except as otherwise determined by the Board of Directors from time to time, the fiscal year of the Corporation shall end on the last day of December of each year.

SECTION 5. TIME PERIODS.

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

SECTION 6. PRONOUNS.

Whenever the context may require, any pronouns used in these Bylaws shall include the corresponding masculine, feminine or neuter forms.

ARTICLE X - AMENDMENTS

These Bylaws may be amended or repealed by the affirmative vote of a majority of the Whole Board or by the stockholders by the affirmative vote of eighty (80 %) of the outstanding voting power of the then-outstanding shares of capital stock of the Corporation, entitled to vote generally in the election of directors, at any meeting at which a proposal to amend or repeal these Bylaws is properly presented.

Exhibit 10.2

SYNTA PHARMACEUTICALS CORP.

2005 STOCK PLAN

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Synta Pharmaceuticals Corp. 2005 Stock Plan, have the following meanings:

ADMINISTRATOR means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

AFFILIATE means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

AGREEMENT means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

BOARD OF DIRECTORS means the Board of Directors of the Company.

CHANGE OF CONTROL means the occurrence of any of the following events:

(i) Ownership. Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its Affiliates or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board of Directors does not approve; or

(ii) Merger/Sale of Assets. (A) A merger or consolidation of the Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; (B) or the stockholders of the Company approve an agreement for the sale

or disposition by the Company of all or substantially all of the Company's assets; or

(iii) Change in Board Composition. A change in the composition of the Board of Directors, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of January 11, 2005, or (B) are elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall

not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

CODE means the United States Internal Revenue Code of 1986, as amended.

COMMITTEE means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

COMMON STOCK means shares of the Company's common stock, $.0001 par value per share.

COMPANY means Synta Pharmaceuticals Corp., a Delaware corporation.

DISABILITY or DISABLED means permanent and total disability as defined in Section 22(e)(3) of the Code.

EMPLOYEE means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

FAIR MARKET VALUE of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or last price of the Common Stock on the composite tape or other comparable reporting system for the trading day immediately preceding the applicable date;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the

over-the-counter market for the trading day on which Common Stock was traded immediately preceding the applicable date; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine.

ISO means an option meant to qualify as an incentive stock option under Section 422 of the Code.

NON-QUALIFIED OPTION means an option which is not intended to qualify as an ISO.

OPTION means an ISO or Non-Qualified Option granted under the Plan.

PARTICIPANT means an Employee, director or consultant of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

PLAN means this Synta Pharmaceuticals Corp. 2005 Stock Plan.

SHARES means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged

within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

STOCK-BASED AWARD means a grant by the Company under the Plan of an equity award or equity based award which is not an Option or Stock Grant.

STOCK GRANT means a grant by the Company of Shares under the Plan.

STOCK RIGHT means a right to Shares or the value of Shares of the Company granted pursuant to the Plan -- an ISO, a Non-Qualified Option, a Stock Grant or a Stock-Based Award.

SURVIVOR means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees and directors of and certain consultants to the Company in order to attract such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to

promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs, Non-Qualified Options, Stock Grants and Stock-Based Awards.

3. SHARES SUBJECT TO THE PLAN.

(a) The number of Shares which may be issued from time to time pursuant to this Plan, shall be 3,500,000, or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 24 of the Plan.

(b) If an Option ceases to be outstanding, in whole or in part (other than by exercise), or if the Company shall reacquire (at no more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan.

(c) Notwithstanding Subparagraph (a) above, on the first day of each fiscal year of the Company during the period beginning in fiscal year 2006, and ending on the second day of fiscal year 2014, the number of Shares that may be issued from time to time pursuant to the Plan, shall be increased by an amount equal to the lesser of (i) 1,900,000 or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 24 of the Plan; (ii) 5% of the number of outstanding shares of Common Stock on such date; and (iii) an amount determined by the Board. However, in no event shall the number of Shares available for issuance under this Plan be increased as set forth in this Subparagraph (c) to the extent such increase, in addition to any other increases proposed by the Board in the number of shares of Common Stock available for issuance under all other employee or director stock plans, including, without limitation, employee stock purchase plans, would result in the total number of shares of Common Stock then available for issuance under all employee and director stock plans exceeding 25% of the outstanding shares of the Company on the first day of the applicable fiscal year.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

a. Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

b. Determine which Employees, directors and consultants shall be granted Stock Rights;

c. Determine the number of Shares for which a Stock Right or Stock Rights shall be granted; provided, however, that in no event shall Stock Rights with respect to more than 175,000 Shares be granted to any Participant in any fiscal year;

d. Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted;

e. to make changes to any outstanding Stock Right, including, without limitation, to reduce or increase the exercise price or purchase price, to accelerate the vesting schedule or to extend the expiration date, provided that no such change shall impair the rights of a Participant under any grant previously made without such Participant's consent;

f. to buy out for a payment in cash or Shares, a Stock Right previously granted and/or to cancel any such Stock Right and grant in substitution therefor other Stock Rights, covering the same or a different numbers of Shares and having an exercise price or purchase price per share which may be lower or higher than the exercise price or purchase price of the cancelled Stock Right, based on such terms and conditions as the Administrator shall establish and the Participant shall accept; and

g. Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company or to Plan Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

To the extent permitted under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. Any such allocation or delegation may be revoked by the Board of Directors or the Committee at any time.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be an Employee, director or consultant of the Company or of an Affiliate at the time a Stock Right is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person not then an Employee, director or consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. ISOs may be granted only to Employees. Non-Qualified Options, Stock Grants and Stock-Based Awards may be granted to any Employee, director or consultant of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto. The Option Agreements shall be subject to at least the following terms and conditions:

A. NON-QUALIFIED OPTIONS: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

a. OPTION PRICE: Each Option Agreement shall state the option price (per share) of the Shares covered by each Option, which option price shall be determined by the Administrator but shall not be less than the Fair Market Value per share of Common Stock.

b. NUMBER OF SHARES: Each Option Agreement shall state the number of Shares to which it pertains.

c. OPTION PERIODS: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain conditions or the attainment of stated goals or events.

d. OPTION CONDITIONS: Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:

i. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and

ii. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

B. ISOs: Each Option intended to be an ISO shall be issued only to an Employee and be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator

determines are appropriate but not in conflict with Section 422 of the Code and relevant regulations and rulings of the Internal Revenue Service:

a. MINIMUM STANDARDS: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(A) above, except clause (a) thereunder.

b. OPTION PRICE: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:

i. Ten percent (10%) OR LESS of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Shares on the date of the grant of the Option; or

ii. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than one hundred ten percent (110%) of the Fair Market Value on the date of grant.

c. TERM OF OPTION: For Participants who own:

i. Ten percent (10%) OR LESS of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten (10) years from the date of the grant or at such earlier time as the Option Agreement may provide; or

ii. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five (5) years from the date of the grant or at such earlier time as the Option Agreement may provide.

d. LIMITATION ON YEARLY EXERCISE: The Option Agreements shall restrict the amount of ISOs which may become exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed $100,000.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each offer of a Stock Grant to a Participant shall state the date prior to which the Stock Grant must be accepted by the Participant, and the principal terms of each Stock Grant shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

(a) Each Agreement shall state the purchase price (per share), if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator but shall not be less than the minimum consideration required by the Delaware General Corporation Law on the date of the grant of the Stock Grant;

(b) Each Agreement shall state the number of Shares to which the Stock Grant pertains; and

(c) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant, including the time and events upon which such rights shall accrue and the purchase price therefor, if any.

8. TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS.

The Board shall have the right to grant other Stock-Based Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of stock appreciation rights, phantom stock awards or stock units. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by

the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company.

9. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee, together with provision for payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option, or (c) at the discretion of the Administrator, by having the Company retain from the shares otherwise issuable upon exercise of the Option, a number of shares having a Fair Market Value equal as of the date of exercise to the exercise price of the Option, or (d) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (e) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, or (f) at the discretion of the Administrator, by any combination of (a), (b), (c), (d) and (e) above, or (g) at the discretion of the Administrator, payment of such other lawful consideration as the Board may determine. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted to an Employee as an ISO (and not previously converted into a Non-Qualified Option

pursuant to Paragraph 27) if such acceleration would violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6.B.d.

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such term or condition as amended is permitted by the Plan, (ii) any such

amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, if the amendment is adverse to the Participant, and (iii) any such amendment of any ISO shall be made only after the Administrator determines whether such amendment would constitute a "modification" of any Option which is an ISO (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holder of such ISO.

10. ACCEPTANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.

A Stock Grant or Stock-Based Award (or any part or installment thereof) shall be accepted by executing the applicable Agreement and delivering it to the Company or its designee, together with provision for payment of the full purchase price, if any, in accordance with this Paragraph for the Shares as to which such Stock Grant or Stock-Based Award is being accepted, and upon compliance with any other conditions set forth in the applicable Agreement. Payment of the purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being accepted shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of acceptance of the Stock Grant or Stock-Based Award to the purchase price of the Stock Grant or Stock-Based Award, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Administrator, by any combination of (a), (b) and (c) above.

The Company shall then, if required pursuant to the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was accepted to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

The Administrator may, in its discretion, amend any term or condition of an outstanding Stock Grant, Stock-Based Award or applicable Agreement provided (i) such term or condition as amended is permitted by the Plan, and (ii) any such amendment shall be made only with the consent of the Participant to whom the Stock Grant or Stock-Based Award was made, if the amendment is adverse to the Participant.

11. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right, except after due exercise of the Option

or acceptance of the Stock Grant or as set forth in any Agreement and tender of the full purchase price, if any, for the Shares being purchased pursuant to such exercise or acceptance and registration of the Shares in the Company's share register in the name of the Participant.

12. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, a Stock Right shall only be exercisable or may only be accepted, during the Participant's lifetime, by such Participant (or by his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

13. EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE" OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement in the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

a. A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate (for any reason other than termination "for cause", Disability, or death for which events there are special rules in Paragraphs 14, 15, and 16, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

b. Except as provided in Subparagraph (c) below, or Paragraph 15 or 16, in no event may an Option intended to be an ISO, be exercised later than three (3) months after the Participant's termination of employment.

c. The provisions of this Paragraph, and not the provisions of Paragraph 15 or 16, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy; provided, however, in the case of a Participant's Disability or death within three (3) months after the

termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one (1) year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

d. Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause", then such Participant shall forthwith cease to have any right to exercise any Option.

e. A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary

disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

f. Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

14. EFFECT ON OPTIONS OF TERMINATION OF SERVICE "FOR CAUSE".

Except as otherwise provided in a Participant's Option Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause" prior to the time that all his or her outstanding Options have been exercised:

a. All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated "for cause" will immediately be forfeited.

b. For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, inventions assignment, non-competition or similar agreement between the Participant and the Company, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of "cause" will be conclusive on the Participant and the Company.

c. "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause", then the right to exercise any Option is forfeited.

d. Any provision in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to that Participant.

15. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement, a Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:

a. To the extent that the Option has become exercisable but has not been exercised on the date of Disability; and

b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting

date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

A Disabled Participant may exercise such rights only within the period ending one (1) year after the date of the Participant's termination of employment, directorship or consultancy, as the case may be, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become Disabled and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

16. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Option Agreement, in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors:

a. To the extent that the Option has become exercisable but has not been exercised on the date of death; and

b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one (1) year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

17. EFFECT OF TERMINATION OF SERVICE ON UNACCEPTED STOCK GRANTS.

In the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant, such offer shall terminate.

For purposes of this Paragraph 17 and Paragraph 18 below, a Participant to whom a Stock Grant has been offered and accepted under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a permanent and total Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 17 and Paragraph 18 below, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a termination of employment, director status or consultancy so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

18. EFFECT ON STOCK GRANTS OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE" OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Agreement, in the event of a termination of service (whether as an employee, director or consultant), other than termination "for cause," Disability, or death for which events there are special rules in Paragraphs 19, 20, and 21, respectively, before all Company rights of repurchase shall have lapsed, then the Company shall have the right to repurchase that number of Shares subject to a Stock Grant as to which the Company's repurchase rights have not lapsed.

19. EFFECT ON STOCK GRANTS OF TERMINATION OF SERVICE "FOR CAUSE".

Except as otherwise provided in a Participant's Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause":

a. All Shares subject to any Stock Grant shall be immediately subject to repurchase by the Company at the purchase price, if any, thereof.

b. For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the employer, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, inventions assignment, non-competition or similar agreement between the Participant and the Company, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of "cause" will be conclusive on the Participant and the Company.

c. "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause," then the Company's right to repurchase all of such Participant's Shares shall apply.

d. Any provision in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to that Participant.

20. EFFECT ON STOCK GRANTS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Agreement, the following rules apply if a Participant ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability: to the extent the Company's rights of repurchase have not lapsed on the date of Disability, they shall be exercisable; provided, however, that in the event such rights of repurchase lapse periodically, such rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant through the date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the date of Disability.

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such

determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

21. EFFECT ON STOCK GRANTS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate: to the extent the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such rights of repurchase lapse periodically, such rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's death.

22. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise or acceptance of a Stock Right shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

a. The person(s) who exercise(s) or accept(s) such Stock Right shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the

following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise or such grant:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

b. At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise or acceptance in compliance with the 1933 Act without registration thereunder.

23. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution

or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

24. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement:

A. STOCK DIVIDENDS AND STOCK SPLITS. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, the number of shares of Common Stock deliverable upon the exercise of an Option or acceptance of a Stock Grant may be appropriately increased or decreased proportionately, and appropriate adjustments may be made including, in the purchase price per share to reflect such events. The number of Shares

subject to the limitation in Paragraphs 3(a), 3(c) and 4(c) shall also be proportionately adjusted upon the occurrence of such events.

B. CORPORATE TRANSACTIONS. If the Company is to be consolidated with or acquired by another entity in a merger, sale of all or substantially all of the Company's assets other than a transaction to merely change the state of incorporation (a "Corporate Transaction"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that all Options must be exercised, within a specified number of days of the date of such notice at the end of which period the Options shall terminate (all Options shall for purposes of this clause (ii) be made fully vested and exercisable immediately prior to their termination); or (iii) terminate all Options in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares subject to such Options over the exercise price thereof (all Options shall for purposes of this clause (iii) be made fully vested and immediately exercisable immediately prior to their termination).

With respect to outstanding Stock Grants, the Administrator or the Successor Board, shall either (i) make appropriate provisions for the continuation of such Stock Grants on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) terminate all Stock Grants in exchange for a cash payment equal to the excess of the Fair Market Value of the Shares (without regard to repurchase rights of the Company) subject to such Stock Grants over the purchase price thereof, if any.

C. RECAPITALIZATION OR REORGANIZATION. In the event of a recapitalization or reorganization of the Company, other than a Corporate Transaction, pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the purchase price paid upon such exercise or acceptance the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

D. ADJUSTMENTS TO STOCK-BASED AWARDS. Upon the happening of any of the events described in Subparagraphs A, B or C above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph 24 and, subject to Paragraph 4, its determination shall be conclusive.

E. MODIFICATION OF ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph A, B or C above with respect to ISOs shall be made only after the

Administrator determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Administrator determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments, unless the holder of an ISO specifically requests in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such "modification" on his or her income tax treatment with respect to the ISO.

F. CHANGE OF CONTROL. In the event of either

(A) a Corporate Transaction that also constitutes a Change of Control, where outstanding options are assumed or substituted in accordance with the first paragraph of Subparagraph B clause (i) above and, with respect to Stock Grants, in accordance with the second paragraph of Subparagraph B clause (i); or

(B) a Change of Control that does not also constitute a Corporate Transaction,

if within six months after the date of such Change of Control, (i) a Participant's service is terminated by the Company or an Affiliate for any reason other than Cause; or (ii) a Participant terminates his or her service as a result of being required to change the principal location where he or she renders services to a location more than 50 miles from his or her location of employment or consultancy immediately prior to the Change of Control; or (iii) the Participant terminates his or her service after there occurs a material adverse change in a Participant's duties, authority or responsibilities which causes such Participant's position with the Company to become of significantly less responsibility or authority than such Participant's position was immediately prior to the Change of Control, THEN all of such Participant's Options outstanding under the Plan shall become fully vested and immediately exercisable as of the date of termination of such Participant, unless in any such case an Option has otherwise expired or been terminated pursuant to its terms or the terms of the Plan and any repurchase rights of the Company with respect to outstanding Stock Grants that have not lapsed or expired prior to such Change of Control shall terminate as of the date of termination of such Participant.

25. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

26. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

27. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOs.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant's ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an employee of the Company or an Affiliate at the time of such conversion. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

28. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the exercise or acceptance of a Stock Right or in connection with a Disqualifying Disposition (as defined in Paragraph 29) or upon the lapsing of any right of repurchase, the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the fair market value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

29. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a "Disqualifying Disposition" of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale or gift) of such shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the Code. If the Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

30. TERMINATION OF THE PLAN.

The Plan will terminate on April 13, 2015 the date which is ten (10) years from the EARLIER of the date of its adoption by the Board of Directors and the

date of its approval by the shareholders of the Company. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination.

31. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, and to the extent necessary to qualify the shares issuable upon exercise or acceptance of any outstanding Stock Rights granted, or Stock Rights to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant.

32. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to

prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

33. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware.

Exhibit 10.2(a)

INCENTIVE STOCK OPTION AGREEMENT NO. _____ SHARES OF COMMON STOCK, $.0001 PAR VALUE PER SHARE

SYNTA PHARMACEUTICALS CORP.

_____, 2005

As of _____ (the "Grant Date"), Synta Pharmaceuticals Corp. (the "Company"), a Delaware corporation, grants to _____ (the "Employee") the right and option (the "Option") to purchase up to _____ shares of the Common Stock, $.0001 par value per share, of the Company (the "Shares") at a purchase price of $_____ per share (the "Purchase Price") and on the terms and subject to the conditions set forth in the Company's 2005 Stock Plan (the "Plan"), United States securities and tax laws and this Agreement.

THIS AGREEMENT DOES NOT SET FORTH ALL OF THE TERMS AND CONDITIONS OF THE PLAN, WHICH IS HEREBY INCORPORATED INTO AND MADE A PART OF THIS AGREEMENT BY REFERENCE. ANY TERMS USED AND NOT DEFINED HEREIN HAVE THE SAME MEANINGS AS IN THE PLAN. THE PARTICIPANT ACKNOWLEDGES THAT HE OR SHE HAS RECEIVED A COPY OF THE PLAN FROM THE COMPANY AND HAS CAREFULLY READ THE TERMS AND CONDITIONS OF THE PLAN AND THIS AGREEMENT.

SYNTA PHARMACEUTICALS CORP.

By: _____
Its: _____

1. GRANT OF OPTION.

The Company hereby grants to the Employee the right and option to purchase all or any part of an aggregate of _____ Shares, on the terms and conditions and subject to all the limitations set forth herein, under United States securities and tax laws, and in the Plan, which is incorporated herein by reference. The Employee acknowledges receipt of a copy of the Plan. The Option is intended to qualify for special federal tax treatment as an "incentive stock option" pursuant to Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. PURCHASE PRICE.

The purchase price of the Shares covered by the Option shall be $_____ per Share, subject to adjustment, as provided in the Plan, in the event of a stock split, reverse stock split or other events affecting the holders of Shares (the "Purchase Price"). Payment shall be made in accordance with Section 9 of the Plan.

3. EXERCISABILITY OF OPTION.

Subject to the terms and conditions set forth in this Agreement and the Plan, the Option granted hereby shall become exercisable in cumulative installments of (i) 25% of the Shares on _____, and (ii) 6.25% of the Shares on the last day of each calendar quarter thereafter. Notwithstanding the foregoing, the Option shall become vested and exercisable in accordance with the terms and conditions set forth in Sections 24B and F of the Plan.

4. TERM OF OPTION.

The Option shall terminate ten years from the date of this Agreement or, if the Employee owns as of the date hereof more than 10% of the total combined voting power of all classes of capital stock of the Company or an Affiliate,

five years from the date of this Agreement, but shall be subject to earlier termination as provided herein or in the Plan.

If the Employee ceases to be an employee of the Company or of an Affiliate (for any reason other than the death or Disability of the Employee or termination of the Employee's employment for "cause" [(AS DEFINED IN THE PLAN) CONSIDER OTHER DEFINITIONS]), the Option may be exercised, if it has not previously terminated, within three months after the date the Employee ceases to be an employee of the Company or an Affiliate, or within the originally prescribed term of the Option, whichever is earlier, but may not be exercised thereafter. In such event, the Option shall be exercisable only to the extent that the Option has become exercisable and is in effect at the date of such cessation of employment.

Notwithstanding the foregoing, in the event of the Employee's Disability or death within three months after the termination of employment, the Employee or the Employee's Survivors may exercise the Option within one year after the date of the Employee's termination of employment, but in no event after the date of expiration of the term of the Option.

In the event the Employee's employment is terminated by the Employee's employer for "cause" [(AS DEFINED IN THE PLAN)], the Employee's right to exercise any unexercised portion of this Option shall cease immediately as of the time the Employee is notified his or her employment is terminated for "cause," and this Option shall thereupon terminate. Notwithstanding anything herein to the contrary, if subsequent to the Employee's termination as an employee, but prior to the exercise of the Option, the Board of Directors of the Company determines that, either prior or subsequent to the Employee's

termination, the Employee engaged in conduct which would constitute "cause," then the Employee shall immediately cease to have any right to exercise the Option and this Option shall thereupon terminate.

In the event of the Disability of the Employee, as determined in accordance with the Plan, the Option shall be exercisable within one year after the Employee's termination of employment or, if earlier, within the term originally prescribed by the Option. In such event, the Option shall be exercisable:

(a) to the extent that the Option has become exercisable but has not been exercised as of the date of Disability; and

(b) in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Employee not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

In the event of the death of the Employee while an employee of the Company or of an Affiliate, the Option shall be exercisable by the Participant's Survivors within one year after the date of death of the Employee or, if earlier, within the originally prescribed term of the Option. In such event, the Option shall be exercisable:

(x) to the extent that the Option has become exercisable but has not been exercised as of the date of death; and

(y) in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Employee not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Employee's date of death.

5. METHOD OF EXERCISING OPTION.

Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Company or its designee, in substantially the form of EXHIBIT A attached hereto. Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed by the person exercising the Option. Payment of the purchase price for such Shares shall be made in accordance with Section 9 of the Plan. The Company shall deliver such Shares as soon as practicable after the notice shall be received, provided, however, that the Company may delay issuance of such Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including, without limitation, state securities or "blue sky" laws). The Shares as to which the Option shall have been so exercised shall be registered in the Company's share register in the name of the person so exercising the Option (or, if the Option shall be exercised by the Employee and if the Employee shall so request in the notice exercising the Option, shall be registered in the Company's share register in the name of the Employee and another person jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person exercising the Option. In the event the Option shall be exercised, pursuant to Section 4 hereof, by any person other than the Employee, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

6. PARTIAL EXERCISE.

Exercise of this Option to the extent above stated may be made in part at any time and from time to time within the above limits, except that no fractional share shall be issued pursuant to this Option.

7. NON-ASSIGNABILITY.

The Option shall not be transferable by the Employee otherwise than by will or by the laws of descent and distribution. The Option shall be exercisable, during the Employee's lifetime, only by the Employee (or, in the event of legal incapacity or incompetency, by the Employee's guardian or representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Option or of any rights granted hereunder contrary to the provisions of this Section 7, or the levy of any attachment or similar process upon the Option shall be null and void.

8. NO RIGHTS AS STOCKHOLDER UNTIL EXERCISE.

The Employee shall have no rights as a stockholder with respect to Shares subject to this Agreement until registration of the Shares in the Company's share register in the name of the Employee. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to the date of such registration.

9. ADJUSTMENTS.

The Plan contains provisions covering the treatment of Options in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to Options and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference.

10. TAXES.

The Employee acknowledges that any income or other taxes due from him or her with respect to this Option or the Shares issuable pursuant to this Option shall be the Employee's responsibility.

In the event of a Disqualifying Disposition (as defined in Section 15 below) or if the Option is converted into a Non-Qualified Option and such Non-Qualified Option is exercised, the Company may withhold from the Employee's remuneration, if any, the minimum statutory amount of federal, state and local withholding taxes attributable to such amount that is considered compensation includable in such person's gross income. At the Company's discretion, the amount required to be withheld may be withheld in cash from such remuneration, or in kind from the Shares otherwise deliverable to the Employee on exercise of the Option. The Employee further agrees that, if the Company does not withhold an amount from the Employee's remuneration sufficient to satisfy the Company's income tax withholding obligation, the Employee will reimburse the Company on demand, in cash, for the amount under-withheld.

11. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of the Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter

amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

(a) The person(s) who exercise the Option shall warrant to the Company, at the time of such exercise, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing the Shares issued pursuant to such exercise:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws;" and

(b) If the Company so requires, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise in compliance with the 1933 Act without registration thereunder. Without limiting the generality of the foregoing, the Company may delay issuance of the Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including without limitation state securities or "blue sky" laws).

12. RESTRICTIONS ON TRANSFER OF SHARES.

12.1 If, in connection with a registration statement filed by the Company pursuant to the Securities Act, the Company or its underwriter so requests, the Employee will agree not to sell any Shares for a period not to exceed 180 days following the effectiveness of such registration.

12.2 The Employee acknowledges and agrees that neither the Company, its shareholders nor its directors and officers, has any duty or obligation to disclose to the Employee any material information regarding the business of the Company or affecting the value of the Shares before, at the time of, or following a termination of the

employment of the Employee by the Company, including, without limitation, any information concerning plans for the Company to make a public offering of its securities or to be acquired by or merged with or into another firm or entity.

13. NO OBLIGATION TO EMPLOY.

The Company is not by the Plan or this Option obligated to continue the Employee as an employee of the Company or an Affiliate. The Employee acknowledges: (i) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (ii) that the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (iii) that all determinations with respect to any such future grants, including, but not limited to, the times when options shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of the Company; (iv) that the Employee's participation in the Plan is voluntary; (v) that the value of the Option is an extraordinary item of compensation which is outside the scope of the Employee's employment contract, if any; and (vi) that the Option is not part of normal or expected

compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. OPTION IS INTENDED TO BE AN ISO.

The parties each intend that the Option be an ISO so that the Employee (or the Employee's Survivors) may qualify for the favorable tax treatment provided to holders of Options that meet the standards of Section 422 of the Code. Any provision of this Agreement or the Plan which conflicts with the Code so that this Option would not be deemed an ISO is null and void and any ambiguities shall be resolved so that the Option qualifies as an ISO. Nonetheless, if the Option is determined not to be an ISO, the Employee understands that neither the Company nor any Affiliate is responsible to compensate him or her or otherwise make up for the treatment of the Option as a Non-qualified Option and not as an ISO. The Employee should consult with the Employee's own tax advisors regarding the tax effects of the Option and the requirements necessary to obtain favorable tax treatment under Section 422 of the Code, including, but not limited to, holding period requirements.

15. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

The Employee agrees to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any of the Shares acquired pursuant to the exercise of the Option. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale) of such Shares before the later of (a) two years after the date the Employee was granted the Option or (b) one year after the date the Employee acquired Shares by exercising the Option, except as otherwise provided in Section 424(c) of the Code. If the Employee has died before the Shares are sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

16. NOTICES.

Any notices required or permitted by the terms of this Agreement or the Plan shall be given by recognized courier service, facsimile, registered or certified mail, return receipt requested, addressed as follows:

If to the Company:

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421

Attention: Vice President Legal Affairs

If to the Employee:

_____
_____
_____

or to such other address or addresses of which notice in the same manner has previously been given. Any such notice shall be deemed to have been given upon the earlier of receipt, one business day following delivery to a recognized courier service or three business days following mailing by registered or certified mail.

17. GOVERNING LAW.

This Agreement shall be construed and enforced in accordance with the law of the State of Delaware, without giving effect to the conflict of law principles thereof. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction in the Commonwealth of Massachusetts and agree that such litigation shall be conducted in the courts of Middlesex County, Massachusetts or the federal courts of the United States for the District of Massachusetts.

18. BENEFIT OF AGREEMENT.

Subject to the provisions of the Plan and the other provisions hereof, this Agreement shall be for the benefit of and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

19. ENTIRE AGREEMENT.

This Agreement, together with the Plan, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict, the express terms and provisions of this Agreement, provided, however, in any event, this Agreement shall be subject to and governed by the Plan.

20. MODIFICATIONS AND AMENDMENTS.

The terms and provisions of this Agreement may be modified or amended as provided in the Plan.

21. WAIVERS AND CONSENTS.

Except as provided in the Plan, the terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

22. DATA PRIVACY.

By entering into this Agreement, the Employee: (i) authorizes the Company and each Affiliate, and any agent of the Company or any Affiliate administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant of options and the administration of the Plan; (ii) waives any data privacy rights he or she may

have with respect to such information; and (iii) authorizes the Company and each Affiliate to store and transmit such information in electronic form.

EXHIBIT A

NOTICE OF EXERCISE OF INCENTIVE STOCK OPTION

TO: Synta Pharmaceuticals Corp.

Ladies and Gentlemen:

I hereby exercise my Incentive Stock Option to purchase _____ shares (the "Shares") of the common stock, $.0001 par value, of Synta Pharmaceuticals Corp. (the "Company"), at the exercise price of $_____ per share, pursuant to and subject to the terms of that certain Incentive Stock Option Agreement between the undersigned and the Company dated _____, 200_.

I understand the nature of the investment I am making and the financial risks thereof. I am aware that it is my responsibility to have consulted with competent tax and legal advisors about the relevant national, state and local income tax and securities laws affecting the exercise of the Option and the purchase and subsequent sale of the Shares.

I am paying the option exercise price for the Shares as follows:

_____

Please issue the Shares (check one):

/ / to me; or

/ / to me and _____, as joint tenants with right of survivorship, at the following address: _____
_____
_____

My mailing address for shareholder communications, if different from the address listed above, is: _____
_____
_____

Very truly yours,

Employee (signature)

Print Name

Date

Social Security Number

Exhibit 10.2(b)

NON-QUALIFIED STOCK OPTION AGREEMENT NO. _____ SHARES OF COMMON STOCK, $.0001 PAR VALUE PER SHARE

SYNTA PHARMACEUTICALS CORP.

_____, 2005

As of _____ (the "Grant Date"), Synta Pharmaceuticals Corp. (the "Company"), a Delaware corporation, grants to _____ (the "Participant") the right and option (the "Option") to purchase up to _____ shares of the Common Stock, $.0001 par value per share, of the Company (the "Shares") at a purchase price of $_____ per share (the "Purchase Price") and on the terms and subject to the conditions set forth in the Company's 2005 Stock Plan (the "Plan"), United States securities and tax laws and this Agreement.

THIS AGREEMENT DOES NOT SET FORTH ALL OF THE TERMS AND CONDITIONS OF THE PLAN, WHICH IS HEREBY INCORPORATED INTO AND MADE A PART OF THIS AGREEMENT BY REFERENCE. ANY TERMS USED AND NOT DEFINED HEREIN HAVE THE SAME MEANINGS AS IN THE PLAN. THE PARTICIPANT ACKNOWLEDGES THAT HE OR SHE HAS RECEIVED A COPY OF THE PLAN FROM THE COMPANY AND HAS CAREFULLY READ THE TERMS AND CONDITIONS OF THE PLAN AND THIS AGREEMENT.

SYNTA PHARMACEUTICALS CORP.

By: _____
Its: _____

1. GRANT OF OPTION.

The Company hereby grants to the Participant the right and option to purchase all or any part of an aggregate of _____ Shares, on the terms and conditions and subject to all the limitations set forth herein, under United States securities and tax laws, and in the Plan, which is incorporated herein by reference. The Participant acknowledges receipt of a copy of the Plan.

2. PURCHASE PRICE.

The purchase price of the Shares covered by the Option shall be $_____ per Share, subject to adjustment, as provided in the Plan, in the event of a stock split, reverse stock split or other events affecting the holders of Shares (the "Purchase Price"). Payment shall be made in accordance with Section 9 of the Plan.

3. EXERCISABILITY OF OPTION.

Subject to the terms and conditions set forth in this Agreement and the Plan, the Option granted hereby shall become exercisable in cumulative installments of (i) 25% of the Shares on _____, and (ii) 6.25% of the Shares on the last day of each calendar quarter thereafter. Notwithstanding the foregoing, the Option shall become vested and exercisable in accordance with the terms and conditions set forth in Sections 24B and F of the Plan.

4. TERM OF OPTION.

The Option shall terminate ten years from the date of this Agreement, but shall be subject to earlier termination as provided herein or in the Plan.

If the Participant ceases to be an employee, director or consultant of the

Company or of an Affiliate (for any reason other than the death or Disability of the Participant or termination of the Participant for "cause" [(AS DEFINED IN THE PLAN) CONSIDER OTHER DEFINITIONS]), the Option may be exercised, if it has not previously terminated, within three months after the date the Participant ceases to be an employee, director or consultant of the Company or an Affiliate, or within the originally prescribed term of the Option, whichever is earlier, but may not be exercised thereafter. In such event, the Option shall be exercisable only to the extent that the Option has become exercisable and is in effect at the date of such cessation of employment, directorship or consultancy.

Notwithstanding the foregoing, in the event of the Participant's Disability or death within three months after the termination of employment, directorship or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of employment, directorship or consultancy, but in no event after the date of expiration of the term of the Option.

In the event the Participant's employment, directorship or consultancy is terminated by the Company or an Affiliate for "cause" [(AS DEFINED IN THE PLAN)], the Participant's right to exercise any unexercised portion of this Option shall cease immediately as of the time the Participant is notified his or her employment, directorship or consultancy is terminated for "cause," and this Option shall thereupon terminate. Notwithstanding anything herein to the contrary, if subsequent to the Participant's termination, but prior to the exercise of the Option, the Board of Directors of the Company determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause," then the Participant shall immediately cease to have any right to exercise the Option and this Option shall thereupon terminate.

In the event of the Disability of the Participant, as determined in accordance with the Plan, the Option shall be exercisable within one year after the Participant's termination of service or, if earlier, within the term originally prescribed by the Option. In such event, the Option shall be exercisable:

(a) to the extent that the Option has become exercisable but has not been exercised as of the date of Disability; and

(b) in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

In the event of the death of the Participant while an employee, director or consultant of the Company or of an Affiliate, the Option shall be exercisable by the Participant's Survivors within one year after the date of death of the Participant or, if earlier, within the originally prescribed term of the Option. In such event, the Option shall be exercisable:

(x) to the extent that the Option has become exercisable but has not been exercised as of the date of death; and

(y) in the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.

5. METHOD OF EXERCISING OPTION.

Subject to the terms and conditions of this Agreement, the Option may be

exercised by written notice to the Company or its designee, in substantially the form of EXHIBIT A attached hereto. Such notice shall state the number of Shares with respect to which the Option is being exercised and shall be signed by the person exercising the Option. Payment of the purchase price for such Shares shall be made in accordance with Section 9 of the Plan. The Company shall deliver such Shares as soon as practicable after the notice shall be received, provided, however, that the Company may delay issuance of such Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including, without limitation, state securities or "blue sky" laws). The Shares as to which the Option shall have been so exercised shall be registered in the Company's share register in the name of the person so exercising the Option (or, if the Option shall be exercised by the Participant and if the Participant shall so request in the notice exercising the Option, shall be registered in the Company's share register in the name of the Participant and another person jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person exercising the Option. In the event the Option shall be exercised, pursuant to Section 4 hereof, by any person other than the Participant, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

6. PARTIAL EXERCISE.

Exercise of this Option to the extent above stated may be made in part at any time and from time to time within the above limits, except that no fractional share shall be issued pursuant to this Option.

7. NON-ASSIGNABILITY.

The Option shall not be transferable by the Participant otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act or the rules thereunder. Except as provided in the previous sentence, the Option shall be exercisable, during the Participant's lifetime, only by the Participant (or, in the event of legal incapacity or incompetency, by the Participant's guardian or representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Option or of any rights granted hereunder contrary to the provisions of this Section 7, or the levy of any attachment or similar process upon the Option shall be null and void.

8. NO RIGHTS AS STOCKHOLDER UNTIL EXERCISE.

The Participant shall have no rights as a stockholder with respect to Shares subject to this Agreement until registration of the Shares in the Company's share register in the name of the Participant. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to the date of such registration.

9. ADJUSTMENTS.

The Plan contains provisions covering the treatment of Options in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to Options and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference.

10. TAXES.

The Participant acknowledges that upon exercise of the Option the

Participant will be deemed to have taxable income measured by the difference between the then fair market value of the Shares received upon exercise and the price paid for such Shares pursuant to this Agreement. The Participant acknowledges that any income or other taxes due from him or her with respect to this Option or the Shares issuable pursuant to this Option shall be the Participant's responsibility.

The Participant agrees that the Company may withhold from the Participant's remuneration, if any, the minimum statutory amount of federal, state and local withholding taxes attributable to such amount that is considered compensation includable in such person's gross income. At the Company's discretion, the amount required to be withheld may be withheld in cash from such remuneration, or in kind from the Shares otherwise deliverable to the Participant on exercise of the Option. The Participant further agrees that, if the Company does not withhold an amount from the Participant's remuneration sufficient to satisfy the Company's income tax withholding obligation, the Participant will reimburse the Company on demand, in cash, for the amount under-withheld.

11. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of the Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

(a) The person(s) who exercise the Option shall warrant to the Company, at the time of such exercise, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing the Shares issued pursuant to such exercise:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws;" and

(b) If the Company so requires, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise in compliance with the 1933 Act without registration thereunder. Without limiting the generality of the foregoing, the Company may delay issuance of the Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including without limitation state securities or "blue sky" laws).

12. RESTRICTIONS ON TRANSFER OF SHARES.

12.1 If, in connection with a registration statement filed by the Company pursuant to the Securities Act, the Company or its underwriter so requests, the Participant will agree not to sell any Shares for a period not to exceed 180 days following the effectiveness of such registration.

12.2 The Participant acknowledges and agrees that neither the Company, its shareholders nor its directors and officers, has any duty or obligation to disclose to the Participant any material information regarding the business of the Company or affecting the value of the Shares before, at the time of, or

following a termination of the employment of the Participant by the Company, including, without limitation, any information concerning plans for the Company to make a public offering of its securities or to be acquired by or merged with or into another firm or entity.

13. NO OBLIGATION TO MAINTAIN RELATIONSHIP.

The Company is not by the Plan or this Option obligated to continue the Participant as an employee, director or consultant of the Company or an Affiliate. The Participant acknowledges: (i) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (ii) that the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (iii) that all determinations with respect to any such future grants, including, but not limited to, the times when options shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of the Company; (iv) that the Participant's participation in the Plan is voluntary; (v) that the value of the Option is an extraordinary item of compensation which is outside the scope of the Participant's employment contract, if any; and (vi) that the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. NOTICES.

Any notices required or permitted by the terms of this Agreement or the Plan shall be given by recognized courier service, facsimile, registered or certified mail, return receipt requested, addressed as follows:

If to the Company:

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421
Attention: Vice President Legal Affairs

If to the Participant: _____
_____
_____
_____

or to such other address or addresses of which notice in the same manner has previously been given. Any such notice shall be deemed to have been given upon the earlier of receipt, one business day following delivery to a recognized courier service or three business days following mailing by registered or certified mail.

15. GOVERNING LAW.

This Agreement shall be construed and enforced in accordance with the law of the State of Delaware, without giving effect to the conflict of law principles thereof. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction in the Commonwealth of Massachusetts and agree that such litigation shall be conducted in the courts of Middlesex County, Massachusetts or the federal courts of the United States for the District of Massachusetts.

16. BENEFIT OF AGREEMENT.

Subject to the provisions of the Plan and the other provisions hereof, this Agreement shall be for the benefit of and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

17. ENTIRE AGREEMENT.

This Agreement, together with the Plan, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict, the express terms and provisions of this Agreement, provided, however, in any event, this Agreement shall be subject to and governed by the Plan.

18. MODIFICATIONS AND AMENDMENTS.

The terms and provisions of this Agreement may be modified or amended as provided in the Plan.

19. WAIVERS AND CONSENTS.

Except as provided in the Plan, the terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

20. DATA PRIVACY.

By entering into this Agreement, the Participant: (i) authorizes the Company and each Affiliate, and any agent of the Company or any Affiliate administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant of options and the administration of the Plan; (ii) waives any data privacy rights he or she may have with respect to such information; and (iii) authorizes the Company and each Affiliate to store and transmit such information in electronic form.

EXHIBIT A

NOTICE OF EXERCISE OF NON-QUALIFIED STOCK OPTION

TO: Synta Pharmaceuticals Corp.

Ladies and Gentlemen:

I hereby exercise my Non-Qualified Stock Option to purchase _____ shares (the "Shares") of the common stock, $.0001 par value, of Synta Pharmaceuticals Corp. (the "Company"), at the exercise price of $_____ per share, pursuant to and subject to the terms of that certain Non-Qualified Stock Option Agreement between the undersigned and the Company dated _____, 200_.

I understand the nature of the investment I am making and the financial risks thereof. I am aware that it is my responsibility to have consulted with competent tax and legal advisors about the relevant national, state and local income tax and securities laws affecting the exercise of the Option and the purchase and subsequent sale of the Shares.

I am paying the option exercise price for the Shares as follows:

_____

Please issue the Shares (check one):

/ / to me; or

/ / to me and _____, as joint tenants with right of survivorship, at the following address: _____
_____
_____

My mailing address for shareholder communications, if different from the address listed above, is: _____
_____
_____

Very truly yours,

Participant (signature)

Print Name

Date

Social Security Number

Exhibit 10.2(c)

RESTRICTED STOCK AGREEMENT

SYNTA PHARMACEUTICALS CORP.

AGREEMENT made as of the _____ day of _____, 200__ (the "Grant Date"), between Synta Pharmaceuticals Corp. (the "Company"), a Delaware corporation having its principal place of business in Lexington, Massachusetts and _____ (the "Participant").

WHEREAS, the Company has adopted the 2005 Stock Plan (the "Plan") to promote the interests of the Company by providing an incentive for employees, directors and consultants of the Company or its Affiliates;

WHEREAS, pursuant to the provisions of the Plan, the Company desires to offer for sale to the Participant shares of the Company's common stock, $.0001 par value per share ("Common Stock"), in accordance with the provisions of the Plan, all on the terms and conditions hereinafter set forth;

WHEREAS, Participant wishes to accept said offer; and

WHEREAS, the parties hereto understand and agree that any terms used and not defined herein have the meanings ascribed to such terms in the Plan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. TERMS OF PURCHASE. The Participant hereby accepts the offer of the Company to issue to the Participant, in accordance with the terms of the Plan and this Agreement, _____ (_____) Shares of the Company's Common Stock (such shares, subject to adjustment pursuant to Section 24 of the Plan and Subsection 2.1(h) hereof, the "Granted Shares") at a purchase price per share of $.0001 (the "Purchase Price"), receipt of which is hereby acknowledged by the Participant's prior service to the Company and which amount will be reported as income on the Participant's W-2 for this calendar year.

2.1. COMPANY'S LAPSING REPURCHASE RIGHT.

(a) LAPSING REPURCHASE RIGHT. In the event that for any reason the Participant is no longer an employee, director or consultant of the Company or an Affiliate prior to _____ (the "Termination"), the Participant (or the Participant's Survivor) shall, on the date of Termination, immediately forfeit to the Company (or its designee) all of the Granted Shares which have not yet lapsed in accordance with the schedule set forth below (the "Lapsing Repurchase Right").

The Company's Lapsing Repurchase Right is as follows:

(i) If the Participant's Termination is prior to [THE FIRST ANNIVERSARY OF THE GRANT DATE], all of the Granted Shares shall be forfeited to the Company.

(ii) If the Participant's Termination is on or after [THE FIRST ANNIVERSARY OF THE GRANT DATE] but prior to _____, __% of the Granted Shares shall be forfeited to the Company.

(b) EFFECT OF TERMINATION FOR DISABILITY OR UPON DEATH. The following rules apply if the Participant's Termination is by reason of Disability or death: to the extent the Company's Lapsing Repurchase Right has not lapsed as of the date of Disability or death, as case may be, the Participant shall forfeit to the Company any or all of the Granted Shares subject to such Lapsing

Repurchase Right; provided, however, that the Company's Lapsing Repurchase Right shall be deemed to have lapsed to the extent of a pro rata portion of the Granted Shares through the date of Disability or death, as would have lapsed had the Participant not become Disabled or died, as the case may be. The proration shall be based upon the number of days accrued in such current vesting period prior to the Participant's date of Disability or death, as the case may be.

(c) EFFECT OF A FOR CAUSE TERMINATION. Notwithstanding anything to the contrary contained in this Agreement, in the event the Company or an Affiliate terminates the Participant's employment or service for "cause" (as defined in the Plan) or in the event the Administrator determines, within one year after the Participant's termination, that either prior or subsequent to the Participant's termination the Participant engaged in conduct that would constitute "cause," all of the Granted Shares then held by the Participant shall be forfeited to the Company immediately as of the time the Participant is notified that he or she has been terminated for "cause" or that he or she engaged in conduct which would constitute "cause".

(d) EFFECT OF CHANGE OF CONTROL. Except as otherwise provided in Subsection 2.1(c) above, the Company's Lapsing Repurchase Right shall terminate, and the Participant's ownership of all Granted Shares then owned by the Participant shall become vested in accordance with the terms and conditions set forth in Sections 24B and F of the Plan.

(e) ESCROW. The certificates representing all Granted Shares acquired by the Participant hereunder which from time to time are subject to the Lapsing Repurchase Right shall be delivered to the Company and the Company shall hold such Granted Shares in escrow as provided in this Subsection 2.1(e). The Company shall promptly release from escrow and deliver to the Participant a certificate for the whole number of Granted Shares, if any, as to which the Company's Lapsing Repurchase Right has lapsed. In the event of forfeiture to the Company of Granted Shares subject to the Lapsing Repurchase Right, the Company shall release from escrow and cancel a certificate for the number of Granted Shares so forfeited. Any securities distributed in respect of the Granted Shares held in escrow, including, without limitation, shares issued as a result of stock splits, stock dividends or other recapitalizations, shall also be held in escrow in the same manner as the Granted Shares.

(f) PROHIBITION ON TRANSFER. The Participant recognizes and agrees that all Granted Shares which are subject to the Lapsing Repurchase Right may not be sold, transferred, assigned, hypothecated, pledged, encumbered or otherwise disposed of, whether voluntarily or by operation of law, other than to the Company (or its designee). However, the Participant, with the approval of the Administrator, may transfer the Granted Shares for no consideration to or for the benefit of the Participant's Immediate Family (including, without limitation, to a trust for the benefit of the Participant's Immediate Family or to a partnership or limited liability company for one or more members of the Participant's Immediate Family), subject to such limits as the Administrator may establish, and the transferee shall remain subject to all the terms and conditions applicable to this Agreement prior to such transfer and each such transferee shall so acknowledge in writing as a condition precedent to the effectiveness of such transfer. The term "Immediate Family" shall mean the Participant's spouse, former spouse, parents, children, stepchildren, adoptive relationships, sisters, brothers, nieces and nephews and grandchildren (and, for this purpose,

shall also include the Participant. The Company shall not be required to transfer any Granted Shares on its books which shall have been sold, assigned or otherwise transferred in violation of this Subsection 2.1(f), or to treat as the owner of such Granted Shares, or to accord the right to vote as such owner or to pay dividends to, any person or organization to which any such Granted Shares shall have been so sold, assigned or otherwise transferred, in violation of this Subsection 2.1(f).

(g) FAILURE TO DELIVER GRANTED SHARES TO BE REPURCHASED. In the event

that the Granted Shares to be forfeited to the Company under this Agreement are not in the Company's possession pursuant to Subsection 2.1(e) above or otherwise and the Participant or the Participant's Survivor fails to deliver such Granted Shares to the Company (or its designee), the Company may immediately take such action as is appropriate to transfer record title of such Granted Shares from the Participant to the Company (or its designee) and treat the Participant and such Granted Shares in all respects as if delivery of such Granted Shares had been made as required by this Agreement. The Participant hereby irrevocably grants the Company a power of attorney which shall be coupled with an interest for the purpose of effectuating the preceding sentence.

(h) ADJUSTMENTS. The Plan contains provisions covering the treatment of Shares in a number of contingencies such as stock splits, mergers and Change of Control transactions. Provisions in the Plan for adjustment with respect to the Granted Shares and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference.

2.2 GENERAL RESTRICTIONS ON TRANSFER OF GRANTED SHARES.

(a) If in connection with a registration statement filed by the Company pursuant to the Securities Act of 1933, as amended (the "1933 Act"), the Company or its underwriter so requests, the Participant will agree not to sell any of his or her Granted Shares whether or not the Lapsing Repurchase Right has lapsed for a period not to exceed the lesser of: (i) 180 days following the effectiveness of such registration statement or (ii) such period as the officers and directors of the Company agree not to sell their Common Stock of the Company.

(b) The Participant acknowledges and agrees that neither the Company nor, its shareholders nor its directors and officers, has any duty or obligation to disclose to the Participant any material information regarding the business of the Company or affecting the value of the Shares before, at the time of, or following a Termination, including, without limitation, any information concerning plans for the Company to make a public offering of its securities or to be acquired by or merged with or into another firm or entity.

3. SECURITIES LAW COMPLIANCE. The Participant specifically acknowledges and agrees that any sales of Granted Shares shall be made in accordance with the requirements of the 1933 Act.

4. RIGHTS AS A STOCKHOLDER. The Participant shall have all the rights of a stockholder with respect to the Granted Shares, including voting and dividend rights, subject to the transfer and other restrictions set forth herein and in the Plan.

5. LEGEND. In addition to any legend required pursuant to the Plan, all certificates representing the Granted Shares to be issued to the Participant pursuant to this Agreement shall have endorsed thereon a legend substantially as follows:

> "The shares represented by this certificate are subject to restrictions set forth in a Restricted Stock Agreement dated as of _____ with this Company, a copy of which

> Agreement is available for inspection at the offices of the Company or will be made available upon request."

6. INCORPORATION OF THE PLAN. The Participant specifically understands and agrees that the Granted Shares issued under the Plan are being sold to the Participant pursuant to the Plan, a copy of which Plan the Participant acknowledges he or she has read and understands and by which Plan he or she agrees to be bound. The provisions of the Plan are incorporated herein by reference.

7. TAX LIABILITY OF THE PARTICIPANT AND PAYMENT OF TAXES. The Participant acknowledges and agrees that any income or other taxes due from the Participant with respect to the Granted Shares issued pursuant to this Agreement, including, without limitation, the Lapsing Repurchase Right, shall be the Participant's responsibility. Without limiting the foregoing, the Participant agrees that, to the extent that the lapsing of restrictions on disposition of any of the Granted Shares or the declaration of dividends on any such shares before the lapse of such restrictions on disposition results in the Participant's being deemed to be in receipt of earned income under the provisions of the Code, the Company shall be entitled to immediate payment from the Participant of the amount of any tax required to be withheld by the Company.

Upon execution of this Agreement, the Participant may file an election under Section 83 of the Code in substantially the form attached as EXHIBIT B. The Participant acknowledges that if she does not file such an election, as the Granted Shares are released from the Lapsing Repurchase Right in accordance with Section 2.1, the Participant will have income for tax purposes equal to the fair market value of the Granted Shares at such date, less the price paid for the Granted Shares by the Participant.(1)

[The Participant shall be required to deposit with the Company an amount of cash equal to the amount determined by the Company to be required with respect to the statutory minimum of the Participant's estimated total federal, state and local tax obligations associated with the termination of the Lapsing Repurchase right with respect to the Granted Shares. In connection with the foregoing, the Participant agrees that the Company shall authorize a registered broker(s) (the "Broker") to sell on the date that the Granted Shares shall be released from the Lapsing Repurchase Right such number of Granted Shares as the Company instructs the Broker to sell to satisfy the Company's withholding obligations, after deduction of the Broker's commission, and the Broker shall remit to the Company the cash necessary in order for the Company to satisfy its withholding obligation. The Company shall not deliver any of the Granted Shares until the deposit required herein for withholding has been made. In connection with such sale of Granted Shares, the Participant shall execute any such documents requested

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(1) If the Shares are purchased at fair market value then the 83(b) election would be protective in nature and would not result in any additional tax on purchase of the Shares. If the Shares are being purchased at a discount from fair market value, the 83(b) election accelerates the timing of the taxation to the time of the grant, and later dispositions are taxed at capital gain rates. If the 83(b) election is not made then the tax is paid at the time the restrictions lapse (which could result in a higher possible taxable spread at that time). An 83(b) election must be made within 30 days of the grant.

If the Company pays cash dividends and an 83(b) election is filed, dividends receive dividend tax treatment. However, if no 83(b) election is made (as is the case with most public companies) the Employee will pay ordinary income tax rates on the cash dividend payments until the restrictions on the shares underlying those dividends lapse.

If no 83(b) election is filed consider adding the following to the Agreement: The Participant has agreed not to file an election with respect to the Granted Shares under Section 83 of the Code and has obtained the advice or has been given the opportunity to obtain the advice of his or her tax advisors with respect to the tax consequences of the purchase of the Granted Shares and the provisions of this Agreement.

by Broker in order to effectuate the sale of the Granted Shares and payment of the withholding obligation to the Company.]

8. EQUITABLE RELIEF. The Participant specifically acknowledges and agrees that in the event of a breach or threatened breach of the provisions of this Agreement or the Plan, including the attempted transfer of the Granted

Shares by the Participant in violation of this Agreement, monetary damages may not be adequate to compensate the Company, and, therefore, in the event of such a breach or threatened breach, in addition to any right to damages, the Company shall be entitled to equitable relief in any court having competent jurisdiction. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for any such breach or threatened breach.

9. NO OBLIGATION TO MAINTAIN RELATIONSHIP. The Company is not by the Plan or this Agreement obligated to continue the Participant as an employee, director or consultant of the Company or an Affiliate. The Participant acknowledges: (i) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (ii) that the grant of the Shares is a one-time benefit which does not create any contractual or other right to receive future grants of shares, or benefits in lieu of shares; (iii) that all determinations with respect to any such future grants, including, but not limited to, the times when shares shall be granted, the number of shares to be granted, the purchase price, and the time or times when each share shall be free from a lapsing repurchase right, will be at the sole discretion of the Company; (iv) that the Participant's participation in the Plan is voluntary; (v) that the value of the Shares is an extraordinary item of compensation which is outside the scope of the Participant's employment contract, if any; and (vi) that the Shares are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

10. NOTICES. Any notices required or permitted by the terms of this Agreement or the Plan shall be given by recognized courier service, facsimile, registered or certified mail, return receipt requested, addressed as follows:

If to the Company:

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421
Attn: Vice President of Legal Affairs

If to the Participant:

EMPLOYEE NAME

or to such other address or addresses of which notice in the same manner has previously been given. Any such notice shall be deemed to have been given on the earliest of receipt, one business day following delivery by the sender to a recognized courier service, or three business days following mailing by registered or certified mail.

11. BENEFIT OF AGREEMENT. Subject to the provisions of the Plan and the other provisions hereof, this Agreement shall be for the benefit of and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

12. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For the

purpose of litigating any dispute that arises under this Agreement, whether at law or in equity, the parties hereby consent to exclusive jurisdiction in Massachusetts and agree that such litigation shall be conducted in the courts of the Commonwealth of Massachusetts or the federal courts of the United States for the District of Massachusetts.

13. SEVERABILITY. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, then such

provision or provisions shall be modified to the extent necessary to make such provision valid and enforceable, and to the extent that this is impossible, then such provision shall be deemed to be excised from this Agreement, and the validity, legality and enforceability of the rest of this Agreement shall not be affected thereby.

14. ENTIRE AGREEMENT. This Agreement, together with the Plan, constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Agreement shall affect or be used to interpret, change or restrict the express terms and provisions of this Agreement provided, however, in any event, this Agreement shall be subject to and governed by the Plan.

15. MODIFICATIONS AND AMENDMENTS; WAIVERS AND CONSENTS. The terms and provisions of this Agreement may be modified or amended as provided in the Plan. Except as provided in the Plan, the terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

16. CONSENT OF SPOUSE/DOMESTIC PARTNER. If the Participant has a spouse or domestic partner as of the date of this Agreement, the Participant's spouse or domestic partner shall execute a Consent of Spouse/Domestic Partner in the form of EXHIBIT A hereto, effective as of the date hereof. Such consent shall not be deemed to confer or convey to the spouse or domestic partner any rights in the Granted Shares that do not otherwise exist by operation of law or the agreement of the parties. If the Participant subsequent to the date hereof, marries, remarries or applies to the Company for domestic partner benefits, the Participant shall, not later than 60 days thereafter, obtain his or her new spouse/domestic partner's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Agreement by having such spouse/domestic partner execute and deliver a Consent of Spouse/Domestic Partner in the form of Exhibit A.

17. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. DATA PRIVACY. By entering into this Agreement, the Participant: (i) authorizes the Company and each Affiliate, and any agent of the Company or any Affiliate administering the Plan or providing Plan record keeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the grant of Shares and the administration of the Plan; (ii) waives any data privacy rights he or she may have with respect to such information; and (iii) authorizes the Company and each Affiliate to store and transmit such information in electronic form.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

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

SYNTA PHARMACEUTICALS CORP.

By:

Name:
Title:

Participant:

Print Name:

EXHIBIT A

CONSENT OF SPOUSE/DOMESTIC PARTNER

I, _____, spouse or domestic partner of _____, acknowledge that I have read the RESTRICTED STOCK AGREEMENT dated as of _____ (the "Agreement") to which this Consent is attached as Exhibit A and that I know its contents. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Agreement. I am aware that by its provisions the Granted Shares granted to my spouse/domestic partner pursuant to the Agreement are subject to a Lapsing Repurchase Right in favor of Synta Pharmaceuticals Corp. (the "Company") and that, accordingly, I may be required to forfeit to the Company any or all of the Granted Shares of which I may become possessed as a result of a gift from my spouse/domestic partner or a court decree and/or any property settlement in any domestic litigation.

I hereby agree that my interest, if any, in the Granted Shares subject to the Agreement shall be irrevocably bound by the Agreement and further understand and agree that any community property interest I may have in the Granted Shares shall be similarly bound by the Agreement.

I agree to the Lapsing Repurchase Right described in the Agreement and I hereby consent to the forfeiture of the Granted Shares to the Company by my spouse/domestic partner or my spouse/domestic partner's legal representative in accordance with the provisions of the Agreement. Further, as part of the consideration for the Agreement, I agree that at my death, if I have not disposed of any interest of mine in the Granted Shares by an outright bequest of the Granted Shares to my spouse or domestic partner, then the Company shall have the same rights against my legal representative to exercise its rights to the Granted Shares with respect to any interest of mine in the Granted Shares as it would have had pursuant to the Agreement if I had acquired the Granted Shares pursuant to a court decree in domestic litigation.

I AM AWARE THAT THE LEGAL, FINANCIAL AND RELATED MATTERS CONTAINED IN THE AGREEMENT ARE COMPLEX AND THAT I AM FREE TO SEEK INDEPENDENT PROFESSIONAL GUIDANCE OR COUNSEL WITH RESPECT TO THIS CONSENT. I HAVE EITHER SOUGHT SUCH GUIDANCE OR COUNSEL OR DETERMINED AFTER REVIEWING THE AGREEMENT CAREFULLY THAT I WILL WAIVE SUCH RIGHT.

Dated as of the _____ day of _____, 200_.

Print name:

EXHIBIT B

ELECTION TO INCLUDE GROSS INCOME IN YEAR

OF TRANSFER PURSUANT TO SECTION 83(b)
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

In accordance with Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), the undersigned hereby elects to include in his gross income as compensation for services the excess, if any, of the fair market value of the property (described below) at the time of transfer over the amount paid for such property.

The following sets for the information required in accordance with the Code and the regulations promulgated hereunder:

1. The name, address and social security number of the undersigned are:

   Name:
   Address:
   Social Security No.:

2. The description of the property with respect to which the election is being made is as follows:

   _____ (___) shares (the "Shares") of Common Stock, $.0001 par value per share, of Synta Pharmaceuticals Corp., a Delaware corporation (the "Company").

3. This election is made for the calendar year ____, with respect to the transfer of the property to the Taxpayer on _____.

4. Description of restrictions: The property is subject to the following restrictions:

   In the event taxpayer's employment with the Company or an Affiliate is terminated, the Company may repurchase all or any portion of the Shares determined as set forth below at the acquisition price paid by the taxpayer:

   A. If the termination takes place on or prior to _____, the Purchase Option will apply to all of the Shares.

   B. If the termination takes place after _____, 200_, the number of Shares to which the Purchase Option applies shall be _____ (___) Shares less _____ (___) Shares for each full twelve (12) month period elapsed after _____, 200_ if the taxpayer is employed by the Company or an Affiliate.

5. The fair market value at time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the property with respect to which this election is being made was not more than $____ per Share.

6. The amount paid by taxpayer for said property was $___ per Share.

7. A copy of this statement has been furnished to the Company.

Signed this ____ day of _____, 200_.

Print Name:

Exhibit 10.3

SYNTA PHARMACEUTICALS CORP.
DIRECTOR COMPENSATION POLICY*

The Board of Directors of Synta Pharmaceuticals Corp. (the "Company") has approved the following policy which establishes compensation to be paid to non-employee directors of the Company, effective January 1, 2005, to provide an inducement to obtain and retain the services of qualified persons to serve as members of the Company's Board of Directors. Each such director will receive as compensation for his or her services (i) a stock option grant upon his or her initial appointment or election to the Board of Directors of the Company and (ii) an annual fee payable in cash and/or stock, all as further set forth herein.

APPLICABLE PERSONS

This Policy shall apply to each director of the Company who (a) is not an employee of the Company or any Affiliate and (b) does not receive compensation as a consultant to the Company or any Affiliate unless such compensation is received solely for services provided as a member of the Scientific Advisory Board (each, an "Outside Director"). Affiliate shall mean a corporation which is a direct or indirect parent or subsidiary of the Company, as determined pursuant to Section 424 of the Internal Revenue Code of 1986, as amended.

STOCK OPTION GRANT UPON INITIAL APPOINTMENT OR ELECTION AS A DIRECTOR

NUMBER OF SHARES

Each new Outside Director on the date of his or her initial appointment or election to the Board of Directors, shall be granted a non-qualified stock option to purchase 22,000 shares** of the Company's common stock under the Company's then applicable stockholder-approved stock plan (the "Stock Plan"), subject to automatic adjustment in the event of any stock split or other recapitalization affecting the Company's common stock.

VESTING PROVISION

Such option shall vest as to 25% of such grant on the first anniversary of the date of grant of the option and as to an additional 6.25% of such grant on the last day of each calendar quarter of the Company thereafter, provided such Outside Director continues to serve as a member of the Board of Directors. However, in the event of termination of service of an Outside Director, such option shall vest to the extent of a pro rata portion through the Outside Director's last day of service based on the number of days accrued in the applicable period prior to his or her termination of service.

* Amended as of April 13, 2005.

** Reflects the 1-for-2.75 reverse stock split to be effected prior to the Company's initial public offering.

EXERCISE PRICE AND TERM OF OPTION

Each option granted shall have an exercise price per share equal to the Fair Market Value (as defined in the Stock Plan) of the shares of common stock of the Company on the date of grant of the option, have a term of ten years and shall be subject to the terms and conditions of the Stock Plan. Each such option grant shall be evidenced by the issuance of a non-qualified stock option agreement.

EARLY TERMINATION OF OPTION UPON TERMINATION OF SERVICE

If an Outside Director:

a. ceases to be a member of the Board of Directors for any reason other than death or disability, any then vested and unexercised options granted to such Outside Director may be exercised by the director within a period of three months after the date the director ceases to be a member of the Board of Directors and in no event later than the expiration date of the option; or

b. ceases to be a member of the Board of Directors by reason of his or her death or disability, any then vested and unexercised options granted to such director may be exercised by the director (or by the director's personal representative, or the director's survivors) within a period of one year after the date the director ceases to be a member of the Board of Directors and in no event later than the expiration date of the option.

ANNUAL FEE

Each Outside Director shall be compensated on an annual basis for providing services to the Company. Except as otherwise set forth in this Policy, director compensation shall be paid for the period from July 1 through June 30 of each year. Each Outside Director shall receive compensation consisting of one of the following combinations of cash and/or a grant of common stock, subject to certain contractual restrictions, under the Stock Plan, at the election of each Outside Director, as follows:

- $40,000 cash,
- $30,000 cash and such number of shares of the Company's common stock as is equal to $10,000 on the date of grant of the shares,
- $20,000 cash and such number of shares of the Company's common stock as is equal to $20,000 on the date of grant of the shares,
- $10,000 cash and such number of shares of the Company's common stock as is equal to $30,000 on the date of grant of the shares, or
- such number of shares of the Company's common stock as is equal to $40,000 on the date of the grant of the shares.

The number of shares to be received by an Outside Director shall be calculated by dividing the total dollar amount that the Outside Director has elected to be paid in shares of common stock by the Fair Market Value (as defined in the Stock Plan) of the shares of common

stock of the Company on the last business day prior to the date of grant of the shares (rounded down to the nearest whole number so that no fractional shares shall be issued).

ELECTION

Each Outside Director shall make an election on the form provided by the Company, indicating the combination of his or her annual compensation, prior to each annual meeting of stockholders. If the Company does not schedule an annual meeting of stockholders to be held on or before June 30th of any year, each Outside Director shall make his or her election by June 15th of the applicable year.

CASH PAYMENTS

Any cash portion to be paid to an Outside Director shall be paid quarterly in arrears as of the last day of each calendar quarter. If an Outside Director dies, resigns or is removed during any quarter, he or she shall be entitled to a cash payment on a pro rata basis through his or her last day of service.

RESTRICTED STOCK GRANTS

Shares of common stock shall be granted at the first meeting of the Board of Directors following each annual stockholders meeting, or if no such meeting of the Board of Directors shall occur before June 30 of the applicable year, by

unanimous written consent dated June 30 of that year. The shares shall be subject to a lapsing repurchase right such that the shares shall be subject to forfeiture to the Company if such Outside Director does not continue to serve as a member of the Board of Directors as of the end of the applicable quarter as follows: the repurchase right shall lapse as to 25% of each such grant on each of September 30, December 31, March 31 and June 30 thereafter, provided such Outside Director continues to serve as a member of the Board of Directors as of the applicable date.

INITIAL ANNUAL FEE UPON INSTITUTION OF POLICY

On the date of adoption of this Policy, each Outside Director then serving shall be entitled to receive compensation prorated for the period from January 1, 2005 through June 30, 2005. Each Outside Director shall make an election on or before January 14, 2005 as to the combination of cash and/or stock to be received. The Board of Directors shall, by unanimous written consent dated January 18, 2005, grant any shares to be issued as part of such compensation. The shares to be issued shall be subject to a lapsing repurchase right such that the Company's repurchase right shall lapse as to 50% of each such grant on each of March 31, 2005 and June 30, 2005, provided such Outside Director continues to serve as a member of the Board of Directors as of the applicable date.

INITIAL ANNUAL FEE FOR NEWLY APPOINTED OR ELECTED DIRECTORS

Each Outside Director who is first appointed or elected to the Board of Directors after the date of the adoption of this Policy shall receive his or her first year's annual fee prorated in accordance with the terms of this Policy from the beginning of the next calendar quarter after his or her initial appointment or election through the following June 30. Each such Outside Director

shall make an election prior to the beginning of the next calendar quarter after his or her initial appointment or election as to the combination of cash and/or stock. The Board of Directors shall, by unanimous written consent dated the date of the first day of such quarter, grant any shares to be issued to such Outside Director as part of such compensation. Any such shares shall be subject to a pro rata lapsing repurchase right as of the last day of each quarter remaining in such initial period, provided such Outside Director continues to serve as a member of the Board of Directors as of the end of the applicable quarter.

PURCHASE PRICE AND OTHER PROVISIONS APPLICABLE TO ALL STOCK GRANTS

Shares granted shall have a purchase price equal to the par value of the common stock on the date of grant and shall be subject to the terms and conditions of the Stock Plan. The terms of such grant shall be evidenced by a restricted stock agreement to be entered into between the Company and the Outside Director. In addition, in the event of termination of service of an Outside Director, the Company's lapsing repurchase right shall be deemed to have lapsed to the extent of a pro rata portion of the shares through the Outside Director's last day of service based on the number of days accrued in the applicable period prior to his or her termination of service.

BOARD COMMITTEE COMPENSATION

Each Outside Director shall also receive an annual fee of $5,000 for each Committee of the Board of Directors on which such individual serves. However, the Chairman of each Committee, other than the Audit Committee, shall receive an annual fee of $10,000, and the Chairman of the Audit Committee shall receive an annual fee of $15,000 for services as Chairman. Payment shall commence effective January 1, 2005 and shall be made quarterly in arrears on the last day of each calendar quarter and upon death, resignation or removal, payment shall be made pro rata through the last day of service.

EXPENSES

Upon presentation of documentation of such expenses reasonably satisfactory

to the Company, each Outside Director shall be reimbursed for his or her reasonable out-of-pocket business expenses incurred in connection with attending meetings of the Board of Directors, Committees thereof or in connection with other Board related business.

AMENDMENTS

The Board of Directors shall review this Policy from time to time to assess whether any amendments in the type and amount of compensation provided herein should be adjusted in order to fulfill the objectives of this Policy.

DATED: January 11, 2005, as amended April 13, 2005

Exhibit 10.21

December 20, 2004

Stephen Gansler
[ADDRESS]

Dear Stephen:

On behalf of Synta Pharmaceuticals, I am pleased to offer you the position of Vice President of Human Resources reporting to Safi Bahcall, the President and Chief Executive Officer of Synta Pharmaceuticals Corp. (hereinafter "Synta Pharmaceuticals" or the "Company").

1. START DATE: Your first day of employment will be January 3, 2005.

2. BASE COMPENSATION: Your initial base salary will be $210,000 annually payable on a semi-monthly basis, from which all applicable taxes and other customary employment-related deductions will be taken.

3. BONUSES: You will be eligible to receive annual performance based bonuses. Cash bonuses for fully meeting and exceeding expectations under the Company's proposed bonus program are expected to be in the 10-20% range, with a full target level of 20%. Such bonus, if any, will be granted at the discretion of the Company's Board of Directors.

4. STOCK OPTION: Subject to the approval of the Company's Board of Directors, you will be granted an incentive stock option to purchase a total of 150,000 shares of the Company's common stock. The shares will vest pursuant to the terms of the Synta Pharmaceuticals Corp. 2001 Stock Plan (the "Plan") and a formal stock option agreement that you will receive after the grant is approved. All stock option grants shall be priced at the fair market value on the grant date, which will be your first day of employment. Provided that you are still employed by the Company, the Option shall become exercisable in cumulative installments of 25% of the Stock Right Shares on the one-year anniversary of your grant date, and thereafter 6.25% of the Stock Rights Shares upon the end of each following calendar quarter. In addition, you will be eligible to receive an annual option grant on the same date as other eligible employees in February/March of 2005.

5. BENEFITS: As an employee, you will be eligible to participate in certain Company-sponsored benefit plans to the same extent as, and subject to the same terms, conditions and limitations applicable to other employees of the Company of similar rank and tenure. All benefits may be changed or modified from time to time at the Company's sole discretion.

6. EMPLOYMENT PERIOD: Your employment with the Company will be at-will, meaning that you will not be obligated to remain employed by the Company for any specified period of time; likewise, the Company will not be obligated to continue your employment for any specific period and may terminate your employment at any time, with or without cause. No provision of this letter shall be construed to create an express or implied employment contract.

7. SEVERANCE: In the event the Company terminates your employment without cause, the Company will make a one-time severance payment to you one week after the date of termination equal to: 1.5 months of base salary if your employment period has been between 6 and 12 months, or 3 months of base salary if your employment period has been 12 or more months. In addition to the one-time severance payment, the Company will provide for a continuation of health care coverage for a 12 month period.

For purposes of this letter, termination "without cause" shall include, but not be limited to, your resignation following a significant and material diminution in your title, salary, duties or responsibilities by the Company or a

requirement that you relocate to an office more than 50 miles from Lexington, MA. The preceding sentence notwithstanding, "cause" shall include (but is not limited to): (i) any substantial malfeasance or non-feasance of duty, (ii) any material breach by you of any of the terms of the Confidential Information Agreement and Non-Competition Agreement between you and the Company, (iii) any attempt by you to secure any improper personal profit in connection with the business of the Company or any of its affiliates, (iv) your conviction, or the entry of a pleading of guilty or nolo contendre by you to, any crime involving moral turpitude or any felony, or (v) any conduct substantially injurious or prejudicial to the business of the Company or its affiliates.

Concurrently with the receipt of your severance payment, and as a condition to such receipt, you shall execute and deliver to the Company your written release of the Company from any and all claims and causes of action against the Company arising in connection with your employment with the Company.

8. CONTINGENCIES: Our employment offer to you is contingent upon (1) your execution of the standard form of Non-Competition, Confidentiality and Inventions Agreement (a copy of which is attached hereto as EXHIBIT A); (2) your ability, as required under federal law, to establish your employment eligibility as a U.S. citizen, a lawful permanent resident of the U.S. or an individual specifically authorized for employment by the Immigration and Naturalization Service; and (3) completion of a satisfactory background check. If any of the foregoing conditions are not met, this employment offer shall be null and void.

9. JURISDICTION AND WAIVER: In the case of any dispute, this offer of employment shall be interpreted under the laws of the Commonwealth of Massachusetts. By accepting this offer of employment, you agree that any action, demand, claim or counterclaim in connection with any aspect of your employment with the Company, or any separation of employment (whether voluntary or involuntary) from the Company, shall be resolved in a court of competent jurisdiction in Massachusetts by a judge alone, and you knowingly waive and forever renounce your right to a trial before a civil jury.

10. ORIENTATION: On your first day of employment, please see Human Resources for benefits orientation and enrollment at 9:30am.

We are very enthusiastic about the prospect of your joining us as a Synta Pharmaceuticals employee. Please indicate your acceptance of the foregoing by signing one enclosed copy of this letter and returning it to Human Resources by _____, 2004. After that date, this offer will lapse.

Sincerely,

/s/ SAFI BAHCALL

Safi Bahcall
President and CEO
SYNTA PHARMACEUTICALS CORP.

Agreed to and accepted:

Name: /s/ STEPHEN M. GANSLER Date: January 3, 2005

EXHIBIT A

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421

December 20, 2004

Stephen Gansler
[ADDRESS]

Dear Stephen:

This letter is to confirm our understanding with respect to (i) your agreement not to compete with Synta Pharmaceuticals Corp. or its subsidiaries or affiliates (collectively, the "Company") and (ii) your agreement to protect and preserve information and property which is confidential and proprietary to the Company (the terms and conditions agreed to in this letter shall hereinafter be referred to as the "Agreement"). You hereby acknowledge and agree that you are an "at-will" employee and that no provision of this Agreement shall be construed to create an express or implied employment contract, or a promise of employment for a specific period of time, and the Company expressly reserves the right to end your employment at any time, with or without notice or cause.

In consideration of your employment by the Company, the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, we have agreed as follows:

1. PROHIBITED COMPETITION AND SOLICITATION.

(a) CERTAIN ACKNOWLEDGMENTS AND AGREEMENTS.

(i) We have discussed, and you recognize and acknowledge the competitive and proprietary aspects of the business of the Company.

(ii) You will devote your full time and efforts to the business of the Company and, during the period of your employment with the Company (the "Term") and for a period of twelve (12) months following termination of your employment (whether such termination is voluntary or involuntary), shall not participate, directly or indirectly, in any capacity, in any business which is competitive with the Company without the prior written consent of the Company. You acknowledge and agree that a business will be deemed competitive with the Company if it conducts research, performs any of the services or manufactures or sells any of the products provided or offered by the Company or if it performs any other services and/or engages in the production, manufacture, distribution or sale of any product similar to services performed or products produced, manufactured, distributed or sold by the Company within the Field of Interest (as defined below) at any time during the period of your employment with the Company.

(iii) You further acknowledge and agree that, during the course of your employment with the Company, the Company will furnish, disclose or make available to you confidential and proprietary information related to the Company's business and that the Company may provide you with unique and specialized training. You also acknowledge that such confidential information and such training have been developed and will be developed by the Company through the expenditure by the Company of substantial time, effort and money and that all such confidential information and training could be used by you to compete with the Company.

(b) NON-SOLICITATION. During the Term and for a period of twelve (12) months following termination of your employment, whether such termination is voluntary or involuntary, you shall not, without the prior written consent of the Company:

(i) either individually or on behalf of or through any third party, solicit, divert or appropriate or attempt to solicit, divert or appropriate, any customer of the Company with which you had any contact at any time during the Term, located within the Restricted Territory with the effect or

intention of reducing or limiting the amount of business the customer does with the Company; or

(ii) either individually or on behalf of or through any third party, directly or indirectly, solicit, entice or persuade or attempt to solicit, entice or persuade any employees of or consultants to the Company (other than your spouse), who have been employees or consultants of the Company at any time during the Term, or who are employees at the time of the solicitation, to leave the services of the Company.

(c) FIELD OF INTEREST. As used herein, the term "Field of Interest" means the research of, and/or the development, manufacture and sale of, any therapeutic or diagnostic product that is developed, manufactured or sold by the Company at any time during the Term, as documented in the bi-weekly scientific project reports or other scientific planning documents of the company (the "Scientific Reports") prepared by the Company during the Term. You hereby acknowledge and agree that the Field of Interest shall be assessed for purposes of this Agreement as of the date on which your employment with the Company terminates, which assessment shall include, without limitation, a review of the applicable Scientific Reports.

(d) REASONABLENESS OF RESTRICTIONS. You further acknowledge and agree that (i) the activities which are prohibited by this Section 1 are narrow and reasonable in relation to the skills which represent your principal salable asset both to the Company and to your other prospective employers, and (ii) given the global nature of the Company's business, including its need to market its services and sell its products in a large geographic area in order to have a sufficient customer base to make the Company's business profitable, the geographic, length of time and substantive scope of the provisions of this Section 1 are reasonable, legitimate and fair to you.

(e) SURVIVAL OF ACKNOWLEDGMENTS AND AGREEMENTS. Except as expressly set forth hereunder, your acknowledgments and agreements set forth in this Section 1 shall survive the termination of your employment with the Company for the periods set forth above.

2. PROTECTED INFORMATION.

(a) CONFIDENTIALITY OBLIGATIONS. You shall at all times, both during the Term and thereafter, maintain in confidence and shall not, without the prior written consent of the Company, use, except in the course of performance of your duties for the Company, disclose or give to others any Confidential Information of the Company. As used herein, the term "Confidential Information" shall mean any information which is disclosed to or developed by you during the course of performing services for, or receiving training from, the Company, and is not generally available to the public, including but not limited to confidential information concerning business plans, customers, future customers, suppliers, licensors, licensees, partners, investors, affiliates or others, training methods and materials, financial information, sales prospects, client lists, Company Inventions (as defined in Section 3), or any other scientific, technical, trade or business secret or confidential or proprietary information of the Company or of any third party provided to you during the Term. In the event anyone not employed or otherwise engaged by the Company seeks information from you in regard to any such Confidential Information or any other secret or confidential work of the Company, or concerning any fact or circumstance relating thereto, you will promptly notify the chief executive officer of the Company.

(b) LIMITED EXCEPTIONS. The restrictions in Section 2(a) hereof shall not apply to information that, as can be established by competent written records: (i) was publicly known at the time of the Company's communication thereof to you; (ii) becomes publicly known through no fault of yours subsequent to the time of the Company's communication thereof to you; (iii) was in your possession free of any obligation of confidence at the time of the Company's communication thereof to you; or (iv) is developed by you independently of and

without reference to or use of any of the Company's Confidential Information. In the event that you are required by law, regulation or court order to disclose any of the Company's Confidential Information, you shall (i) first notify the Company of such disclosure requirement and (ii) furnish only that portion of the Confidential Information that is legally required and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded the Confidential Information.

3. OWNERSHIP OF INTELLECTUAL PROPERTY IDEAS.

(a) PROPERTY OF THE COMPANY. As used in this Agreement, the term "Inventions" shall mean all ideas, discoveries, creations, manuscripts and properties, innovations, improvements, know-how, inventions, designs, developments, apparatus, techniques, methods, biological processes, cell lines, laboratory notebooks and formulae, whether patentable, copyrightable or not, including all rights to obtain, register, perfect and enforce any of the foregoing. You hereby agree that any Inventions which you may conceive, reduce to practice or develop during the Term in connection with the business activities of the Company or otherwise within the Field of Interest, alone or in conjunction with any other party, whether during or out of regular business hours, and whether at the request or upon the suggestion of the Company, or otherwise (collectively, the "Company Inventions"), shall be the sole and exclusive property of the Company. You hereby assign to the Company all of your right, title and interest in and to all

such Company Inventions and hereby agree that you shall not publish any of the Company Inventions without the prior written consent of the Company.

(b) COOPERATION. During the Term, you agree that, without further compensation, you will disclose promptly to the Company in writing, all Company Inventions you conceive, reduce to practice or develop during the Term (or, if based on or related to any Confidential Information of the Company obtained by you during the Term, within one (1) year after the termination of your employment). You further agree that you will fully cooperate with the Company, its attorneys and agents in the preparation and filing of all papers and other documents as may be reasonably required to perfect the Company's rights in and to any of such Company Inventions, including, but not limited to, joining in any proceeding to obtain patents, copyrights, trademarks or other legal rights of the United States and of any and all other countries on such Company Inventions; PROVIDED, THAT, the Company will bear the expense of such proceedings (including all of your reasonable expenses). You further agree that any patent or other legal right covering any Company Invention so issued to you, personally, shall be assigned by you to the Company without charge by you. You further acknowledge that all original works of authorship made by you, whether alone or jointly with others within the scope of your employment and which are protectable by copyright are "works made for hire" within the meaning of the United States Copyright Act, 17 U.S.C. Section 101, as amended, the copyright of which shall be owned solely, completely and exclusively by the Company. If any Company Invention is considered to be work not included in the categories of work covered by the United States Copyright Act, 17 U.S.C. Section 101, as amended, such work shall be owned solely by, or hereby assigned or transferred completely and exclusively to, the Company. If the Company is unable because of your mental or physical incapacity or for any other reason, after reasonable effort, to secure your signature on any document or documents needed to obtain or enforce any patent, copyright, trademarks or any other rights covering Inventions or original works of authorship assigned by you to the Company as required above, you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney-in-fact, to act for and in your behalf and stead to execute and file any application or assignment and to do all other lawfully permitted acts to further the prosecution and issuance to the Company of patents, copyright registrations, trademark registrations or similar protections covering the Inventions with the same legal force and effect as if executed by you.

4. PROVISIONS NECESSARY AND REASONABLE/BREACH/ATTORNEYS' FEES. You agree that (i) the provisions of Sections 1, 2 and 3 of this Agreement are necessary and reasonable to protect the Company's Confidential Information, Company Inventions, and goodwill and (ii) in the event of any breach of any of the covenants set forth herein, the Company would suffer substantial irreparable harm and would not have an adequate remedy at law for such breach. In recognition of the foregoing, you agree that in the event of a breach or threatened breach of any of these covenants, in addition to such other remedies as the Company may have at law, without posting any bond or security, the Company shall be entitled to seek and obtain equitable relief, in the form of specific performance, and/or temporary, preliminary or permanent injunctive relief, or any other equitable remedy which then may be available. The seeking of such injunction or order shall not affect the Company's right to seek and obtain damages or other equitable relief on account of any such actual or threatened breach. In the event the Company takes any court action with respect to your breach or threatened breach of this Agreement, and prevails in such action, you shall be obligated to reimburse the Company for its reasonable attorneys' fees and costs incurred in such action.

5. DISCLOSURE TO FUTURE EMPLOYERS. You agree that you will provide, and that the Company may similarly provide in its discretion, a copy of the covenants contained in Sections 1, 2 and 3 of this Agreement to any business or enterprise which you may directly, or indirectly, own, manage, operate, finance, join, control or in which you participate in the ownership, management, operation, financing, or control, or with which you may be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise.

6. REPRESENTATIONS REGARDING PRIOR WORK AND LEGAL OBLIGATIONS.

(a) You represent that you have no agreement or other legal obligation with any prior employer or any other person or entity that restricts your ability to engage in employment discussions with, employment with, or to perform any function for, the Company.

(b) You represent that you have been advised by the Company that at no time should you divulge to or use for the benefit of the Company, any trade secret or confidential or proprietary information of any previous employer. You acknowledge that you have not divulged or used any such information for the benefit of the Company.

(c) You acknowledge that the Company is basing important business decisions on these representations, and affirm that all of the statements included herein are true.

7. RECORDS. Upon termination of your employment relationship with the Company, you shall deliver to the Company any property of the Company which may be in your possession including products, materials, memoranda, notes, records, reports, or other documents or photocopies of the same.

8. NO CONFLICTING AGREEMENTS. You hereby represent and warrant that you have no commitments or obligations inconsistent with this Agreement and you hereby agree to indemnify

and hold the Company harmless against loss, damage, liability or expense arising from any claim based upon circumstances alleged to be inconsistent with such representation and warranty.

9. GENERAL.

(a) NOTICES. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party

may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission with confirmed receipt thereof (and with a copy of such telex, telecopy or facsimile, together with a copy of the confirmation sent to the recipient by regular U.S. mail on the next business day), (iii) sent by overnight courier, or (iv) sent by registered mail, return receipt requested, postage prepaid.

If to the Company: Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421
Attn: Chief Executive Officer

If to you: To the address set forth on the signature page of this Agreement.

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered mail, on the fifth business day following the day such mailing is made.

(b) ENTIRE AGREEMENT. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(c) MODIFICATIONS AND AMENDMENTS. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(d) WAIVERS AND CONSENTS. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(e) ASSIGNMENT. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which you are principally involved. Your rights and obligations under this Agreement may not be assigned by you without the prior written consent of the Company.

(f) BENEFIT. All statements, representations, warranties, covenants and agreements in this Agreement shall be binding on the parties hereto and shall inure to the benefit of the respective successors and permitted assigns of each party hereto. Nothing in this Agreement shall be construed to create any rights or obligations except among the parties hereto, and no person or entity shall be regarded as a third-party beneficiary of this Agreement.

(g) GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles thereof.

(h) JURISDICTION. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the Commonwealth of Massachusetts

or of the United States of America. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts.

(i) SEVERABILITY. The parties intend this Agreement to be enforced as written. However, (i) if any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a duly authorized court having 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 and (ii) if any provision, or part thereof, is held to be unenforceable because of the duration of such provision or the geographic area covered thereby, the Company and you agree that the court making such determination shall have the power to reduce the duration and/or geographic area of such provision, and/or to delete specific words and phrases ("blue-penciling"), and in its reduced or blue-penciled form such provision shall then be enforceable and shall be enforced.

(j) HEADINGS AND CAPTIONS. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.

(k) NO WAIVER OF RIGHTS, POWERS AND REMEDIES. No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall

not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing accurately sets forth our agreement, please so indicate by signing and returning to us the enclosed copy of this letter.

Very truly yours,

SYNTA PHARMACEUTICALS CORP.

By: /s/ SAFI BAHCALL

Safi Bahcall
President and CEO

Agreed to and accepted:

/s/ STEPHEN M. GANSLER

Name:

[ADDRESS]

Address:

Date: January 3, 2005

Exhibit 10.22

March 11, 2005

Mr. Robert J. Terifay
[ADDRESS]

Dear Bob:

On behalf of Synta Pharmaceuticals, I am pleased to offer you the position of Senior Vice President, Commercial Development and Strategy reporting to Safi Bachall for Synta Pharmaceuticals Corp. (hereinafter "Synta Pharmaceuticals" or the "Company").

1. EFFECTIVE DATE: The effective date of your employment will be April 4, 2005.

2. COMPENSATION: Your initial base salary will be $270,000 annually; payable at a semi-monthly rate of $11,250, from which all applicable taxes and other customary employment-related deductions will be taken.

Subject to the approval of the Company's Board of Directors, you will be granted an incentive stock option to purchase 300,000 shares of the Company's common stock pursuant to the terms of the Synta Pharmaceuticals Corp. 2001 Stock Plan (the "Plan") and formal stock option agreement. All stock option grants shall be priced at the fair market value on the grant date and are subject to a vesting schedule over four years (25% vest after the first year and the remainder in equal portions quarterly over the next three years.)

For the first annual performance review following your hire date, all pay-for-performance compensation (such as merit increases and annual stock option grants) will be pro-rated to reflect your start date.

3. BENEFITS: As a full-time employee, you will be eligible to participate in certain Company-sponsored benefit plans to the same extent as, and subject to the same terms, conditions and limitations applicable to other employees of the Company of similar rank and tenure. All benefits may be changed or modified from time to time at the Company's sole discretion.

4. EMPLOYMENT PERIOD: Your employment with the Company will be at-will, meaning that you will not be obligated to remain employed by the Company for any specified period of time; likewise, the Company will not be obligated to continue your employment for any specific period and may terminate your employment at any time, with or without cause.

5. CONTINGENCIES: Our employment offer to you is contingent upon (1) your execution of the standard form of Non-Competition, Confidentiality and Inventions Agreement (a copy of which is attached hereto as EXHIBIT A); (2) your ability, as required under federal law, to establish your employment eligibility as a U.S. citizen, a lawful permanent resident of the U.S. or an individual specifically authorized for employment by the Immigration and Naturalization Service; and (3) completion of a satisfactory background check. If any of the foregoing conditions are not met,

this employment offer shall be null and void.

6. JURISDICTION AND WAIVER: In the case of any dispute, this offer of employment shall be interpreted under the laws of the Commonwealth of Massachusetts. By accepting this offer of employment, you agree that any action, demand, claim or counterclaim in connection with any aspect of your employment with the Company, or any separation of employment (whether voluntary or involuntary) from the Company, shall be resolved in a court of competent jurisdiction in Massachusetts by a judge alone, and you knowingly waive and forever renounce your right to a trial before a civil jury.

7. MEDICAL SURVEILLANCE: As part of Synta's medical surveillance program, all laboratory employees working with hazardous chemical, infectious agents, radio labeled materials or animals are required to have an initial physical provided by Mount Auburn Hospital. An employee may refuse an exam by signing a release. If you want to decline from having the initial physical, please notify Human Resources on your first day at New Employee Orientation. Your initial surveillance examination will be scheduled to take place during the first 10 days of your employment.

8. ORIENTATION: On your first day of employment, please arrive at 9:00am for benefits enrollment with Human Resources.

Bob, we are very enthusiastic about the prospect of your joining us as a Synta Pharmaceuticals employee. Please indicate your acceptance of the foregoing by signing one enclosed copy of this letter and returning it to Human Resources within seven days of the date of this letter. After that date, this offer will lapse. If you need additional time to respond to this offer, please let us know immediately.

Sincerely,

SYNTA PHARMACEUTICALS CORP.

/s/ Stephen M. Gansler

Stephen M. Gansler
Vice President of Human Resources

Agreed to and accepted:

Name: /s/ Robert J. Terifay Date: March 16, 2005

EXHIBIT A

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421

March 11, 2005

Mr. Robert J. Terifay
[ADDRESS]

Dear Bob:

This letter is to confirm our understanding with respect to (i) your agreement not to compete with Synta Pharmaceuticals Corp. or its subsidiaries or affiliates (collectively, the "Company") and (ii) your agreement to protect and preserve information and property which is confidential and proprietary to the Company (the terms and conditions agreed to in this letter shall hereinafter be referred to as the "Agreement"). You hereby acknowledge and agree that you are an "at-will" employee and that no provision of this Agreement shall be construed to create an express or implied employment contract, or a promise of employment for a specific period of time, and the Company expressly reserves the right to end your employment at any time, with or without notice or cause.

In consideration of your employment by the Company, the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, we have agreed as follows:

1. PROHIBITED COMPETITION AND SOLICITATION.

(a) CERTAIN ACKNOWLEDGMENTS AND AGREEMENTS.

(i) We have discussed, and you recognize and acknowledge the competitive and proprietary aspects of the business of the Company.

(ii) You will devote your full time and efforts to the business of the Company and, during the period of your employment with the Company (the "Term") and for a period of twelve (12) months following termination of your employment (whether such termination is voluntary or involuntary), shall not participate, directly or indirectly, in any capacity, in any business which is competitive with the Company without the prior written consent of the Company. You acknowledge and agree that a business will be deemed competitive with the Company if it conducts research, performs any of the services or manufactures or sells any of the products provided or offered by the Company or if it performs any other services and/or engages in the production, manufacture, distribution or sale of any product that may be purchased in lieu of purchasing services performed or products produced, manufactured, distributed or sold by the Company within the Field of Interest (as defined below) at any time during the period of your employment with the Company.

(iii) You further acknowledge and agree that, during the course of your employment with the Company, the Company will furnish, disclose or make available to you confidential and proprietary information related to the Company's business and that the Company may provide you with unique and specialized training. You also acknowledge that such confidential information and such training have been developed and will be developed by the Company through the expenditure by the Company of substantial time, effort and money and that all such confidential information and training could be used by you to compete with the Company.

(b) NON-SOLICITATION. During the Term and for a period of twelve (12) months following termination of your employment, whether such termination is voluntary or involuntary, you shall not, without the prior written consent of the Company:

(i) either individually or on behalf of or through any third party, solicit, divert or appropriate or attempt to solicit, divert or appropriate, any customer of the Company with which you had any contact at any time during the Term, located within the Restricted Territory with the effect or intention of reducing or limiting the amount of business the customer does with the Company; or

(ii) either individually or on behalf of or through any third party, directly or indirectly, solicit, entice or persuade or attempt to solicit, entice or persuade any employees of or consultants to the Company (other than your spouse), who have been employees or consultants of the Company at any time during the Term, or who are employees at the time of the solicitation, to leave the services of the Company.

(c) FIELD OF INTEREST. As used herein, the term "Field of Interest" means the research of, and/or the development, manufacture and sale of, any therapeutic or diagnostic product that is developed, manufactured or sold by the Company at any time during the Term, as documented in the bi-weekly scientific project reports or other scientific planning documents of the company (the "Scientific Reports") prepared by the Company during the Term. You hereby acknowledge and agree that the Field of Interest shall be assessed for purposes of this Agreement as of the date on which your employment with the Company terminates, which assessment shall include, without limitation, a review of the applicable Scientific Reports.

(d) REASONABLENESS OF RESTRICTIONS. You further acknowledge and agree that (i) the activities which are prohibited by this Section 1 are narrow and reasonable in relation to the skills which represent your principal salable asset both to the Company and to your other prospective employers, and (ii) given the global nature of the Company's business, including its need to market

its services and sell its products in a large geographic area in order to have a sufficient customer base to make the Company's business profitable, the geographic, length of time and substantive scope of the provisions of this Section 1 are reasonable, legitimate and fair to you.

(e) SURVIVAL OF ACKNOWLEDGMENTS AND AGREEMENTS. Except as expressly set forth hereunder, your acknowledgments and agreements set forth in this Section 1 shall survive the termination of your employment with the Company for the periods set forth above.

2. PROTECTED INFORMATION.

(a) CONFIDENTIALITY OBLIGATIONS. You shall at all times, both during the Term and thereafter, maintain in confidence and shall not, without the prior written consent of the Company, use, except in the course of performance of your duties for the Company, disclose or give to others any Confidential Information of the Company. As used herein, the term "Confidential Information" shall mean any information which is disclosed to or developed by you during the course of performing services for, or receiving training from, the Company, and is not generally available to the public, including but not limited to confidential information concerning business plans, customers, future customers, suppliers, licensors, licensees, partners, investors, affiliates or others, training methods and materials, financial information, sales prospects, client lists, Company Inventions (as defined in Section 3), or any other scientific, technical, trade or business secret or confidential or proprietary information of the Company or of any third party provided to you during the Term. In the event anyone not employed or otherwise engaged by the Company seeks information from you in regard to any such Confidential Information or any other secret or confidential work of the Company, or concerning any fact or circumstance relating thereto, you will promptly notify the chief executive officer of the Company.

(b) LIMITED EXCEPTIONS. The restrictions in Section 2(a) hereof shall not apply to information that, as can be established by competent written records: (i) was publicly known at the time of the Company's communication thereof to you; (ii) becomes publicly known through no fault of yours subsequent to the time of the Company's communication thereof to you; (iii) was in your possession free of any obligation of confidence at the time of the Company's communication thereof to you; or (iv) is developed by you independently of and without reference to or use of any of the Company's Confidential Information. In the event that you are required by law, regulation or court order to disclose any of the Company's Confidential Information, you shall (i) first notify the Company of such disclosure requirement and (ii) furnish only that portion of the Confidential Information that is legally required and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded the Confidential Information.

3. OWNERSHIP OF INTELLECTUAL PROPERTY IDEAS.

(a) PROPERTY OF THE COMPANY. As used in this Agreement, the term "Inventions" shall mean all ideas, discoveries, creations, manuscripts and properties, innovations, improvements, know-how, inventions, designs, developments, apparatus, techniques, methods, biological processes, cell lines, laboratory notebooks and formulae, whether patentable, copyrightable or not, including all rights to obtain, register, perfect and enforce any of the foregoing. You hereby agree that any Inventions which you may conceive, reduce to practice or develop during the Term in connection with the business activities of the Company or otherwise within the Field of Interest, alone or in conjunction with any other party, whether during or out of regular business hours, and whether at the request or upon the suggestion of the Company, or otherwise (collectively, the "Company Inventions"), shall be the sole and exclusive property of the Company. You hereby assign to the Company all of your right, title and interest in and to all

such Company Inventions and hereby agree that you shall not publish any of the Company Inventions without the prior written consent of the Company.

(b) COOPERATION. During the Term, you agree that, without further compensation, you will disclose promptly to the Company in writing, all Company Inventions you conceive, reduce to practice or develop during the Term (or, if based on or related to any Confidential Information of the Company obtained by you during the Term, within one (1) year after the termination of your employment). You further agree that you will fully cooperate with the Company, its attorneys and agents in the preparation and filing of all papers and other documents as may be reasonably required to perfect the Company's rights in and to any of such Company Inventions, including, but not limited to, joining in any proceeding to obtain patents, copyrights, trademarks or other legal rights of the United States and of any and all other countries on such Company Inventions; PROVIDED, THAT, the Company will bear the expense of such proceedings (including all of your reasonable expenses). You further agree that any patent or other legal right covering any Company Invention so issued to you, personally, shall be assigned by you to the Company without charge by you. You further acknowledge that all original works of authorship made by you, whether alone or jointly with others within the scope of your employment and which are protectable by copyright are "works made for hire" within the meaning of the United States Copyright Act, 17 U.S.C. Section 101, as amended, the copyright of which shall be owned solely, completely and exclusively by the Company. If any Company Invention is considered to be work not included in the categories of work covered by the United States Copyright Act, 17 U.S.C. Section 101, as amended, such work shall be owned solely by, or hereby assigned or transferred completely and exclusively to, the Company. If the Company is unable because of your mental or physical incapacity or for any other reason, after reasonable effort, to secure your signature on any document or documents needed to obtain or enforce any patent, copyright, trademarks or any other rights covering Inventions or original works of authorship assigned by you to the Company as required above, you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney-in-fact, to act for and in your behalf and stead to execute and file any application or assignment and to do all other lawfully permitted acts to further the prosecution and issuance to the Company of patents, copyright registrations, trademark registrations or similar protections covering the Inventions with the same legal force and effect as if executed by you.

4. PROVISIONS NECESSARY AND REASONABLE/BREACH/ATTORNEYS' FEES. You agree that (i) the provisions of Sections 1, 2 and 3 of this Agreement are necessary and reasonable to protect the Company's Confidential Information, Company Inventions, and goodwill and (ii) in the event of any breach of any of the covenants set forth herein, the Company would suffer substantial irreparable harm and would not have an adequate remedy at law for such breach. In recognition of the foregoing, you agree that in the event of a breach or threatened breach of any of these covenants, in addition to such other remedies as the Company may have at law, without posting any bond or security, the Company shall be entitled to seek and obtain equitable relief, in the form of specific performance, and/or temporary, preliminary or permanent injunctive relief, or any other equitable remedy which then may be available. The seeking of such injunction or order shall not affect the Company's right to seek and obtain damages or other equitable relief on account of any such actual or threatened breach. In the event the Company takes any court action with respect to your breach or threatened breach of this Agreement, and prevails in such action, you shall be obligated to reimburse the Company for its reasonable attorneys' fees and costs incurred in such action.

5. DISCLOSURE TO FUTURE EMPLOYERS. You agree that you will provide, and that the Company may similarly provide in its discretion, a copy of the covenants contained in Sections 1, 2 and 3 of this Agreement to any business or enterprise which you may directly, or indirectly, own, manage, operate, finance, join, control or in which you participate in the ownership, management,

operation, financing, or control, or with which you may be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise.

6. REPRESENTATIONS REGARDING PRIOR WORK AND LEGAL OBLIGATIONS.

(a) You represent that you have no agreement or other legal obligation with any prior employer or any other person or entity that restricts your ability to engage in employment discussions with, employment with, or to perform any function for, the Company.

(b) You represent that you have been advised by the Company that at no time should you divulge to or use for the benefit of the Company, any trade secret or confidential or proprietary information of any previous employer. You acknowledge that you have not divulged or used any such information for the benefit of the Company.

(c) You acknowledge that the Company is basing important business decisions on these representations, and affirm that all of the statements included herein are true.

7. RECORDS. Upon termination of your employment relationship with the Company, you shall deliver to the Company any property of the Company which may be in your possession including products, materials, memoranda, notes, records, reports, or other documents or photocopies of the same.

8. NO CONFLICTING AGREEMENTS. You hereby represent and warrant that you have no commitments or obligations inconsistent with this Agreement and you hereby agree to indemnify

and hold the Company harmless against loss, damage, liability or expense arising from any claim based upon circumstances alleged to be inconsistent with such representation and warranty.

9. GENERAL.

(a) NOTICES. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission with confirmed receipt thereof (and with a copy of such telex, telecopy or facsimile, together with a copy of the confirmation sent to the recipient by regular U.S. mail on the next business day), (iii) sent by overnight courier, or (iv) sent by registered mail, return receipt requested, postage prepaid.

If to the Company: Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421
Attn: Chief Executive Officer

If to you: To the address set forth on the signature page of this Agreement.

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered mail, on the fifth business day following the day such mailing is made.

(b) ENTIRE AGREEMENT. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter

hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(c) MODIFICATIONS AND AMENDMENTS. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(d) WAIVERS AND CONSENTS. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(e) ASSIGNMENT. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which you are principally involved. Your rights and obligations under this Agreement may not be assigned by you without the prior written consent of the Company.

(f) BENEFIT. All statements, representations, warranties, covenants and agreements in this Agreement shall be binding on the parties hereto and shall inure to the benefit of the respective successors and permitted assigns of each party hereto. Nothing in this Agreement shall be construed to create any rights or obligations except among the parties hereto, and no person or entity shall be regarded as a third-party beneficiary of this Agreement.

(g) GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles thereof.

(h) JURISDICTION. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the Commonwealth of Massachusetts or of the United States of America. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts.

(i) SEVERABILITY. The parties intend this Agreement to be enforced as written. However, (i) if any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a duly authorized court having 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 and (ii) if any provision, or part thereof, is held to be unenforceable because of the duration of such provision or the geographic area covered thereby, the Company and you agree that the court making such determination shall have the power to reduce the duration and/or geographic area of such provision, and/or to delete specific words and phrases ("blue-penciling"), and in its reduced or blue-penciled form such provision shall then be enforceable and shall be enforced.

(j) HEADINGS AND CAPTIONS. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.

(k) NO WAIVER OF RIGHTS, POWERS AND REMEDIES. No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and

no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall

not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing accurately sets forth our agreement, please so indicate by signing and returning to us the enclosed copy of this letter.

Very truly yours,

SYNTA PHARMACEUTICALS CORP.

By: /s/ Stephen M. Gansler

Stephen M. Gansler
Vice President of Human Resources

Agreed to and accepted:

/s/ Robert J. Terifay

Name:

Robert J. Terifay

[ADDRESS]

Address:

Date: March 16, 2005

Exhibit 10.23

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 20__ by and between SYNTA PHARMACEUTICALS CORP., a Delaware corporation (the "CORPORATION"), and _____ ("AGENT").

RECITALS

WHEREAS, Agent performs a valuable service to the Corporation in his capacity as [a director/an officer] of the Corporation;

WHEREAS, the Corporation has adopted provisions in its Certificate of Incoorporation (the "Charter") and bylaws (the "BYLAWS") providing for the indemnification of the directors, officers, employees and other agents of the Corporation, including persons serving at the request of the Corporation in such capacities with other corporations or enterprises, as authorized by the Delaware General Corporation Law, as amended (the "CODE");

WHEREAS, the Charter, the Bylaws and the Code, by their non-exclusive nature, permit contracts between the Corporation and its agents, officers, employees and other agents with respect to indemnification of such persons; and

WHEREAS, in order to induce Agent to serve as [a director/an officer] of the Corporation, the Corporation has determined and agreed to enter into this Agreement with Agent.

NOW, THEREFORE, in consideration of Agent's service as [a director/an officer] of the Corporation after the date hereof, the parties hereto agree as follows:

AGREEMENT

1. SERVICES TO THE CORPORATION. Agent will serve, at the will of the Corporation or under separate contract, if any such contract exists, as [a director/an officer] of the Corporation or as a director, officer or other fiduciary of an affiliate of the Corporation (including any employee benefit plan of the Corporation) faithfully and to the best of his ability so long as he [is duly elected and qualified in accordance with the provisions of the Bylaws or other applicable charter documents/is a duly appointed officer] of the Corporation or such affiliate; PROVIDED, HOWEVER, that Agent may at any time and for any reason resign from such position (subject to any contractual obligation that Agent may have assumed apart from this Agreement) and that the Corporation or any affiliate shall have no obligation under this Agreement to continue Agent in any such position.

2. INDEMNITY OF AGENT. The Corporation hereby agrees to hold harmless and indemnify Agent to the fullest extent authorized or permitted by the provisions of the Charter, the Bylaws and the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the Charter, the Bylaws or the Code permitted prior to adoption of such amendment).

3. ADDITIONAL INDEMNITY. In addition to and not in limitation of the indemnification otherwise provided for herein, and subject only to the exclusions set forth in Section 4 hereof, the Corporation hereby further agrees to hold harmless and indemnify Agent:

(a) against any and all expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Agent becomes legally obligated to pay because of any claim or claims made against or by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational,

administrative or investigative (including an action by or in the right of the Corporation) to which Agent is, was or at any time becomes a party or a witness, or is threatened to be made a party or a witness, by reason of the fact that Agent is, was or at any time becomes a director, officer, employee or other agent of Corporation, or is or was serving or at any time serves at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(b) otherwise to the fullest extent as may be provided to Agent by the Corporation under the non-exclusivity provisions of the Code, the Charter and the Bylaws.

4. LIMITATIONS ON ADDITIONAL INDEMNITY. No indemnity pursuant to Section 3 hereof shall be paid by the Corporation:

(a) on account of any claim against Agent for an accounting of profits made from the purchase or sale by Agent of securities of the Corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law;

(b) on account of Agent's conduct that is established by a final judgment as knowingly fraudulent or deliberately dishonest or that constituted willful misconduct;

(c) on account of Agent's conduct that is established by a final judgment as constituting a breach of Agent's duty of loyalty to the Corporation or resulting in any personal profit or advantage to which Agent was not legally entitled;

(d) for which payment is actually made to Agent under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement, except in respect of any excess beyond payment under such insurance, clause, bylaw or agreement;

(e) if indemnification is not lawful (and, in this respect, both the Corporation and Agent have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication); or

(f) in connection with any proceeding (or part thereof) initiated by Agent, or any proceeding by Agent against the Corporation or its directors, officers, employees or other agents, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the Corporation, (iii) such

indemnification is provided by the Corporation, in its sole discretion, pursuant to the powers vested in the Corporation under the Code, or (iv) the proceeding is initiated pursuant to Section 9 hereof.

5. CONTINUATION OF INDEMNITY. All agreements and obligations of the Corporation contained herein shall continue during the period Agent is a director, officer, employee or other agent of the Corporation (or is or was serving at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Agent shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Agent was serving in the capacity referred to herein.

6. PARTIAL INDEMNIFICATION. Agent shall be entitled under this Agreement

to indemnification by the Corporation for a portion of the expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Agent becomes legally obligated to pay in connection with any action, suit or proceeding referred to in Section 3 hereof even if not entitled hereunder to indemnification for the total amount thereof, and the Corporation shall indemnify Agent for the portion thereof to which Agent is entitled.

7. NOTIFICATION AND DEFENSE OF CLAIM. Not later than thirty (30) days after Agent becomes aware, by written or other overt communication, of any pending or threatened litigation, claim or assessment, Agent will, if a claim in respect thereof is to be made against the Corporation under this Agreement, notify the Corporation of such pending or threatened litigation, claim or assessment; but the omission so to notify the Corporation will not relieve it from any liability which it may have to Agent otherwise than under this Agreement. With respect to any such pending or threatened litigation, claim or assessment as to which Agent notifies the Corporation of the commencement thereof:

(a) the Corporation will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, the Corporation may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense thereof, with counsel reasonably satisfactory to Agent. After notice from the Corporation to Agent of its election to assume the defense thereof, the Corporation will not be liable to Agent under this Agreement for any legal or other expenses subsequently incurred by Agent in connection with the defense thereof except for reasonable costs of investigation or otherwise as provided below. Agent shall have the right to employ separate counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Agent unless (i) the employment of counsel by Agent has been authorized by the Corporation, (ii) Agent shall have reasonably concluded, and so notified the Corporation, that there is an actual conflict of interest between the Corporation and Agent in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of Agent's separate counsel shall be at the expense of the Corporation. The Corporation shall not be entitled to assume the defense of

any action, suit or proceeding brought by or on behalf of the Corporation or as to which Agent shall have made the conclusion provided for in clause (ii) above; and

(c) the Corporation shall not be liable to indemnify Agent under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent, which shall not be unreasonably withheld. The Corporation shall be permitted to settle any action or claim except that it shall not settle any action or claim in any manner which would impose any penalty or limitation on Agent without Agent's written consent, which may be given or withheld in Agent's sole discretion.

8. EXPENSES. The Corporation shall advance, prior to the final disposition of any proceeding, promptly following request therefor, all expenses incurred by Agent in connection with such proceeding upon receipt of an undertaking by or on behalf of Agent to repay said amounts if it shall be determined ultimately that Agent is not entitled to be indemnified under the provisions of this Agreement, the Charter, the Bylaws, the Code or otherwise.

9. ENFORCEMENT. Any right to indemnification or advances granted by this Agreement to Agent shall be enforceable by or on behalf of Agent in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within

ninety (90) days of request therefor. Agent, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under Section 3 hereof (other than an action brought to enforce a claim for expenses pursuant to Section 8 hereof, PROVIDED that the required undertaking has been tendered to the Corporation) that Agent is not entitled to indemnification because of the limitations set forth in Section 4 hereof. Neither the failure of the Corporation (including its Board of Directors or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Agent is proper in the circumstances, nor an actual determination by the Corporation (including its Board of Directors or its stockholders) that such indemnification is improper shall be a defense to the action or create a presumption that Agent is not entitled to indemnification under this Agreement or otherwise.

10. SUBROGATION. In the event of payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Agent, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Corporation effectively to bring suit to enforce such rights.

11. NON-EXCLUSIVITY OF RIGHTS. The rights conferred on Agent by this Agreement shall not be exclusive of any other right which Agent may have or hereafter acquire under any statute, provision of the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office.

12. SURVIVAL OF RIGHTS.

(a) The rights conferred on Agent by this Agreement shall continue after Agent has ceased to be a director, officer, employee or other agent of the Corporation or to serve

at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and shall inure to the benefit of Agent's heirs, executors and administrators.

(b) The Corporation shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

13. SEPARABILITY. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof. Furthermore, if this Agreement shall be invalidated in its entirety on any ground, then the Corporation shall nevertheless indemnify Agent to the fullest extent provided by the Charter, the Bylaws, the Code or any other applicable law.

14. GOVERNING LAW. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Delaware.

15. AMENDMENT AND TERMINATION. No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

16. IDENTICAL COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only

one such counterpart need be produced to evidence the existence of this Agreement.

17. HEADINGS. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

18. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) upon delivery if delivered by hand to the party to whom such communication was directed or (ii) upon the third business day after the date on which such communication was mailed if mailed by certified or registered mail with postage prepaid:

(a) If to Agent, at the address indicated on the signature page hereof.

(b) If to the Corporation, to:

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421
Attention: Chief Executive Officer

or to such other address as may have been furnished to Agent by the Corporation.

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

SYNTA PHARMACEUTICALS CORP.

By:

Name:
Title:

AGENT

[Name]

Address:

Exhibit 10.24

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421

April 18, 2005

Safi R. Bahcall, Ph.D.
[ADDRESS]

Dear Safi:

This letter agreement is to confirm our understanding with you with respect to your employment as President and Chief Executive Officer of Synta Pharmaceuticals Corp. (hereinafter "Synta Pharmaceuticals" or the "Company"), reporting directly to the Board of Directors of the Company (the "Board").

1. EFFECTIVE DATE: The effective date of this agreement is the date that you accept the terms hereof as set forth on the signature page hereto.

2. BOARD MEMBERSHIP: While you continue to serve as President and Chief Executive Officer, the Board also agrees to nominate you for election as a director at each annual meeting of stockholders immediately preceding which your then current term as a director expires.

3. COMPENSATION: Your initial base salary will be $340,000 annually (the "Base Salary"); payable at a semi-monthly rate of approximately $14,167 (or otherwise in accordance with the Company's payroll practices as in effect from time to time), from which all applicable taxes and other customary employment-related deductions will be taken. The Base Salary may be subject to adjustment from time to time in the discretion of the Board or the Compensation Committee thereof.

For each fiscal year of the Company during the term of this agreement, the Board, or the Compensation Committee thereof, may, in its discretion, grant to you an option to purchase shares of the Company's common stock (the "Common Stock") under the Company's 2001 Stock Plan (the "Plan"), or any successor plan then in effect. The exercise price for any such option will be the fair market value per share of the Common Stock on the date of grant, and the other terms and conditions of such option will be as set forth in the Plan and in a written stock option agreement between you and the Company, evidencing such option. Each option will be an incentive stock option to the extent permissible under applicable law.

You will be eligible to receive annual performance based bonuses. Such bonus, if any, will be granted at the discretion of the Board, or the Compensation Committee thereof.

4. BENEFITS: As a full-time employee, you will be eligible to participate in certain Company-sponsored benefit plans to the same extent as, and subject to the same terms, conditions and

limitations applicable to other executive officers of the Company. All benefits may be changed or modified from time to time at the Company's sole discretion.

5. TERMINATION AND SEVERANCE: Upon termination of your employment for any reason, you shall receive payment of (a) your Base Salary, as then in effect,

through the date of termination of employment (the "Termination Date"), and (b) all accrued vacation, expense reimbursements and any other benefits (other than severance benefits, except as provided below) due to you through the Termination Date in accordance with established Company plans and policies or applicable law. In addition, in the event the Company terminates your employment without cause, you will be entitled to continue to receive your then-current Base Salary for a period equal to twenty-four (24) months, payable in accordance with the Company's normal payroll practices.

For purposes of this agreement, termination "without cause" shall include, but not be limited to, your resignation following a significant material diminution in your title, salary, duties or responsibilities by the Company. The preceding sentence notwithstanding, "cause" shall include (but is not limited to): (i) any substantial malfeasance or non-feasance of duty, (ii) any material breach by you of any of the terms of the Confidential Information Agreement and Non-Competition Agreement between you and the Company, (iii) any attempt by you to secure any improper personal profit in connection with the business of the Company or any of its affiliates, (iv) your conviction, or the entry of a pleading of guilty or nolo contendre by you to, any crime involving moral turpitude or any felony, or (v) any conduct substantially injurious or prejudicial to the business of the Company or its affiliates.

On the Termination Date, and as a condition to the receipt of the aforementioned severance payments, you shall execute and deliver to the Company your written release of the Company and its officers, directors, employees, security holders, agents, and representatives from any and all claims and causes of action against the Company arising in connection with your employment with the Company.

6. EMPLOYMENT PERIOD: Subject to the provision of severance payments as set forth in Section 5, your employment with the Company will be at-will, meaning that you will not be obligated to remain employed by the Company for any specified period of time; likewise, the Company will not be obligated to continue your employment for any specific period and may terminate your employment at any time, with or without cause.

7. CONTINGENCIES: This agreement and your employment with the Company is contingent upon your execution of the standard form of Non-Competition, Confidentiality and Inventions Agreement (a copy of which is attached hereto as EXHIBIT A).

8. JURISDICTION AND WAIVER: In the case of any dispute, this agreement shall be interpreted under the laws of the Commonwealth of Massachusetts. By accepting the terms of this agreement, you agree that any action, demand, claim or counterclaim in connection with any aspect of your employment with the Company, or any separation of employment (whether voluntary or involuntary) from the Company, shall be resolved in a court of competent jurisdiction in Massachusetts by a judge alone, and you knowingly waive and forever renounce your right to a trial before a civil jury.

9. INSURANCE. The Company, in its sole discretion, may apply for and purchase key person life insurance on your life in an amount determined by the Company with the Company as beneficiary and one or more other policies of insurance insuring your life. You will submit to any medical or other examinations and execute and deliver any applications or other instruments in writing that are reasonably necessary to effectuate such insurance.

10. REPRESENTATIONS. You hereby represent and warrant to the Company that you understand this agreement, that you enter into this agreement voluntarily and that your employment under this agreement will not conflict with any legal duty owed by you to any other party, or with any agreement to which you are a party or by which you are bound, including, without limitation, any non-competition or non-solicitation provision contained in any such agreement. You will indemnify and hold harmless the Company and its officers, directors, employees, security

holders, agents and representatives against loss, damage, liability or expense arising from any claim based upon circumstances alleged to be inconsistent with such representation and warranty.

11. ENTIRE AGREEMENT. This agreement, together with the other agreements specifically referred to herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this agreement will affect, or be used to interpret, change or restrict, the express terms and provisions of this agreement.

12. ASSIGNMENT. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which you are principally involved or to any Company Affiliate. You may not assign your rights and obligations under this agreement without the prior written consent of the Company, and any such attempted assignment by you without the prior written consent of the Company will be void.

Sincerely,

SYNTA PHARMACEUTICALS CORP.

/s/ Keith R. Gollust

Keith R. Gollust
Chairman of the Board of Directors

Agreed to and accepted:

Name: /s/ Safi R. Bahcall Date: April 18, 2005

Safi R. Bahcall, Ph.D.

EXHIBIT A

Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421

April 18, 2005

Safi R. Bahcall, Ph.D.
[ADDRESS]

Dear Safi:

This letter is to confirm our understanding with respect to (i) your agreement not to compete with Synta Pharmaceuticals Corp. or its subsidiaries or affiliates (collectively, the "Company") and (ii) your agreement to protect and preserve information and property which is confidential and proprietary to the Company (the terms and conditions agreed to in this letter shall hereinafter be referred to as the "Agreement"). You hereby acknowledge and agree that you are an "at-will" employee and that no provision of this Agreement shall be construed

to create an express or implied employment contract, or a promise of employment for a specific period of time, and the Company expressly reserves the right to end your employment at any time, with or without notice or cause.

In consideration of your employment by the Company, the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, we have agreed as follows:

1. PROHIBITED COMPETITION AND SOLICITATION.

(a) CERTAIN ACKNOWLEDGMENTS AND AGREEMENTS.

(i) We have discussed, and you recognize and acknowledge the competitive and proprietary aspects of the business of the Company.

(ii) You will devote your full time and efforts to the business of the Company and, during the period of your employment with the Company (the "Term") and for a period of twenty-four (24) months following termination of your employment (whether such termination is voluntary or involuntary), shall not participate, directly or indirectly, in any capacity, in any business which is competitive with the Company without the prior written consent of the Company. You acknowledge and agree that a business will be deemed competitive with the Company if it conducts research, performs any of the services or manufactures or sells any of the products provided or offered by the Company or if it performs any other services and/or engages in the production, manufacture, distribution or sale of any product that may be purchased in lieu of purchasing services performed or products produced,

manufactured, distributed or sold by the Company within the Field of Interest (as defined below) at any time during the period of your employment with the Company.

(iii) You further acknowledge and agree that, during the course of your employment with the Company, the Company will furnish, disclose or make available to you confidential and proprietary information related to the Company's business and that the Company may provide you with unique and specialized training. You also acknowledge that such confidential information and such training have been developed and will be developed by the Company through the expenditure by the Company of substantial time, effort and money and that all such confidential information and training could be used by you to compete with the Company.

(b) NON-SOLICITATION. During the Term and for a period of twenty-four (24) months following termination of your employment, whether such termination is voluntary or involuntary, you shall not, without the prior written consent of the Company:

(i) either individually or on behalf of or through any third party, solicit, divert or appropriate or attempt to solicit, divert or appropriate, any customer of the Company with which you had any contact at any time during the Term, with the effect or intention of reducing or limiting the amount of business the customer does with the Company; or

(ii) either individually or on behalf of or through any third party, directly or indirectly, solicit, entice or persuade or attempt to solicit, entice or persuade any employees of or consultants to the Company (other than your spouse), who have been employees or consultants of the Company at any time during the Term, or who are employees at the time of the solicitation, to leave the services of the Company.

(c) FIELD OF INTEREST. As used herein, the term "Field of Interest" means the research of, and/or the development, manufacture and sale of, any therapeutic or diagnostic product that is developed, manufactured or sold by the Company at any time during the Term, as documented in the bi-weekly scientific project reports or other scientific planning documents of the company (the "Scientific Reports") prepared by the Company during the Term. You hereby acknowledge and agree that the Field of Interest shall be assessed for purposes of this Agreement as of the date on which your employment with the Company terminates, which assessment shall include, without limitation, a review of the applicable Scientific Reports.

(d) REASONABLENESS OF RESTRICTIONS. You further acknowledge and agree that (i) the activities which are prohibited by this Section 1 are narrow and reasonable in relation to the skills which represent your principal salable asset both to the Company and to your other prospective employers, and (ii) given the global nature of the Company's business, including its need to market its services and sell its products in a large geographic area in order to have a sufficient customer base to make the Company's business profitable, the geographic, length of time and substantive scope of the provisions of this Section 1 are reasonable, legitimate and fair to you.

(e) SURVIVAL OF ACKNOWLEDGMENTS AND AGREEMENTS. Except as expressly set forth hereunder, your acknowledgments and agreements set forth in this Section 1 shall survive the termination of your employment with the Company for the periods set forth above.

2. PROTECTED INFORMATION.

(a) CONFIDENTIALITY OBLIGATIONS. You shall at all times, both during the Term and thereafter, maintain in confidence and shall not, without the prior written consent of the Company, use, except in the course of performance of your duties for the Company, disclose or give to others any Confidential Information of the Company. As used herein, the term "Confidential Information" shall mean any information which is disclosed to or developed by you during the course of performing services for, or receiving training from, the Company, and is not generally available to the public, including but not limited to confidential information concerning business plans, customers, future customers, suppliers, licensors, licensees, partners, investors, affiliates or others, training methods and materials, financial information, sales prospects, client lists, Company Inventions (as defined in Section 3), or any other scientific, technical, trade or business secret or confidential or proprietary information of the Company or of any third party provided to you during the Term. In the event anyone not employed or otherwise engaged by the Company seeks information from you in regard to any such Confidential Information or any other secret or confidential work of the Company, or concerning any fact or circumstance relating thereto, you will promptly notify the chairman of the board of the Company.

(b) LIMITED EXCEPTIONS. The restrictions in Section 2(a) hereof shall not apply to information that, as can be established by competent written records: (i) was publicly known at the time of the Company's communication thereof to you; (ii) becomes publicly known through no fault of yours subsequent to the time of the Company's communication thereof to you; (iii) was in your possession free of any obligation of confidence at the time of the Company's communication thereof to you; or (iv) is developed by you independently of and without reference to or use of any of the Company's Confidential Information. In the event that you are required by law, regulation or court order to disclose any of the Company's Confidential Information, you shall (i) first notify the Company of such disclosure requirement and (ii) furnish only that portion of the Confidential Information that is legally required and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment

will be accorded the Confidential Information

(c) SURVIVAL OF ACKNOWLEDGMENTS AND AGREEMENTS. Except as expressly set forth hereunder, your acknowledgments and agreements set forth in this Section 2 shall survive the termination of your employment with the Company.

3. OWNERSHIP OF INTELLECTUAL PROPERTY IDEAS.

(a) PROPERTY OF THE COMPANY. As used in this Agreement, the term "Inventions" shall mean all ideas, discoveries, creations, manuscripts and properties, innovations, improvements, know-how, inventions, designs, developments, apparatus, techniques, methods, biological processes, cell lines, laboratory notebooks and formulae, whether patentable, copyrightable or not, including all rights to obtain, register, perfect and enforce any of the

foregoing. You hereby agree that any Inventions which you may conceive, reduce to practice or develop during the Term in connection with the business activities of the Company or otherwise within the Field of Interest, alone or in conjunction with any other party, whether during or out of regular business hours, and whether at the request or upon the suggestion of the Company, or otherwise (collectively, the "Company Inventions"), shall be the sole and exclusive property of the Company. You hereby assign to the Company all of your right, title and interest in and to all such Company Inventions and hereby agree that you shall not publish any of the Company Inventions without the prior written consent of the Company.

(b) COOPERATION. During the Term, you agree that, without further compensation, you will disclose promptly to the Company in writing, all Company Inventions you conceive, reduce to practice or develop during the Term (or, if based on or related to any Confidential Information of the Company obtained by you during the Term, within one (1) year after the termination of your employment). You further agree that you will fully cooperate with the Company, its attorneys and agents in the preparation and filing of all papers and other documents as may be reasonably required to perfect the Company's rights in and to any of such Company Inventions, including, but not limited to, joining in any proceeding to obtain patents, copyrights, trademarks or other legal rights of the United States and of any and all other countries on such Company Inventions; PROVIDED, THAT, the Company will bear the expense of such proceedings (including all of your reasonable expenses). You further agree that any patent or other legal right covering any Company Invention so issued to you, personally, shall be assigned by you to the Company without charge by you. You further acknowledge that all original works of authorship made by you, whether alone or jointly with others within the scope of your employment and which are protectable by copyright are "works made for hire" within the meaning of the United States Copyright Act, 17 U.S.C. ss. 101, as amended, the copyright of which shall be owned solely, completely and exclusively by the Company. If any Company Invention is considered to be work not included in the categories of work covered by the United States Copyright Act, 17 U.S.C. ss. 101, as amended, such work shall be owned solely by, or hereby assigned or transferred completely and exclusively to, the Company. If the Company is unable because of your mental or physical incapacity or for any other reason, after reasonable effort, to secure your signature on any document or documents needed to obtain or enforce any patent, copyright, trademarks or any other rights covering Inventions or original works of authorship assigned by you to the Company as required above, you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney-in-fact, to act for and in your behalf and stead to execute and file any application or assignment and to do all other lawfully permitted acts to further the prosecution and issuance to the Company of patents, copyright registrations, trademark registrations or similar protections covering the Inventions with the same legal force and effect as if executed by you.

4. PROVISIONS NECESSARY AND REASONABLE/BREACH/ATTORNEYS' FEES. You agree that (i) the provisions of Sections 1, 2 and 3 of this Agreement are necessary and reasonable to protect the Company's Confidential Information, Company Inventions, and goodwill and (ii) in the event of any breach of any of the covenants set forth herein, the Company would suffer substantial irreparable harm and would not have an adequate remedy at law for such breach. In recognition of the foregoing, you agree that in the event of a breach or threatened breach of any of these covenants, in addition to such other remedies as the Company may have at law, without posting

any bond or security, the Company shall be entitled to seek and obtain equitable relief, in the form of specific performance, and/or temporary, preliminary or permanent injunctive relief, or any other equitable remedy which then may be available. The seeking of such injunction or order shall not affect the Company's right to seek and obtain damages or other equitable relief on account of any such actual or threatened breach. In the event the Company takes any court action with respect to your breach or threatened breach of this Agreement, and prevails in such action, you shall be obligated to reimburse the Company for its reasonable attorneys' fees and costs incurred in such action.

5. DISCLOSURE TO FUTURE EMPLOYERS. You agree that you will provide, and that the Company may similarly provide in its discretion, a copy of the covenants contained in Sections 1, 2 and 3 of this Agreement to any business or enterprise which you may directly, or indirectly, own, manage, operate, finance, join, control or in which you participate in the ownership, management, operation, financing, or control, or with which you may be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise.

6. REPRESENTATIONS REGARDING PRIOR WORK AND LEGAL OBLIGATIONS.

(a) You represent that you have no agreement or other legal obligation with any prior employer or any other person or entity that restricts your ability to engage in employment discussions with, employment with, or to perform any function for, the Company.

(b) You represent that you have been advised by the Company that at no time should you divulge to or use for the benefit of the Company, any trade secret or confidential or proprietary information of any previous employer. You acknowledge that you have not divulged or used any such information for the benefit of the Company.

(c) You acknowledge that the Company is basing important business decisions on these representations, and affirm that all of the statements included herein are true.

7. RECORDS. Upon termination of your employment relationship with the Company, you shall deliver to the Company any property of the Company which may be in your possession including products, materials, memoranda, notes, records, reports, or other documents or photocopies of the same.

8. NO CONFLICTING AGREEMENTS. You hereby represent and warrant that you have no commitments or obligations inconsistent with this Agreement and you hereby agree to indemnify and hold the Company harmless against loss, damage, liability or expense arising from any claim based upon circumstances alleged to be inconsistent with such representation and warranty.

9. GENERAL.

(a) NOTICES. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission with confirmed receipt thereof (and with a copy of such telex, telecopy or facsimile, together with a copy of the confirmation sent to the recipient by regular U.S. mail on the next business day), (iii) sent by overnight courier, or (iv) sent by registered mail, return receipt requested, postage prepaid.

If to the Company: Synta Pharmaceuticals Corp.
45 Hartwell Avenue
Lexington, MA 02421
Attn: Chairman of the Board

If to you: To the address set forth on the signature page of this Agreement.

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered mail, on the fifth business day following the day such mailing is made.

(b) ENTIRE AGREEMENT. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(c) MODIFICATIONS AND AMENDMENTS. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(d) WAIVERS AND CONSENTS. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(e) ASSIGNMENT. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that

aspect of the Company's business in which you are principally involved. Your

rights and obligations under this Agreement may not be assigned by you without the prior written consent of the Company.

(f) BENEFIT. All statements, representations, warranties, covenants and agreements in this Agreement shall be binding on the parties hereto and shall inure to the benefit of the respective successors and permitted assigns of each party hereto. Nothing in this Agreement shall be construed to create any rights or obligations except among the parties hereto, and no person or entity shall be regarded as a third-party beneficiary of this Agreement.

(g) GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles thereof.

(h) JURISDICTION. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the Commonwealth of Massachusetts or of the United States of America. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts.

(i) SEVERABILITY. The parties intend this Agreement to be enforced as written. However, (i) if any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a duly authorized court having 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 and (ii) if any provision, or part thereof, is held to be unenforceable because of the duration of such provision or the geographic area covered thereby, the Company and you agree that the court making such determination shall have the power to reduce the duration and/or geographic area of such provision, and/or to delete specific words and phrases ("blue-penciling"), and in its reduced or blue-penciled form such provision shall then be enforceable and shall be enforced.

(j) HEADINGS AND CAPTIONS. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.

(k) NO WAIVER OF RIGHTS, POWERS AND REMEDIES. No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other

circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(l) COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute

one and the same instrument.

If the foregoing accurately sets forth our agreement, please so indicate by signing and returning to us the enclosed copy of this letter.

Very truly yours,

SYNTA PHARMACEUTICALS CORP.

By: /s/ Keith R. Gollust

Keith R. Gollust
Chairman of the Board of Directors

Agreed to and accepted:

/s/ Safi R. Bahcall

Name: Safi R. Bahcall, Ph.D.

[ADDRESS]

Address:

Date: April 18, 2005

Exhibit 10.25

[SYNTA PHARMACEUTICALS CORP. LETTERHEAD]

April 18, 2005

Lan Bo Chen, Ph.D.
[ADDRESS]

Re: CONSULTING AGREEMENT

Dear Lan Bo:

This letter is to confirm our understanding with respect to (i) your continued service to Synta Pharmaceuticals Corp. (the "Company") as a consultant, (ii) your agreement not to compete with the Company, or any present or future parent, subsidiary or affiliate of the Company (each, a "Company Affiliate" and collectively with the Company, the "Company Group"), (iii) your agreement to protect and preserve information and property which is confidential and proprietary to the Company Group and (iv) your agreement with respect to the ownership of inventions, ideas, copyrights and patents which may be used in the business of the Company Group (the terms and conditions agreed to in this letter are hereinafter referred to as the "Agreement"). In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, we have agreed as follows:

1. SERVICES.

(a) You are hereby engaged by the Company as an independent contractor, and not as an employee, to provide the following services to the Company (the "Consulting Services"):

(i) to serve as Chairman and/or a member of the Company's Scientific Advisory Board;

(ii) to carry out various projects which the Chief Executive Officer or the Board of Directors of the Company may request and assign to you from time to time; and

(iii) to bring to the attention of the Company from time to time information about inventions, scientific developments, research programs, available chemical compounds or biological entities, ideas, formulations, business development opportunities, potential employees, scientific contacts and the like, that may be of interest to the Company in the pursuit of its business as currently conducted or then anticipated or planned (hereinafter, "Business Opportunities")

(b) You shall maintain sole control and discretion as to the exact manner of the performance of the Consulting Services, subject to the following:

(i) The Company and you acknowledge that you currently have, and

may continue to have, a consulting arrangement with Caxton Health Holdings LLC ("CHH"), pursuant to which you will provide services to CHH that include identifying potential technologies and related opportunities for investment and development by CHH ("Investment Opportunities"). The Company and you further acknowledge that, upon occasion, an Investment Opportunity that you identify may also constitute a Business Opportunity for the Company. You hereby agree that, if you identify or become aware of any Investment Opportunity that also constitutes a Business Opportunity for the Company, you will endeavor first to bring such Business Opportunity to the attention of the Company, by communicating such opportunity to the Company's Chief Executive Officer, providing the Company with information reasonably available to you about the Business Opportunity, and assisting the Company, to the extent requested, in evaluating the Business Opportunity. Such actions shall hereinafter be referred to as providing the Company with a "Right of First Evaluation". If, however, in any instance you believe that it would violate your obligations to CHH if you were to provide the Company a Right of First Evaluation with respect to a Business Opportunity that also constitutes and Investment Opportunity, you agree to promptly notify the Company of such circumstances.

(ii) You shall satisfy all reasonable deadlines, specifications and requirements set forth by the Company (in consultation with you).

(iii) In performing the Consulting Services under this Agreement, you will (a) use diligent efforts and professional skills and judgment, (b) perform professional services in accordance with recognized industry standards; and (c) comply with the Company's policies applicable to consultants, members of the Scientific Advisory Board, and other personnel and Company representatives, as in effect from time to time. You also shall comply with all federal, state and local employment, labor and taxation laws, regulations and rules relating to the Consulting Services to be performed by you.

2. TERM. This Agreement shall continue until such time as it is terminated by you or by the Company (for any reason or no reason at all), in either case by written notice at least fifteen (15) days in advance (the "Consulting Term").

3. COMPENSATION.

(a) CONSULTING FEES. While you continue to provide Consulting Services to the Company, you will be paid a consulting fee of Twenty-Five Thousand Dollars ($25,000.00) per month (the "Consulting Fee"). Consulting Fees will be paid to you no later than fifteen (15) days following the last day of the month during which such Consulting Fees are earned.

(b) REIMBURSEMENT OF EXPENSES. Upon presentation of documentation of such expenses reasonably satisfactory to the Company, the Company will reimburse you for all ordinary and reasonable out-of-pocket business expenses that are reasonably incurred by you in furtherance of the Company's business in accordance with the Company's policies with respect thereto as in effect from time to time.

4. TERMINATION. Upon termination of your service to the Company for any reason or no reason, you shall receive payment of (a) your accrued, but unpaid, Consulting Fees through the date of termination of your service to the Company (the "Termination Date"), and (b) all expense reimbursements due to you through the Termination Date in accordance with established Company policies or applicable law.

5. PROHIBITED COMPETITION.

(a) CERTAIN ACKNOWLEDGEMENTS AND AGREEMENTS.

(i) We have discussed, and you recognize and acknowledge the competitive and proprietary aspects of the business of the Company Group.

(ii) You acknowledge that a business will be deemed "competitive" with the Company Group if, at the time you enter into a relationship with such business or, at any time within two years thereafter while you have a relationship with such business, it engages in, or is actively planning or developing, any service and/or the research, development or commercialization of any product that is the functional equivalent of, or that has or will likely have the effect of materially displacing sales of services or products which (A) are performed, produced, manufactured, distributed, sold, under research or active development or in active planning by the Company Group at any time while you are providing Consulting Services or (B) are expressly identified in writing as the subject of your Consulting Services hereunder. If the Company requests that you provide Consulting Services that you advise the Company may be competitive with the activities of another business with which you then have a relationship, the Company may at its option (x) terminate the Consulting Services and in connection therewith pay to you any fees and reimbursable expenses due for all Consulting Services rendered through the date of termination, or (y) require you to terminate your services with the competitive business or entity.

(iii) You further acknowledge that, while you perform Consulting Services hereunder, the Company Group will furnish, disclose or make available to you Confidential Information (as defined below) related to the business of the Company Group and that the Company Group. You also acknowledge that such Confidential Information has been developed and will be developed by the Company Group through the expenditure by the Company Group of substantial time, effort and money and that all such Confidential Information could be used by you to compete with the Company Group. Further, while you perform Consulting Services hereunder, you will be introduced to customers and others with important relationships to the Company Group. You acknowledge that any

and all "goodwill" created through such introductions belongs exclusively to the Company Group, including, without limitation, any goodwill created as a result of direct or indirect contacts or relationships between yourself and any customers or other third parties doing business with the Company Group.

(iv) For purposes of this Agreement, "Confidential Information" means confidential and proprietary information of the Company Group, whether in written, oral, electronic or other form, including but not limited to, information and facts concerning business plans; current or potential customers, suppliers, licensors, licensees, partners, investors, affiliates or others; training methods and materials; financial information; sales prospects; client lists; inventions; or any other scientific, technical or trade secrets of the Company Group or of any third party provided to you or the Company Group under a condition of confidentiality; provided that Confidential Information will not include information that is in the public domain other than through any fault or act by you. The term "trade secrets," as used in

this Agreement, will be given its broadest possible interpretation under the law of the Commonwealth of Massachusetts and will include, without limitation, anything tangible or intangible or electronically kept or stored, which constitutes, represents, evidences or records secret, scientific, technical, merchandising, production or management information, or any design, process, procedure, formula, invention, improvement or other confidential or proprietary information or documents.

(b) NON-COMPETITION; NON-SOLICITATION. While you perform Consulting Services hereunder and for a period of one year following the termination of your service to the Company Group hereunder for any reason or for no reason, you will not, without the prior written consent of the Company:

(i) For yourself or on behalf of any other person or entity, directly or indirectly, either as principal, partner, stockholder, officer, director, member, employee, consultant, agent, representative or in any other capacity, own, manage, operate or control, or be concerned, connected or employed by, or otherwise associate in any manner with, engage in or have a financial interest in, any business which is competitive with the business of the Company Group (each, a "Restricted Activity") anywhere in the world, except that (A) nothing contained herein will preclude you from purchasing or owning securities of any such business if such securities are publicly traded, and provided that your holdings do not exceed one percent of the issued and outstanding securities of any class of securities of such business and (B) nothing contained herein will prohibit you from engaging in a Restricted Activity for or with respect to any subsidiary, division or affiliate or unit (each, a "Unit") of an entity if that Unit is not engaged in any business which is competitive with the business of the Company Group, irrespective of whether some other Unit of such entity engages in such competition (as long as you do not engage in a Restricted Activity for such other Unit); or

(ii) Either individually or on behalf of or through any third party, directly or indirectly, solicit, divert or

appropriate or attempt to solicit, divert or appropriate, for the purpose of competing with the Company Group, any customers, licensors, licensees, collaborative partners, or other patrons of the Company Group, or any such person or entity with respect to which the Company Group has developed or made a presentation (or similar communication) with a view to developing a business relationship;

(iii) Either individually or on behalf of or through any third party, directly or indirectly, (A) solicit, entice or persuade or attempt to solicit, entice or persuade any employee of or consultant to the Company Group to leave the service of the Company Group for any reason, or (B) employ, cause to be employed, or solicit the employment of, any employee of or consultant to the Company Group while any such person is providing services to the Company Group or within six months after any such person has ceased providing services to the Company Group; or

(iv) Either individually or on behalf of or through any third party, directly or indirectly, interfere with, or

attempt to interfere with, the relations between the Company Group and any licensor, licensee, collaborative partner, customer, vendor or supplier to the Company Group.

(c) REASONABLENESS OF RESTRICTIONS. You further recognize and acknowledge that (i) the types of employment which are prohibited by this Section 5 are narrow and reasonable in relation to the skills which represent your principal salable asset both to the Company Group and to others and (ii) the time period and the geographical scope of the provisions of this Section 5 is reasonable, legitimate and fair to you in light of the Company Group's need to effectively pursue its business plan and objectives and in light of the limited restrictions on the type of activities prohibited herein compared to the types of activities for which you are qualified to earn your livelihood.

(d) SURVIVAL OF ACKNOWLEDGEMENTS AND AGREEMENTS. Your acknowledgements and agreements set forth in this Section 5 will survive the termination of this Agreement and the termination of your services hereunder for any reason or for no reason.

(e) ACKNOWLEDGEMENT REGARDING CHH AFFILIATION. The Company acknowledges that your affiliation with CHH is not in violation of this Agreement, provided that you (i) maintain the confidentiality of all Confidential Information as required by this Agreement, (ii) may not engage in a competitive Restricted Activity, individually or in concert with others, in connection with your affiliation with CHH, and (iii) abide by your obligations set out in Section 1(b)(i) hereof.

6. PROTECTED INFORMATION. You will at all times, both during the period while you perform Consulting Services hereunder and after the termination of this Agreement and the termination of your service to the Company hereunder for any reason or for no reason, maintain in confidence and will not, without the prior written consent of the Company Group, use, except as required in the course of performance of your duties for the Company Group or by court order, disclose or give to others any Confidential Information. In the event you are questioned

by anyone not employed by the Company or by an employee of or a consultant to the Company not authorized to receive Confidential Information, in regard to any Confidential Information, or concerning any fact or circumstance relating thereto, you will promptly notify the Company. Upon the termination of your service to the Company hereunder for any reason or for no reason, or if the Company Group otherwise requests, you will return to the Company Group all tangible Confidential Information and copies thereof (regardless how such Confidential Information or copies are maintained). The terms of this Section 6 are in addition to, and not in lieu of, any statutory or other contractual or legal obligation that you may have relating to the protection of the Company Group's Confidential Information. The terms of this Section 6 will survive indefinitely any termination of this Agreement and/or any termination of your service to the Company Group hereunder for any reason or for no reason.

7. OWNERSHIP OF IDEAS, COPYRIGHTS AND PATENTS.

(a) PROPERTY OF THE COMPANY. All ideas, discoveries, creations, manuscripts and properties, innovations, improvements, know-how, inventions, designs, developments, apparatus, techniques, methods, biological processes, cell lines, laboratory notebooks and formulae in any form known or not yet known throughout the world (collectively, the "Inventions") which may be used or useful in the current or planned business of the Company Group or which in any way relates to such business, whether patentable, copyrightable or not, which you may conceive, reduce to practice or develop arising out of or in connection with your performance of Consulting Services hereunder

(and, if based on or related to any Confidential Information, within one year after termination of such service to the Company Group for any reason or for no reason), alone or in conjunction with another or others, whether during or out of regular business hours, whether or not on the Company Group's premises or with the use of its equipment, and whether at the request or upon the suggestion of the Company Group or otherwise, will be the sole and exclusive property of the Company Group, and you will not publish any of the Inventions without the prior written consent of the Company Group. Without limiting the foregoing, you also acknowledge that all original works of authorship which are made by you (solely or jointly with others) within the scope of your services to the Company or which relate to the business of the Company Group and which are protectable by copyright are "works made for hire" pursuant to the United States Copyright Act (17 U.S.C. Section 101). You hereby assign to the Company Group all of your right, title and interest in and to all of the foregoing. You further represent that, to the best of your knowledge and belief, none of the Inventions will violate or infringe upon any right, patent, copyright, trademark or right of privacy, or constitute libel or slander against or violate any other rights of any person, firm or corporation, and that you will not knowingly create any Invention which causes any such violation.

(b) COOPERATION. At any time during your service to the Company hereunder or after the termination of your service to the Company hereunder for any reason or for no reason, you will cooperate fully with the Company Group and its attorneys and agents in the preparation and filing of all papers and other documents as may be required to perfect the Company Group's rights in and to any of such Inventions, including, but not limited to, joining in any proceeding to obtain letters patent, copyrights, trademarks or other legal rights with respect to any such Inventions in the United States and in any and

all other countries, provided that the Company Group will bear the expense of such proceedings and, if after the termination of your services to the Company Group hereunder, shall compensate you at your then current per diem rate for your time spent providing such cooperation and assistance, as evidenced by time records in reasonable detail submitted to the Company. Any patent or other legal right so issued to you personally will be assigned by you to the Company Group without charge by you.

(c) LICENSING AND USE OF INVENTIONS. With respect to any Inventions, whenever created, which you have not prepared or originated in the performance of your services to the Company Group, but which you provide to the Company Group or incorporate in any Company Group product or system, you hereby grant to the Company Group a royalty-free, fully paid-up, non-exclusive, perpetual and irrevocable license throughout the world to use, modify, create derivative works from, disclose, publish, translate, reproduce, deliver, perform, dispose of, and to authorize others so to do, all such Inventions. You will not include in any Inventions you deliver to the Company Group or use on its behalf, without the prior written approval of the Company Group, any material which is or will be patented, copyrighted or trademarked by you or others unless you provide the Company Group with the written permission of the holder of any patent, copyright or trademark owner for the Company Group to use such material in a manner consistent with then-current Company Group policy.

(d) PRIOR INVENTIONS. Listed on EXHIBIT 7(d) to this Agreement are any and all Inventions in which you claim or intend to claim any right, title and interest (collectively, "Prior Inventions"), including, without limitation, patent, copyright and trademark interests, which to the best of your knowledge will be or may be

delivered to the Company Group in the course of your service to the Company, or incorporated into any Company Group product or system. You acknowledge that your obligation to disclose such information is ongoing while you perform Consulting Services hereunder.

8. DISCLOSURE TO FUTURE EMPLOYERS. You will provide, and the Company, in its discretion, may similarly provide, a copy of the covenants contained in Sections 5, 6 and 7 of this Agreement to any business or enterprise which you may, directly or indirectly, own, manage, operate, finance, join, control or in which you may participate in the ownership, management, operation, financing, or control, or with which you may be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise.

9. RECORDS. Upon termination of your services to the Company Group hereunder for any reason or for no reason and at any other time requested by the Company Group, you will deliver to the Company Group any property of the Company Group which may be in your possession, including products, materials, memoranda, notes, records, reports, or other documents or photocopies of the same (regardless of how they are maintained, including whether or not they are in electronic form).

10. INSURANCE. While you are performing Consulting Services to the Company Group hereunder, you shall be solely responsible for securing, paying for and maintaining any insurances, licenses and/or permits necessary to perform any of the Consulting Services required under this Agreement, including, but not limited to, general liability insurance (bodily injury and

property damage), professional liability insurance and workers' compensation insurance. Upon request, you will furnish to the Company all applicable certificates of insurance contemplated by this section.

11. INDEPENDENT CONTRACTOR STATUS. You and the Company agree that your Consulting Services are made available to the Company Group on the basis that you will retain your individual professional status and that your relationship with the Company Group is that of an independent contractor and not that of an employee. You acknowledge will not be eligible for any employee benefits, nor will the Company make deductions from its fees to you for taxes, insurance, bonds or any other subscription of any kind. The Company will record payments to you on, and provide to you, an Internal Revenue Service Form 1099, and the Company will not withhold any employment taxes on your behalf. Payment of all federal, state and local income, employment and other taxes (including unemployment insurance, social security taxes and federal, state and local withholding taxes) are your sole responsibility. You will indemnify and hold harmless the Company Group and its officers, directors, security holders, partners, members, employees, agents and representatives against loss, damage, liability or expense arising from any claim based on your failure to pay any or all taxes due from you to any applicable taxing authorities.

12. REPRESENTATIONS AND ACKNOWLEDGEMENTS. You hereby represent and warrant to the Company that you understand this Agreement, that you enter into this Agreement voluntarily and that your service to the Company Group under this Agreement will not conflict with any legal duty owed by you to any other party, or with any agreement to which you are a party or by which you are bound, including, without limitation, any non-competition or non-solicitation provision contained in any such agreement. You will indemnify and hold harmless the Company Group and its officers, directors, security holders, partners, members, employees, agents and representatives against loss, damage, liability or expense arising from any claim based upon circumstances alleged to be inconsistent with such representation and warranty.

13. GENERAL.

(a) NOTICES. All notices, requests, consents and other

communications hereunder which are required to be provided, or which the sender elects to provide, in writing, will be addressed to the receiving party's address set forth above or to such other address as a party may designate by notice hereunder, and will be either (i) delivered by hand, (ii) sent by overnight courier, or (iii) sent by registered or certified mail, return receipt requested, postage prepaid. All notices, requests, consents and other communications hereunder will be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party, (ii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iii) if sent by registered or certified mail, on the fifth business day following the day such mailing is made.

(b) ENTIRE AGREEMENT.

(i) It is hereby acknowledged that the Company an you have entered into an Agreement and Release, dated January 14, 2005 (the "Agreement and Release"), arising out of your services to the Company, its Affiliates and Predecessors (as such terms

are defined therein) during the period prior to the date hereof. The Company and you hereby acknowledge and agree that certain provisions of the Agreement and Release (E.G., the confidentiality, non-competition, non-solicitation and inventions assignment provisions) are substantially the same as corresponding provisions of this Agreement, except that such provisions of the Agreement and Release are intended to be effective and apply to matters arising out of the period of your services to the Company, its Affiliates and Predecessors prior to the date of this Agreement, and the corresponding provisions of this Agreement are intended to be effective and apply to matters arising out of the period commencing on the date hereof. The parties agree that this Agreement shall not be deemed to supersede the Agreement and Release except if, and to the extent that, (A) a provision of this Agreement contains substantially equivalent terms to a corresponding provision of the Agreement and Release, and (B) the application of such provision of this Agreement alone (I.E., without continued effectiveness and application of the corresponding provision of the Agreement and Release) will provide the same protection to the Company Group as would be the case if both the provision in this Agreement and the corresponding provision in the Agreement and Release continued to be effective and apply. All other terms and provisions of the Agreement and Release shall continue in full force and effect.

(ii) Subject to subparagraph (i) above, this Agreement, together with the other agreements specifically referred to herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement will affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(c) MODIFICATIONS AND AMENDMENTS. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(d) WAIVERS AND CONSENTS. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent will be deemed to be or will constitute a waiver or consent with respect to any

other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent will be effective only in the specific instance and for the purpose for which it was given, and will not constitute a continuing waiver or consent.

(e) ASSIGNMENT. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which you are principally involved, or to any Company Affiliate. You may not assign your rights and obligations under this Agreement without the prior written consent of the Company, and any such attempted assignment by you without the prior written consent of the Company will be void.

(f) BENEFIT. All statements, representations, warranties, covenants and agreements in this Agreement will be binding on the parties hereto and will inure to the

benefit of the respective successors and permitted assigns of each party hereto. Nothing in this Agreement will be construed to create any rights or obligations except between the Company and you, except for your obligations to the Company Group as set forth herein, and no person or entity (except for a Company Affiliate as set forth herein) will be regarded as a third-party beneficiary of this Agreement.

(g) GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder will be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

(h) JURISDICTION, VENUE AND SERVICE OF PROCESS. Any legal action or proceeding with respect to this Agreement that is not subject to arbitration pursuant to Section 13(i) below will be brought in the courts of the Commonwealth of Massachusetts or of the United States of America for the District of Massachusetts. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts.

(i) ARBITRATION. Any controversy, dispute or claim arising out of or in connection with this Agreement, other than a controversy, dispute or claim arising under Section 5, 6 or 7 hereof, will be settled by final and binding arbitration to be conducted in Boston, Massachusetts pursuant to the national rules for the resolution of employment disputes of the American Arbitration Association then in effect. The decision or award in any such arbitration will be final and binding upon the parties and judgment upon such decision or award may be entered in any court of competent jurisdiction or application may be made to any such court for judicial acceptance of such decision or award and an order of enforcement. In the event that any procedural matter is not covered by the aforesaid rules, the procedural law of Massachusetts will govern. Any disagreement as to whether a particular dispute is arbitrable under this Agreement shall itself be subject to arbitration in accordance with the procedures set forth herein.

(j) WAIVER OF JURY TRIAL. ANY ACTION, DEMAND, CLAIM OR COUNTERCLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT THAT IS NOT SUBJECT TO ARBITRATION PURSUANT TO SECTION 13(i) ABOVE WILL BE RESOLVED BY A JUDGE ALONE AND EACH OF YOU AND THE COMPANY WAIVE ANY RIGHT TO A JURY TRIAL THEREOF.

(k) SEVERABILITY. The parties intend this Agreement to be enforced as written. However, (i) if any portion or provision of this

Agreement is to any extent declared illegal or unenforceable by a duly authorized court having 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, will not be affected thereby, and each portion and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law and (ii) if any provision, or part thereof, is held to be unenforceable because of the duration of such provision, the geographic area covered thereby, or other aspect or scope of such provision, the court making such determination will have the power to reduce the duration, geographic area of such provision, or other aspect or scope of such

provision, and/or to delete specific words and phrases ("blue-penciling"), and in its reduced or blue-penciled form, such provision will then be enforceable and will be enforced.

(l) HEADINGS AND CAPTIONS. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and will in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(m) INJUNCTIVE RELIEF. You hereby expressly acknowledge that any breach or threatened breach of any of the terms and/or conditions set forth in Section 5, 6 or 7 of this Agreement will result in substantial, continuing and irreparable injury to the Company Group. Therefore, in addition to any other remedy that may be available to the Company Group, the Company Group will be entitled to injunctive or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of Section 5, 6 or 7 of this Agreement. The period during which the covenants contained in Section 5 will apply will be extended by any periods during which you are found by a court to have been in violation of such covenants.

(n) NO WAIVER OF RIGHTS, POWERS AND REMEDIES. No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of dealing between the parties hereto, will operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, will preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto will not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement will entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

(o) COUNTERPARTS. This Agreement may be executed in two or more counterparts, and by different parties hereto on separate counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

(p) OPPORTUNITY TO REVIEW. You hereby acknowledge that you have had adequate opportunity to review these terms and conditions and to reflect upon and consider the terms and conditions of this Agreement, and that you have had the opportunity to consult with counsel of your own choosing regarding such terms. You further acknowledge that you fully understand the terms of this Agreement and

have voluntarily executed this Agreement.

If the foregoing accurately sets forth our agreement, please so indicate by signing and returning to us the enclosed copy of this Agreement.

Very truly yours,

SYNTA PHARMACEUTICALS CORP.

By: /s/ Safi R. Bahcall

Safi R. Bahcall, Ph.D.
President and Chief Executive Officer

Accepted and Approved:

/s/ Lan Bo Chen	April 18, 2005
Lan Bo Chen, Ph.D.	Date

EXHIBIT 7(d)

PRIOR INVENTIONS

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Synta Pharmaceuticals Corp.:

We consent to the use of our report dated February 4, 2005, except as to note 15, which is as of April 14, 2005, with respect to the consolidated balance sheets of Synta Pharmaceuticals Corp. as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity (deficit) and comprehensive loss, and cash flows for each of the years in the three-year period ended December 31, 2004 and the period from inception (March 10, 2000) through December 31, 2004, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Boston, Massachusetts
April 21, 2005

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Synta Pharmaceuticals Corp.:

We consent to the use of our report dated December 1, 2004, except as to note 11, which is as of April 14, 2005, with respect to the consolidated balance sheet of Principia Associates, Inc. as of September 20, 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from inception (June 17, 2002) through September 20, 2002, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Boston, Massachusetts
April 21, 2005

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Synta Pharmaceuticals Corp.:

We consent to the use of our report dated December 1, 2004, with respect to the balance sheet of SBR Pharmaceuticals Corp. as of July 31, 2002, and the related statements of operations, stockholders' equity, and cash flows for the seven months ended July 31, 2002, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Boston, Massachusetts
April 21, 2005