Synta Pharmaceuticals Reports Fourth Quarter and Full Year 2007 Financial Results

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LEXINGTON, Mass.--(BUSINESS WIRE)--March 20, 2008--Synta Pharmaceuticals Corp. (NASDAQ: SNTA), a biopharmaceutical company focused on discovering, developing, and commercializing small molecule drugs to treat severe medical conditions, today reported financial results for the quarter and year ended December 31, 2007.

In the fourth quarter of 2007, the Company recorded $0.7 million of collaboration revenue under its partnership agreement with GlaxoSmithKline (GSK), which reflects the $80 million upfront payment received in November 2007 recognized over the 15-year estimated life of the agreement. The Company reported a net loss attributable to common stockholders of $15.5 million, or $0.46 per share for the fourth quarter in 2007, compared to $13.3 million or $0.60 per share for the same period in 2006.

As of December 31, 2007, the Company had $115.6 million in cash, cash equivalents and marketable securities versus $46.8 million as of December 31, 2006. This increase is principally due to the $44.7 million in net proceeds from our IPO in February 2007 and the $80 million upfront payment from GSK, less our net cash usage of approximately $55.9 million.

Operational Highlights

"2007 was a transformational year for Synta," said Safi Bahcall, Ph.D., President and Chief Executive Officer of Synta. "We completed an initial public offering (IPO) in February; reached agreement with the FDA under a Special Protocol Assessment (SPA) for the design of a pivotal Phase 3 trial in metastatic melanoma for our lead drug, elesclomol; initiated that international trial, called SYMMETRY; and signed a major profit-sharing agreement with GlaxoSmithKline for the development and marketing of elesclomol that substantially reduces our costs, strengthens our balance sheet, and will help enormously with product launch and market reach. We also initiated two Phase 1 trials for STA-9090, our novel Hsp90 inhibitor compound; continued Phase 2 development of apilimod in rheumatoid arthritis; and presented significant new data on our drug candidates at major medical meetings. 2007 was a year of extraordinary goals and accomplishments for Synta."

"Our goal is to become a fully-integrated, multi-product, sustainable commercial organization," continued Dr. Bahcall. "To continue our progress towards this goal we have two priorities for 2008. The first is excellence in the execution of our Phase 3 program. We have reviewed all aspects of this trial extensively with the FDA, we have powered the trial to a high level of statistical significance, and we intend to take every possible measure to make sure we complete the trial in a way that will allow us to submit a high quality, convincing regulatory package. Our second priority is advancing the potential of our pipeline to drive long-term, sustainable growth. These opportunities include new

cancer indications for elesclomol, advancing STA-9090 through Phase 1, continuing development of apilimod in rheumatoid arthritis, and bringing our next generation of drug candidates closer to the clinic."

Elesclomol

Synta initiated the SYMMETRY clinical trial, our global, pivotal Phase 3 trial of elesclomol in metastatic melanoma, in the third quarter of 2007. The FDA has agreed to the design, conduct, and planned analyses of this trial under the Special Protocol Assessment (SPA) process.

The SYMMETRY trial is currently enrolling approximately 630 patients who have not received prior chemotherapy, with approximately 150 sites being initiated in 15 countries across Europe, North America, South America and Australia.

"We are pleased by the increasing recognition in the medical community of the strength of our Phase 2b efficacy results, the favorable safety profile, and the unique potential of the oxidative stress mechanism of action for high oxidative stress cancers such as melanoma," said Eric Jacobson, M.D., Chief Medical Officer. "We believe the strength of this package, combined with the very high unmet need in this devastating disease, makes our Phase 3 trial an attractive one for patients and physicians, and we are encouraged by the level of enthusiasm and support from the investigators."

Synta expects that an interim safety and non-futility analysis will be conducted by the independent Data Monitoring Committee in the second half of the year. The Company is targeting completing enrollment by the end of 2008 and completing the analysis of the progression-free survival (PFS) primary endpoint shortly thereafter. Subsequent to the primary endpoint analysis, patients will be followed to collect data on overall survival (OS), a secondary endpoint of the trial. Synta expects to submit a New Drug Application to the FDA based on the PFS data, should those results be positive, in the first half of 2009.

"In addition to the very important opportunity for elesclomol in first-line (no prior chemotherapy) metastatic melanoma, we are eager to explore the potential benefit to patients from elesclomol in other high oxidative stress cancers," said Dr. Jacobson. "We are completing development of a sodium salt formulation that will allow us to evaluate elesclomol as a single agent and in combination with anti-cancer agents other than paclitaxel. We plan to initiate trials with this new formulation in the second half of this year. We will provide more information about these trials as we get closer to initiation."

Synta anticipates publishing clinical results from the Phase 2b trial and pre-clinical results supporting the oxidative stress mechanism of action in peer-reviewed journals in 2008. In addition, Synta expects to present other clinical and pre-clinical data at medical and scientific meetings during the course of the year. The clinical data include a full analysis of results from first-line vs. second-line patients in the Phase 2b trial, to be presented at ASCO; an integrated safety analysis reviewing safety results across all trials conducted to date; and matured two-year survival data from the Phase 2b trial.

STA-9090

Synta has initiated two Phase 1, single-agent, dose-escalation studies of STA-9090 in solid tumors.

The first trial is evaluating twice-a-week dosing of STA-9090 and the second trial is evaluating once-a-week dosing. STA-9090 is a synthetic, small molecule Hsp90 inhibitor with a novel chemical structure unrelated to the ansamycin class of Hsp90 inhibitors such as geldanamycin and 17-AAG.

"We are excited by the preclinical results we have seen with STA-9090 and are pleased by the progress we have been making in our Phase 1 trials," said Dr. Jacobson. "Synta is committed to this program, and in the second half of 2008 we intend to initiate a third trial for STA-9090 in hematologic cancers."

Hsp90 is a therapeutic target that shows a high degree of promise for treating a wide range of both solid tumor and hematologic cancers. It is responsible for maintaining the function of numerous signaling proteins - known as 'client proteins' - that are associated with cancer cell survival and proliferation. Many cancers result from specific mutations in, or aberrant expression of, these client proteins. Examples of cancer-associated client proteins of Hsp90 include c-KIT in gastrointestinal stromal tumors, epidermal growth factor receptor (EGFR) in lung cancer, and BCR-ABL in chronic myelogenous leukemia. In preclinical studies, treatment with STA-9090 leads to the degradation of these proteins and cancer cell death. Inhibiting Hsp90 with STA-9090 has also proven effective in killing cancer cells that have developed resistance to targeted therapies such as the kinase inhibitors Gleevec(R), Sutent(R), and Tarceva(R).

Apilimod (STA-5326)

Apilimod is an oral, small molecule inhibitor of the cytokines IL-12 and IL-23. The IL-12 and IL-23 cytokines play an important role in inflammatory and auto-immune diseases.

Synta is currently conducting a randomized, placebo-controlled Phase 2a clinical trial of apilimod in rheumatoid arthritis (RA). The primary endpoint of this trial is based on an assessment of markers of inflammation in joint tissue after four to eight weeks of treatment. The preliminary results of the first 22 patients in this trial showed encouraging biomarker and clinical signals suggesting activity of apilimod in this indication. We have elected to enroll an additional cohort in the RA Phase 2a trial to explore a higher dose of apilimod.

Synta is awaiting final data from an investigator-sponsored Phase 2 trial of apilimod in Common Variable Immunodeficiency (CVID). However, based on the data we have reviewed to date, we currently have no plans to continue development in CVID.

Collaboration with GlaxoSmithKline

In October 2007, Synta and GSK entered into a partnership agreement for elesclomol. Under the terms of the agreement, the companies will jointly develop and commercialize elesclomol in the U.S. and GSK will have exclusive responsibility for development and commercialization outside the U.S.

Synta and GSK are working closely together to further the clinical development of elesclomol as well as prepare for the manufacture and commercial launch of elesclomol. In 2008, based on our current operating plan, Synta expects operational progress milestone payments from GSK to range between $40 million and $50 million.

Financial Results

Synta began recognizing revenue under its partnership agreement with GSK in the fourth quarter of

2007. The $80 million non-refundable upfront payment Synta received from GSK in November 2007, together with the $260,000 estimated value of an option to require GSK to purchase $25 million of Synta common stock, is being recognized as collaboration revenue over the estimated 15-year performance period of the agreement.

The Company reported a net loss attributable to common stockholders of $122.1 million, or $3.76 per share for the year ended December 31, 2007, compared to $59.1 million or $2.66 per share for 2006. Included in the net loss to common shareholders for the year ended December 31, 2007 is a non-cash charge in the amount of $58.6 million for the beneficial conversion of preferred stock in connection with the Company's initial public offering in February 2007. In the year ended December 31, 2006, there was a non-cash charge for accrued preferred stock dividends in the amount of $1.9 million. The net loss before these non-cash charges was $63.5 million and $57.3 million in the years ended December 31, 2007 and 2006, respectively.

Research and development (R&D) expenses were $13.3 million for the fourth quarter in 2007 compared to $10.5 million for the same period in 2006. R&D expenses for the year ended December 31, 2007 were $52.0 million compared to $50.5 million for 2006.

General and administrative expenses (G&A) were $3.8 million for the fourth quarter in 2007 compared to $2.5 million for the same period in 2006. G&A expenses for the year ended December 31, 2007 were $14.9 million compared to $8.6 million for 2006.

More detailed financial information and analysis may be found in the Company's Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 20, 2008.

Financial Guidance

Based upon our current operating plans, we expect to end 2008 with between approximately $60 million and $75 million of cash, cash equivalents and marketable securities. This includes the $40 million to $50 million in anticipated operational progress milestone payments from GSK, and assumes no additional funds from new partnership agreements or financing events.

Conference Call

Management will conduct a conference call at 10:00 a.m. (ET) this morning to review the Company's fourth-quarter and 2007 annual financial results. The conference call will be webcast live over the Internet and can be accessed by logging on to the "Investors" section of the Synta Pharmaceuticals website, www.syntapharma.com, prior to the event.

The call also can be accessed by dialing (877) 407-8035 or (201) 689-8035 prior to the start of the call. For those unable to join the live conference call, a replay will be available from 2:00 p.m. (ET) today through midnight (ET) on March 27. To access the replay, dial (877) 660-6853 or (201) 612-7415 and refer to both account number 286 and conference ID 275710. The webcast also will be archived on the Company's website.

About Synta Pharmaceuticals

Synta Pharmaceuticals Corp. is a biopharmaceutical company focused on discovering, developing, and commercializing small molecule drugs to extend and enhance the lives of patients with severe medical conditions, including cancer and chronic inflammatory diseases. Synta has a unique

chemical compound library, an integrated discovery engine, and a diverse pipeline of clinical- and preclinical-stage drug candidates with distinct mechanisms of action and novel chemical structures. All Synta drug candidates were invented by Synta scientists using our compound library and discovery capabilities. Synta has a partnership with GlaxoSmithKline for the joint development and commercialization of its lead investigational drug candidate, elesclomol, which is in a global, pivotal Phase 3 clinical trial for the treatment of metastatic melanoma. For more information, please visit www.syntapharma.com.

Safe Harbor Statement

This media release may contain forward-looking statements about Synta Pharmaceuticals Corp. Such forward-looking statements can be identified by the use of forward-looking terminology such as "will", "would", "should", "expects", "anticipates", "intends", "plans", "believes", "may", "estimates", "predicts", "projects", or similar expressions intended to identify forward-looking statements. Such statements, including statements relating to the timing and progress of our clinical and preclinical programs, reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including those described in "Risk Factors" of our Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission. Synta undertakes no obligation to publicly update forward-looking statements, whether because of new information, future events or otherwise, except as required by law.

Synta Pharmaceuticals Corp.
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three months ended December 31		Twelve months ended December 31	
	2007	2006	2007	2006
Collaboration revenue	$ 743	$ -	$ 743	$ -
Operating expenses:				
Research and development	$ 13,325	$ 10,487	$ 52,025	$ 50,503
General and administrative	3,762	2,517	14,934	8,648
Total operating expenses	17,087	13,004	66,959	59,151
Loss from operations	(16,344)	(13,004)	(66,216)	(59,151)
Other income:				
Investment income, net	820	519	2,721	1,881
Net loss	(15,524)	(12,485)	(63,495)	(57,270)
Convertible preferred stock beneficial conversion charge	-	-	58,585	-
Convertible preferred				

stock dividends	-	807	-	1,859
Net loss attributable to common stockholders	$ (15,524)	$(13,292)	$(122,080)	$ (59,129)
Basic and diluted weighted average common shares outstanding	33,709	22,230	32,466	22,265
Basic and diluted net loss attributable to common stockholders per share	$ (0.46)	$ (0.60)	$ (3.76)	$ (2.66)

Synta Pharmaceuticals Corp.
Condensed Consolidated Balance Sheets Data
(in thousands)

	December 31, 2007	December 31, 2006
Assets		
Cash, cash equivalents and marketable securities	$ 115,577	$ 46,824
Other current assets	1,420	803
Property, plant and equipment, net	5,576	6,067
Other non-current assets	76	1,095
Total assets	$ 122,649	$ 54,789
Liabilities and Equity		
Current liabilities (1)	$ 20,772	$ 11,546
Long-term liabilities (1)	76,981	3,170
Convertible preferred stock, at redemption value	-	41,820
Stockholders' equity (deficit)	24,896	(1,747)
Total liabilities and stockholders' equity (deficit)	$ 122,649	$ 54,789

(1) The $80 million non-refundable upfront payment we received from GSK in November 2007, together with the $260,000 estimated value of an option to require GSK to purchase $25 million of our common stock, is being recognized as collaboration revenue over the estimated 15- year performance period of the agreement. At December 31, 2007, total deferred revenue was approximately $79.5 million, of which $5.4 million was current and will be recognized as revenue in 2008, and $74.1 million was long-term.

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