Synta Pharmaceuticals Reports Third Quarter 2008 Financial Results

November 13, 2008

LEXINGTON, Mass.--(BUSINESS WIRE)--Nov. 13, 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 ended September 30, 2008.

In the third quarter of 2008, the Company recorded $1.3 million of net collaboration revenue under its partnership agreement with GlaxoSmithKline (GSK). The Company reported a net loss attributable to common stockholders of $26.3 million, or $0.78 per basic and diluted share for the third quarter in 2008, compared to a net loss of $14.9 million or $0.44 per basic and diluted share for the same period in 2007. As of September 30, 2008, the Company had $83.4 million in cash, cash equivalents, and milestone payments receivable, which includes $25 million in milestone payments earned in September that were paid by GSK in the fourth quarter. This compares to $115.6 million in cash and cash equivalents as of December 31, 2007. There were no milestone payments receivable as of December 31, 2007.

Operational Highlights

"This was a productive quarter for Synta. We continued to make strong progress with the Phase 3 SYMMETRY trial of elesclomol in metastatic melanoma as well as the supporting studies and materials needed for product registration," said Safi Bahcall, Ph.D., President and Chief Executive Officer of Synta. "As previously disclosed, an interim safety and non-futility analysis will be conducted by an independent data monitoring committee in the fourth quarter; we expect to be informed of the outcome in December. Based on the current strong enrollment rates, we expect to complete enrollment in January or February of 2009 and conduct the primary endpoint analysis for progression free survival shortly thereafter."

"The preclinical and clinical data strongly suggest that cancers with elevated levels of reactive oxygen species (ROS) are especially vulnerable to the oxidative stress induction mechanism of elesclomol. In addition to melanoma, tumor types with high ROS include prostate, breast, and ovarian," said Dr. Bahcall. "I am therefore very pleased to announce the initiation of a clinical trial with our sodium salt formulation of elesclomol in combination with docetaxel in hormone-refractory metastatic prostate cancer. We expect the first patient to be treated in this trial within the next few weeks. This Phase 1/2 trial will include up to 34 patients and will explore dose, safety, and signs of activity."

"Prostate cancer is a promising opportunity for elesclomol because there is a high unmet need in the hormone refractory population, because it is a cancer known to be high in ROS, and because taxanes are a widely accepted treatment option in this disease. The underlying biology suggests a strong rationale for combining elesclomol and taxanes, and we have seen evidence of strong synergistic activity in our preclinical models," said Dr. Bahcall.

"While we anticipate continuing to expand the elesclomol program, working closely with our partner, GSK, we also intend to continue to be conservative in our use of capital given the broader economic environment," said Dr. Bahcall. "The very substantial milestone payments and cost sharing from our partnership with GSK create a solid financial footing for Synta as we head into 2009."

"As previously announced, we expect to achieve $50 million in operational milestones from GSK before conducting the primary endpoint analysis of the SYMMETRY trial. We achieved $25 million of these milestones in the third quarter, and we expect to achieve $15 million in the fourth quarter and the remaining $10 million in the first quarter of next year," said Dr. Bahcall.

"For the calendar year, we expect to end 2008 with between $65 million and $70 million in cash and milestones receivable. As we begin 2009, we are eligible for a total of $110 million in melanoma-related milestones, which include the $10 million operational milestone expected in the first quarter, a $25 million payment if the trial meets the primary endpoint or if Synta and GSK agree to file for regulatory approval, and a further $75 million for melanoma regulatory filings and approvals. In addition to the melanoma-related milestones, we are eligible for $435 million in clinical and regulatory milestones associated with developing elesclomol in other cancer indications. Further strengthening our financial position, in the second quarter of 2009 we expect to transition to full elesclomol program cost-sharing with GSK. From that point forward we would pay a minor portion of all program costs."

"We also continue to advance our earlier pipeline programs, including STA-9090, our novel Hsp90 inhibitor, which is enrolling patients in two ongoing Phase 1 studies in solid tumors. These trials are enrolling well and continue to dose escalate," said Safi Bahcall. "We expect to initiate a third trial, a Phase 1/2 trial of STA-9090 in hematological cancers, by the end of this year or in the first quarter of next year. We are also enrolling patients in our Phase 2a study of apilimod, our oral IL-12/IL-23 inhibitor, in rheumatoid arthritis and continue to advance our earlier stage compounds."

Financial Results

In the third quarter of 2008, the Company recorded $1.3 million of net collaboration revenue under its partnership agreement with GSK. In the nine months ended September 30, 2008, the Company recorded $2.0 million of net collaboration revenue under its partnership agreement with GSK.

Synta reported a net loss attributable to common stockholders of $26.3 million, or $0.78 per basic and diluted share for the quarter ended September 30, 2008, compared to $14.9 million or $0.44 per basic and diluted share for the same period in 2007.

Synta reported a net loss attributable to common stockholders of $66.7 million, or $1.98 per basic and diluted share for the nine months ended September 30, 2008, compared to $106.6 million or $3.32 per basic and diluted share for the same period in 2007. Included in the net loss to shareholders for the nine months ended September 30, 2007 was a one-time, non-cash charge of $58.6 million for the fair value of the beneficial conversion feature of our preferred stock which we recognized upon the conversion of the preferred stock in connection with our IPO in February 2007.

Research and development expenses were $24.1 million for the third quarter in 2008 compared to $11.5 million for the same period in 2007. Research and development expenses were $58.6 million for the nine months ended September 30, 2008 compared to $38.7 million for the same period in 2007. General and administrative expenses were $3.7 million for the third quarter in 2008 compared

to $3.9 million for the same period in 2007. General and administrative expenses were $11.3 million for the nine months ended September 30, 2008 compared to $11.2 million for the same period in 2007.

The Company ended the third quarter of 2008 with $83.4 million in cash, cash equivalents, and milestone payments receivable, which includes $25 million in milestone payments receivable that were paid by GSK in the fourth quarter. This compares to $115.6 million in cash and cash equivalents as of December 31, 2007. There were no milestone payments receivable as of December 31, 2007.

More detailed financial information and analysis may be found in the Company's Quarterly Report on Form 10-Q, which was filed with the Securities and Exchange Commission (SEC) on November 13, 2008.

Financial Guidance

Based upon our current operating plans, we expect to end 2008 with between approximately $65 million and $70 million of cash, cash equivalents, milestone payments receivable and marketable securities. This includes the $25 million in operational progress milestones Synta achieved in September from GSK and a further $15 million in operational milestones Synta expects to achieve before the end of the year.

Synta expects to earn an additional $10 million in operational milestone payments from GSK in the first quarter of 2009. In addition, Synta will be eligible for a milestone payment of $25 million upon achieving the primary endpoint of the SYMMETRY trial or upon the determination by Synta and GSK to file for regulatory approval, as well as $75 million in potential milestones from melanoma regulatory filings and approvals.

Conference Call

Management will conduct a conference call at 10:00 a.m. (ET) this morning to review the Company's third-quarter 2008 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) on November 13 through midnight (ET) on November 20. To access the replay, dial (877) 660-6853 or (201) 612-7415 and refer to both account number 286 and conference ID 299542. The webcast also will be archived on the Company's website.

About Elesclomol

Elesclomol is a novel, injectable, investigational drug candidate that triggers apoptosis (programmed cell death) in cancer cells. Cancer cells operate at high levels of reactive oxygen species, or oxidative stress. Elesclomol is believed to act by increasing the level of oxidative stress in cancer cells even further, beyond sustainable levels, inducing apoptosis. This mechanism of action, called oxidative stress induction, represents a novel way of selectively targeting and killing cancer cells.

In a double-blind, randomized, controlled Phase 2b clinical trial in 81 patients with stage IV metastatic melanoma, elesclomol in combination with paclitaxel met the primary endpoint, doubling the median time patients survived without their disease progressing, compared to paclitaxel alone (p = 0.035). The most common adverse events in the elesclomol plus paclitaxel group included fatigue, alopecia, constipation, nausea, hypoaesthesia, arthralgia, insomnia, diarrhea, and anemia.

A pivotal Phase 3 clinical trial of elesclomol in combination with paclitaxel in patients with stage IV metastatic melanoma (the SYMMETRY(SM) trial) is ongoing; Phase 2 trials in other indications, and in combination with other agents, are planned. Elesclomol has received Fast Track and Orphan Drug designation from the FDA for metastatic melanoma, and the Phase 3 SYMMETRY trial has completed a Special Protocol Assessment process with the FDA. Information about the SYMMETRY trial can be found at www.symmetrymelanomastudy.com, or www.clinicaltrials.gov (NCI identifier # NCT00522834).

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. 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, the timing and amounts of milestone payments under our agreement with GSK and financial guidance for 2008 and 2009, 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.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(unaudited)

	Three months ended September 30	Nine months ended September 30

	2008	2007	2008	2007
Collaboration revenues:				
License and milestone revenue	$ 2,819	$ -	$ 5,495	$ -
Cost sharing reimbursements	(1,547)	-	(3,516)	-
Total collaboration revenues	1,272	-	1,979	-
Operating expenses:				
Research and development	24,058	11,542	58,550	38,691
General and administrative	3,665	3,852	11,272	11,182
Total operating expenses	27,723	15,394	69,822	49,873
Loss from operations	(26,451)	(15,394)	(67,843)	(49,873)
Other income:				
Investment income, net	130	519	1,178	1,902
Net loss	(26,321)	(14,875)	(66,665)	(47,971)
Convertible preferred stock beneficial conversion charge	-	-	-	58,585
Net loss				

attributable to common stockholders	$ (26,321)	$ (14,875)	$ (66,665)	$ (106,556)
Basic and diluted weighted average common shares outstanding	33,736,510	33,661,580	33,733,436	32,047,169
Basic and diluted net loss attributable to common stockholders per share	$ (0.78)	$ (0.44)	$ (1.98)	$ (3.32)

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

	September 30, 2008	December 31, 2007
Assets		
Cash and cash equivalents	$ 58,398	$115,577
Milestone payments receivable	25,000	-
Other current assets	1,550	1,420
Property, plant and equipment, net	5,740	5,576
Other non-current assets	76	76
Total assets	$ 90,764	$122,649
Liabilities and Equity		

Current liabilities	$ 27,239	$ 20,772
Long-term liabilities	98,135	76,981
Stockholders' (deficit) equity	(34,610)	24,896
Total liabilities and stockholders' (deficit) equity	$ 90,764	$122,649

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