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

FORM 8-K/A

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

Date of Report (Date of earliest event reported): **July 22, 2016**

MADRIGAL PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-33277**	**04-3508648**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Four Tower Bridge **200 Barr Harbor Drive, Suite 400** **West Conshohocken, PA 19428** (Address of principal executive offices)	**19034** (Zip Code)

(484) 380-9263
Registrant's telephone number, including area code

500 Office Center Drive, Suite 400
Fort Washington, Pennsylvania
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Introduction

On July 22, 2016, Madrigal Pharmaceuticals, Inc. (formerly known as Synta Pharmaceuticals Corp.), a Delaware corporation (the "Company"), filed a Current Report on Form 8-K announcing that on July 22, 2016, the Company completed its business combination with Madrigal Pharmaceuticals, Inc., a privately held Delaware corporation ("Private Madrigal"), in accordance with the terms of an Agreement and Plan of Merger and Reorganization, dated as of April 13, 2016, by and among the Company, Private Madrigal, and Saffron Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Company (the "Merger"). Also on July 22, 2016, in connection with, and prior to completion of the Merger, the Company effected a 1-for-35 reverse stock split of its common stock (the "Reverse Stock Split"). Unless otherwise noted herein, all references to share and per share amounts herein have been retrospectively adjusted, except as otherwise disclosed, to reflect the Reverse Stock Split. Upon completion of the Merger, there were 11,333,816 shares of the Company's stock outstanding. The Current Report on Form 8-K filed on July 22, 2016 is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The unaudited interim condensed financial statements of Private Madrigal, including Private Madrigal's unaudited condensed balance sheet as of June 30, 2016, unaudited condensed balance sheet derived from the audited financial statements as of December 31, 2015, unaudited condensed statements of operations for the three and six months ended June 30, 2016 and 2015, unaudited condensed statement of stockholders' deficit for the six months ended June 30, 2016 and unaudited condensed statements of cash flows for the six months ended June 30, 2016 and 2015 and the notes related thereto are filed as Exhibit 99.1 and are incorporated herein by reference. The related management's discussion and analysis of financial condition and results of operations is filed as Exhibit 99.4 and is incorporated herein by reference.

The audited financial statements of Private Madrigal, including Private Madrigal's audited balance sheets as of December 31, 2015 and 2014, statements of operations for the years ended December 31, 2015 and 2014, statements of changes in stockholders' deficit for the years ended December 31, 2015 and 2014, statements of cash flows for the years ended December 31, 2015 and 2014, the notes related thereto and the related independent registered public accounting firm's report are filed as Exhibit 99.2 and are incorporated herein by reference.

The unaudited pro forma condensed combined financial information of the Company, including the unaudited pro forma condensed combined balance sheet as of June 30, 2016, the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2016, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 and the notes related thereto are filed as Exhibit 99.3 and are incorporated herein by reference.

(d) Exhibits.

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm
99.1	Unaudited Interim Condensed Financial Statements of Madrigal Pharmaceuticals, Inc. Condensed Balance Sheets as of June 30, 2016 and December 31, 2015 Condensed Statements of Operations for the Three and Six Months Ended June 30, 2016 and 2015 Condensed Statement of Stockholders' Deficit for the Six Months Ended June 30, 2016 Condensed Statements of Cash Flows for the Six Months Ended June 30, 2016 and 2015 Notes to Condensed Financial Statements (Unaudited)
99.2	Audited Financial Statements of Madrigal Pharmaceuticals, Inc. Report of Independent Registered Public Accounting Firm Balance Sheets as of December 31, 2015 and 2014 Statements of Operations or the Years Ended December 31, 2015 and 2014 Statements of Changes in Stockholders' Deficit for the Years Ended December 31, 2015 and 2014 Statements of Cash Flows for the Years Ended December 31, 2015 and 2014 Notes to Financial Statements
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of Madrigal Pharmaceuticals, Inc. Balance Sheet as of June 30, 2016 Statement of Operations for the Six Months Ended June 30, 2016 Statement of Operations for the Year Ended December 31, 2015 Notes to the Unaudited Pro Forma Condensed Combined Financial Statements
99.4	Management's Discussion and Analysis of Financial Condition and Results of Operations

* * *

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MADRIGAL PHARMACEUTICALS, INC.

By: /s/ Marc Schneebaum
Name: Marc Schneebaum
Title: Chief Financial Officer

Date: September 2, 2016

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm
99.1	Unaudited Interim Condensed Financial Statements of Madrigal Pharmaceuticals, Inc. Condensed Balance Sheets as of June 30, 2016 and December 31, 2015 Condensed Statements of Operations for the Three and Six Months Ended June 30, 2016 and 2015 Condensed Statements of Stockholders' Deficit for the Six Months Ended June 30, 2016 Condensed Statements of Cash Flows for the Six Months Ended June 30, 2016 and 2015 Notes to Condensed Financial Statements (Unaudited)
99.2	Audited Financial Statements of Madrigal Pharmaceuticals, Inc. Report of Independent Registered Public Accounting Firm Balance Sheets as of December 31, 2015 and 2014 Statements of Operations or the Years Ended December 31, 2015 and 2014 Statements of Changes in Stockholders' Deficit for the Years Ended December 31, 2015 and 2014 Statements of Cash Flows for the Years Ended December 31, 2015 and 2014 Notes to Financial Statements
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of Madrigal Pharmaceuticals, Inc. Balance Sheet as of June 30, 2016 Statement of Operations for the Six Months Ended June 30, 2016 Statement of Operations for the Year Ended December 31, 2015 Notes to the Unaudited Pro Forma Condensed Combined Financial Statements
99.4	Management's Discussion and Analysis of Financial Condition and Results of Operations

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements on Form S-3 (Nos. 333-187242 and 333-206135) and on Form S-8 (Nos. 333-141903, 333-152824, 333-173862, 333-181117, 333-187243, 333-194477, 333-202680, 333-206128 and 333-212615) of our report dated April 12, 2016, relating to the Madrigal Pharmaceuticals, Inc., ("Private Madrigal"), financial statements as of December 31, 2015 and for each of the years in the two-year period then ended, which includes an explanatory paragraph as to the Company's ability to continue as going concern, included in this Amendment No. 1 to Current Report on Form 8-K.

/s/ Friedman LLP
East Hanover, New Jersey
September 2, 2016

Exhibit 99.1

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Condensed Financial Statements (Unaudited)

MADRIGAL PHARMACEUTICALS, INC.
Condensed Balance Sheets
(Unaudited)

	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash	$ 4,096,029	$ 306,249
Other receivable - related party	—	7,332
Prepaid expenses	707,691	50,000
Total current assets	4,803,720	363,581
	$ 4,803,720	$ 363,581
Liabilities and Stockholders' Deficit		
Current liabilities		
Convertible promissory notes payable - related parties	$ 45,967,670	$ 48,595,166
Advances payable - related party	—	500,000
Accrued interest on advances - related party	—	9,278
Accounts payable	630,933	102,293
Accrued expenses	484,031	70,203
Total current liabilities	47,082,634	49,276,940
Commitments and contingencies	—	—
Stockholders' deficit		
Preferred stock, $0.0001 par value, 45,000,000 shares authorized, 0 shares issued and outstanding	—	—
Common stock, $0.0001 par value, 50,000,000 shares authorized, 1,105,820 shares, issued and outstanding	111	111
Additional paid-in capital	11,230,414	6,120
Accumulated deficit	(53,509,439)	(48,919,590)
Total stockholders' deficit	(42,278,914)	(48,913,359)
Total liabilities and stockholders' deficit	$ 4,803,720	$ 363,581

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

MADRIGAL PHARMACEUTICALS, INC.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating expenses				
Research and development	$ 2,088,744	$ 627,401	$ 2,604,580	971,334
General and administrative	550,992	267,572	772,749	463,201
Loss from operations	(2,639,736)	(894,973)	(3,377,329)	(1,434,535)
Other expenses				
Interest expense	(237,580)	(885,199)	(1,212,520)	(1,727,725)
Net loss	$ (2,877,316)	$ (1,780,172)	$ (4,589,849)	$ (3,162,260)

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

MADRIGAL PHARMACEUTICALS, INC.
Condensed Statement of Changes in Stockholders' Deficit
(Unaudited)

	Common Stock				Total
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Deficit
Balance at December 31, 2015	1,105,820	$ 111	$ 6,120	$ (48,919,590)	$ (48,913,359)
Related party debt restructuring	—	—	11,224,294	—	11,224,294
Net loss	—	—	—	(4,589,849)	(4,589,849)
Balance at June 30, 2016	**1,105,820**	**$ 111**	**$ 11,230,414**	**$ (53,509,439)**	**$ (42,278,914)**

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

MADRIGAL PHARMACEUTICALS, INC.
Condensed Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2016	**2015**
Cash flows from operating activities:		
Net loss	$ (4,589,849)	$ (3,162,260)
Adjustments to reconcile net loss to net cash used in operating activities:		
PIK interest expense on convertible promissory notes payable - related parties	1,206,853	1,727,669
Changes in operating assets and liabilities:		
Accounts receivable	7,332	44,500
Prepaid expenses	(657,691)	(50,000)
Accounts payable	528,640	208,488
Accrued expenses	413,828	(55,000)
Accrued interest - related party	5,667	57
Total adjustments	1,504,629	1,875,714
Net cash used in operations	(3,085,220)	(1,286,546)
Cash flows from financing activities:		
Proceeds from convertible notes - related parties	6,875,000	1,050,000
Proceeds from advances - related party	—	250,000
Net cash flows provided by financing activities	6,875,000	1,300,000
Net change in cash	3,789,780	13,454
Cash - beginning of period	306,249	148,066
Cash - ending of period	$ 4,096,029	$ 161,520
Non-cash investing activities:		
Exchange of related party advances payable for convertible notes	$ 500,000	$ —
Related party debt restructuring	11,224,294	—

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

Madrigal Pharmaceuticals, Inc. Condensed Notes to Financial Statements (Unaudited)

1. Organization, Business and Basis of Presentation

Organization and Business

Madrigal Pharmaceuticals, Inc. (the "Company" or "Madrigal") was incorporated on August 19, 2011 and commenced operations in September 2011. On September 14, 2011, the Company entered into an Assignment and Issuance Agreement pursuant to which the Company was assigned the rights, title and interest in and to the tangible and intangible assets owned by Bay City Capital Fund IV, L.P. ("Lender A") and Bay City Capital Fund IV Co-Investment Fund, L.P ("Lender B" and together with Lender A, "BCC"), in exchange for the assumption of outstanding convertible promissory notes, including accrued interest, in the amount of approximately $23,400,000 (see Note 4). Assets contributed to the Company were primarily intangible assets related to several drug development programs of VIA Pharmaceuticals, Inc. ("VIA"), which was an investee company of BCC.

The underlying assets of VIA transferred to BCC and subsequently contributed to the Company were notionally valued at $3 million. BCC credit bid $3 million for the VIA assets as part of an assignment for the benefit of creditors process. Due to the common control nature of the transaction and in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the assigned assets and liabilities were recorded by the Company at their respective carryover basis which was zero for the tangible and intangible assets and $23.4 million for the assumed debt. In 2012, Madrigal entered into a transaction with Tallikut Pharmaceuticals, Inc. ("Tallikut") whereby Madrigal sold certain assets to Tallikut in exchange for the assumption of $2 million of convertible promissory notes. On July 22, 2016 the Company merged into Synta Pharmaceuticals Corp. (the "Merger") (see Note 9). These financial statements do not give any effect to the merger.

The Company is developing novel, high-quality small-molecule drugs addressing major unmet needs in cardiovascular and metabolic diseases. The lead compound MGL-3196 is Phase II ready and is being advanced for indications in dyslipidemia, particularly LDL-cholesterol lowering, and non-alcoholic steatohepatitis, a liver disease that commonly affects people with metabolic diseases such as obesity and diabetes.

Basis of Presentation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been condensed or omitted. Accordingly, the unaudited condensed financial statements do not include all information and footnotes required by GAAP for complete annual financial statements. However, we believe that the disclosures included in these financial statements are adequate to make the information presented not misleading. The unaudited condensed financial statements, in the opinion of management, reflect all adjustments which include normal recurring adjustments necessary for a fair presentation of such interim results. The interim results are not necessarily indicative of the results that we will have for the full year ended December 31, 2016 or any subsequent period. These unaudited condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes to those statements for the year ended December 31, 2015.

2. Liquidity and Uncertainties

The Company is subject to risks common to development stage companies in the Bio-Pharmaceutical industry including, but not limited to, uncertainty of product development and commercialization, dependence on key personnel, uncertainty of market acceptance of products and product reimbursement, product liability, uncertain protection of proprietary technology, potential inability to raise additional financing necessary for development and commercialization, and compliance with the U.S. Food and Drug Administration and other government regulations.

The Company has incurred losses since inception, including approximately $4,590,000 for the six months ended June 30, 2016, resulting in an accumulated deficit of approximately $53,509,000 as of June 30, 2016. Management expects to incur losses for the foreseeable future and has a working capital deficit of approximately $42,279,000 at June 30, 2016. To date, the Company has funded its operations primarily through the issuance of convertible debt with a maturity date of December 31, 2016.

On April 13, 2016, the Company amended and restated the terms of its March 1, 2016 Note Purchase Agreement to increase the principal amount of the notes available thereunder to $9,000,000 (see Note 4) in order to provide funding for working capital and general corporate purposes through the date of the anticipated merger, as described below. In addition, all of the Note Purchase Agreements were amended in April 2016 to (1) add mandatory conversion features whereby the principal will automatically convert into shares of common stock of the Company immediately prior to the consummation of the merger) (2) waive all accrued interest thereunder through April 13, 2016 and (3) make such notes non-interest bearing from April 13, 2016 through the consummation or termination of the anticipated merger.

On April 13, 2016, the Company also entered into an Agreement and Plan of Merger and Reorganization ("the Merger Agreement") with Synta Pharmaceuticals Corp. ("Synta") which was consummated and approved by the stockholders of Synta and completed in the third quarter of 2016 (see Note 9). The working capital obtained through the merger together with the proceeds from the issuance of the March 1, 2016 Note Purchase Agreement, as well as the permanent waiver of accrued interest and the conversion of all outstanding convertible notes is anticipated to fund the Company's operations for at least the next twelve months from the balance sheet date. Total post combination cash, cash equivalents and marketable securities on hand at August 31, 2016 was $41.4 million.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. 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

The Company considers all highly liquid investments with original maturities of six months or less at the date of purchase to be cash equivalents. The Company maintains its cash in a bank account, which at times, exceeds Federal Deposit Insurance Corporation insured limits.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs are comprised of costs incurred in performing research and development activities, including internal costs, costs for consultants, associated with the Company's preclinical and clinical programs. In particular, Madrigal has conducted safety studies in animals, optimized and implemented the API manufacturing, and conducted Phase I clinical trials, all of which are considered research and development expenditures.

Patents

Costs to secure and defend patents are expensed as incurred and are classified as general and administrative expense in the Company's statements of operations. Patent expenses were approximately $28,000 and $95,000 for the quarters ended June 30, 2016 and 2015, respectively and $39,000 and $141,000 for the six months ended June 30, 2016 and 2015, respectively.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the Company's financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. The Company currently maintains a 100% valuation allowance on its deferred tax assets.

4. Convertible Promissory Notes — Related Parties

Convertible Promissory Note Amendments:

Effective April 13, 2016, the Lenders collectively waived all accrued and unpaid interest under all of the convertible notes. The total accrued and waived interest amounted to $13,680,000. No additional interest on these notes will be accrued through the date on which the Merger is consummated or terminated. On April 13, 2016, the Company reduced the convertible notes payable by the waived interest less $2,456,000 of accrued interest for the period April 14, 2016 through the maturity date of December 31, 2016, as required under Troubled Debt Restructuring accounting guidance. The net waived interest of $11,224,000 was recorded as an increase in Additional Paid in Capital ("APIC") as the notes were held by related parties and the $2,456,000 increased the outstanding convertible notes as of June 30, 2016.

September14, 2011 Notes

The Company was assigned (see Note 1) convertible promissory notes ("the September 14, 2011 Notes") pursuant to an Assignment and Issuance Agreement with Lender A and Lender B or collectively the "Lender(s)". Lender A and Lender B are stockholders of the Company. Interest on the outstanding principal accrued and compounded monthly at 8% per annum. Accrued and unpaid interest shall either be paid upon principal repayment or converted with the outstanding principal amount. The notes were collateralized by all assets of the Company. The initial maturity date was December 31, 2012 but has been amended on various dates extending the maturity date to December 31, 2016. The September 14, 2011 Notes can be converted as follows:

(a) Optional Conversion — Third Party Financing. At any time following the closing of a preferred equity financing with an outside investor ("Third Party"), all outstanding principal and interest ("Accreted Value") may, at the option of the Lenders, be converted into equity securities of the Company, having the same rights, preferences and privileges as the securities issued in the Third Party financing ("Third Party Led Securities"). The numbers of shares to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) eighty percent (80%) of the per share purchase price of the Third Party Led Securities.

(b) Optional Conversion — Series A Preferred Stock. At any time, all Accreted Value may, at the option of the Lenders, be converted into shares of the Company's Series A Preferred Stock. The number of shares of Series A Preferred Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the original issue prices of the Series A Preferred Stock.

(c) Optional Conversion — Common Stock. At any time, Lenders may convert all or any portion of the Accreted Value of the Note into common shares of the Company with the number of common shares issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 14.29759. Any Third Party Led Securities and Series A Preferred Stock issued to the Lenders shall be convertible at any time at the option of Lenders into common stock of the Company.

(d) Mandatory Conversion. If the principal and interest of the convertible note has not been repaid in full by the maturity date, the Accreted Value shall automatically convert into common stock of the Company. The conversion price shall equal to the per share value of the Company's common stock at the time of conversion.

September 14, 2011 Notes (Amended and Restated April 13, 2016)

On April 13, 2016, the Company amended and restated the terms to modify the conversion terms to include the following:

(a) Optional Conversion — Common Stock. At any time following the date on which the Merger Agreement is terminated as defined in the agreement, Lenders may convert all of the Accreted Value of the Note into common shares of the Company with the number of common shares issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 1.00.

(b) Mandatory Conversion Upon a Merger with Synta. If Merger is consummated prior to the maturity date all Accreted Value will automatically be converted into shares of Common Stock of the Company. The number of shares of Common Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 1.00.

September 16, 2011 Notes

The Company entered into a Note Purchase Agreement with Lender A and Lender B in which the Company agreed to sell and issue to the Lenders secured convertible promissory notes ("the September 16, 2011 Notes"). Interest on the outstanding principal accrued and compounded monthly at 8% per annum. Accrued and unpaid interest shall either be paid upon principal repayment or converted with the outstanding principal amount. The notes were collateralized by all assets of the Company. The initial maturity date was the earliest of October 31, 2012 or an event of default as defined in the agreement but such notes have been amended on various dates extending the maturity date to December 31, 2016. The September 16, 2011 notes can by converted as follows:

(a) Optional Conversion — Third Party Financing. At any time following the closing of a preferred equity financing with a Third Party, all Accreted Value may, at the option of the Lenders, be converted into equity securities of the Company, having the same rights, preferences and privileges as the securities issued in the Third Party financing. The numbers of shares to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) eighty percent (80%) of the per share purchase price of the Third Party Led Securities.

In addition, the Company shall issue to each Lender, upon conversion of such Lender's note, a warrant to purchase up to the number of shares of Third Party Led Securities sold in such Third Party Financing that equals the quotient obtained by dividing (a) ten percent (10%) of the original principal amount of the notes issued to such Lenders pursuant to the Note Purchase Agreement by (b) the per share purchase price of the Third Party Led Securities. The Company has not issued any warrants to date.

(b) Optional Conversion — Series A Preferred Stock. At any time, all Accreted Value may, at the option of the Lenders, be converted into shares of the Company's Series A Preferred Stock. The number of shares of Series A Preferred Stock to be issued upon such conversion shall be equal to the Quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 14.29759.

September 16, 2011 Notes (Amended and Restated April 13, 2016)

On April 13, 2016, the Company amended and restated the terms to modify the conversion terms to include the following:

(a) Optional Conversion — Common Stock. At any time following the date on which the Merger Agreement is terminated as defined in the agreement, Lenders may convert all of the Accreted Value of the Note into common shares of the Company with the number of common shares issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 1.00.

(b) Optional Conversion — Series A Preferred Stock. At any time following the date on which the Merger Agreement is terminated as defined in the agreement, Lenders may convert all of the Accreted Value of the Note into Series A Preferred Stock of the Company, $0.0001 par value per share ("Series A Preferred Stock") with the number of Series A Preferred Stock issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the original issue price of the Series A Preferred Stock, as adjusted for splits, dividends and the like.

(c) Mandatory Conversion Upon a Merger with Synta. If Merger is consummated prior to the maturity date all Accreted Value will automatically be converted into shares of Common Stock of the Company. The number of shares of Common Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 1.00.

March 1, 2016 Notes

On March 1, 2016, the Company entered into a Note Purchase Agreement with Lender A and Lender B in which the Company agreed to sell and issue to the Lenders secured convertible promissory notes ("the March 1, 2016 Notes") in the amount of up to $2,000,000. Interest on the outstanding principal accrued and compounded monthly at 8% per annum. Accrued and unpaid interest shall either be paid upon repayment or converted with the outstanding principal amount. The notes were collateralized by all assets of the Company. The maturity date is the earliest of December 31, 2016 or an event of default as defined in the agreement. On March 1, 2016, the first closing date, $750,000 aggregate principal amount was issued. The March 1, 2016 notes can by converted as follows:

(a) Optional Conversion — Third Party Financing. At any time following the closing of a preferred equity financing by the Company led by a Third Party, all Accreted Value may, at the option of the Lenders, be converted into equity securities of the Company, having the same rights, preferences and privileges as the securities issued in the Third Party financing . The numbers of shares to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the per share purchase price of the Third Party Led Securities.

(b) Optional Conversion — Series A Preferred Stock. At any time, all Accreted Value may, at the option of the Lenders, be converted into shares of the Company's Series A Preferred Stock. The number of shares of Series A Preferred Stock to be issued upon such conversion shall be equal to the Quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the original issue price of the Series A Preferred Stock.

(c) Optional Conversion — Common Stock. At any time, Lenders may convert all of the Accreted Value of the Note into common shares of the Company with the number of common shares issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the then per share fair market value of Common Stock. Any Third Party Led Securities and Series A Preferred Stock issued to the Lenders shall be convertible at any time at the option of Lenders into common stock of the Company.

March 1, 2016 Notes (Amended and Restated April 13, 2016)

On April 13, 2016, the Company amended and restated the terms of its March 1, 2016 Note Purchase Agreement to increase the principal amount of notes available for issuance to $9,000,000, to be funded at specific dates in accordance with a funding schedule, and to add two additional related party lenders ("Lender C and Lender D"). The notes were collateralized by all assets of the Company and are senior in right of payment to all outstanding indebtedness of the Company. The maturity date is the earliest of December 31, 2016, the date the Merger Agreement is terminated (see Note 9), or an event of default as defined in the agreement. The conversion terms of the March 1, 2016 notes were amended to include the following:

(a) Optional Conversion-Qualified Financing. At any time following the closing of a preferred equity financing of the Company (a "Qualified Financing"), all Accreted Value may, at the option of the Lenders, be converted into equity securities of the Company of the same class and having the same rights, preferences and privileges as the securities issued in the Qualified Financing (the "Qualified Financing Securities"). The number of shares of Qualified Financing Securities to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the product of 0.85 times the lowest per share purchase price of the Qualified Financing Securities paid by the other investors in the Qualified Financing.

(b) Optional Conversion — Series A Preferred Stock. At any time following the date on which the Merger Agreement is terminated as defined in the agreement, all Accreted Value may, at the option of the Lenders, be converted into shares of the Company's Series A Preferred Stock. The number of shares of Series A Preferred Stock to be issued upon such conversion shall be equal to the Quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) the original issue price of the Series A Preferred Stock.

(c) Optional Conversion — Common Stock. At any time following the date on which the Merger Agreement is terminated as defined in the agreement, Lenders may convert all of the Accreted Value of the Note into common shares of the Company with the number of common shares issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 1.07581.

(d) Mandatory Conversion Upon a Merger with Synta. If Merger is consummated prior to the maturity date all Accreted Value will automatically be converted into shares of Common Stock of the Company. The number of shares of Common Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 1.07581.

Lenders A, B, C and D provided convertible promissory note financing of $6,875,000 in cash during the period March 1, 2016 through June 30, 2016. Additionally, on April 13, 2016, Lender D exchanged $500,000 of Advances Payable for an equal amount of convertible promissory notes.

The original issue amount, outstanding principal and interest balance (Accreted Value) by the Lenders are as follows:

		Original Issue Amount	Balance at June 30, 2016	Balance at December 31, 2015
September 14, 2011 Notes	Lender A	$ 22,892,829	$ 24,207,442	$ 32,258,925
September 14, 2011 Notes	Lender B	493,451	521,787	695,336
September 16, 2011 Note Purchase Agreement	Lender A	12,480,975	13,197,691	15,310,882
September 16, 2011 Note Purchase Agreement	Lender B	269,025	284,474	330,023
March 1, 2016 Note Purchase Agreement	Lender A	1,604,255	1,687,225	—
March 1, 2016 Note Purchase Agreement	Lender B	34,545	36,330	—
March 1, 2016 Note Purchase Agreement	Lender C	4,097,400	4,309,554	—
March 1, 2016 Note Purchase Agreement	Lender D	1,638,800	1,723,167	—
		$ 43,511,280	$ 45,967,670	$ 48,595,166

5. Advances Payable — Related Party

On June 29, 2015 and July 30, 2015 a related party agreed to advance the Company $250,000 and $250,000 to be used for working capital requirements. The advances accrued interest at a rate of four percent (4%) per annum compounded annually. On April 13, 2016, these advances were exchanged for $500,000 in convertible promissory notes payable and all accrued interest was waived (see Note 4).

6. Stockholders' Deficit

The Company's Certificate of Incorporation as amended on April 13, 2016, authorizes the Company to issue 50,000,000 shares of Common Stock, $0.0001 par value per share ("Common Stock"), and 45,000,000 shares of Preferred Stock, $0.0001 par value per share ("Series A Preferred Stock").

The Preferred Stock accrues dividends at 8% per annum, and has certain rights, preferences and privileges to include preferential payment in liquidation, voting and conversion. In the event of liquidation, dissolution or winding up of the Company, the holders of Series A Preferred Stock, would be paid an amount per share equal to 14.29759 times the original issue price, plus accruing dividends prior to payment to common stock holders. Each share of Series A Preferred Stock is entitled to cast the number of votes equal to the whole shares of Common Stock into which the shares of Series A Preferred Stock held are convertible. At June 30, 2016 and December 31, 2015, the Company had not issued any shares of Preferred Stock.

Issued and outstanding Common Stock is held solely by Lender A, Lender B and the Company's Chief Executive Officer. Shares of common stock may not be sold, assigned, transferred, encumbered or disposed of without written agreement between the Company and the stockholder.

7. Related Party Transactions

Related party financing

Lenders A and B have provided financing to the Company since its inception. Lenders A, B, C and D have agreed to provide funding under the April 13, 2016 amended and restated March 1, 2016 agreement. For the six months ended June 30, 2016 and June 30, 2015, the Company incurred approximately $1,213,000 and $1,728,000, respectively of interest expense to these Lenders which was subsequently waived (see Note 4). At June 30, 2016 and December 31, 2015, the Company has approximately $45,968,000 and $48,595,000 respectively of convertible promissory notes payable to related party Lenders and $0 and $500,000 of Advances payable to related parties.

Consulting agreement

The Company has a consulting agreement with its Chief Executive Officer ("CEO"), who is also a stockholder of the Company. The consulting agreement automatically renews monthly until it is terminated. The consulting agreement can be terminated upon fifteen (15) day notice by the Company or the CEO. For the quarters ended June 30, 2016 and 2015, the consultant was paid $41,250 in each quarter. The consultant was paid $82,500 and $82,500, respectively, for the six months ended June 30, 2016 and 2015. On July 22, 2016, this consulting agreement was replaced by an employment agreement upon the completion of the Merger (see Note 9).

8. Commitments and contingencies

The Company has a Research, Development and Commercialization Agreement with Hoffmann-La Roche ("Roche") which grants a sole and exclusive license to develop, use, sell, offer for sale and import any Licensed Product as defined by the agreement.

The Company entered Phase I clinical trials in 2011 and paid the related milestone payment to Roche on October 12, 2011. The agreement requires future milestone payments to Roche, the remainder of which total $10.8 million and are earned by the commencement of Phase II and Phase III clinical trials as well as future regulatory approval in the United States and Europe of a product developed from MGL-3916. A single-digit royalty payment range is based on net sales of products developed from MGL-3196, subject to certain reductions. The Company has not achieved any additional product development or regulatory milestones to date and has no Licensed Product sales for the quarters ended June 30, 2016 and 2015. Phase II is expected to commence in the second half of 2016.

During the second quarter, the Company entered in several customary contractual arrangements and letters of intent in preparation for and in support of the expected Phase II clinical trial.

The Company has a Change in Control Bonus Plan (the "Bonus Plan") pursuant to which certain key service providers of the Company will be awarded bonuses in the event of a change in control of the Company, as defined in the Bonus Plan. The purpose of the Bonus Plan is to compensate for past services, and secure to a limited extent, continued services of certain key service providers of the Company. In accordance with the Bonus Plan, as amended on April 13, 2016, up to 7.87% of the net proceeds, as defined in the Bonus Plan, from a change in control transaction will be allocated to an award pool and paid to eligible participants based upon their participation agreement. The award pool will be funded out of the consideration actually provided to the Company and/or the stockholders of the Company in connection with a change of control transaction and will be the same form of consideration actually transferred.

The Company is party to an agreement with a financial advisor pursuant to which the Company will be required to pay a success fee of 1.5% of consideration received, as defined in the agreement, upon the consummation of a definitive strategic transaction with a third party.

On April 13, 2016 the Company entered into employment agreements for the positions of the Chairman and Chief Executive Officer ("CEO") and Chief Medical Officer, Executive Vice President Research & Development ("CMO"). The employment agreements became effective upon closing of the merger transaction on July 22, 2016 (see Note 9). Under the terms of the agreement, the CEO will receive a base salary of $400,000 plus bonus potential up to 50% of the base salary based upon the achievement of certain corporate targets. In addition, the CEO will receive restricted stock awards representing 1.25% of the issued and outstanding common stock of the post-merger combined company and nonqualified stock option to purchase an additional 2.5% of the issued and outstanding stock of the post-merger combined company on a fully-diluted basis. Under the terms of the agreement, the CMO will receive a base salary of $370,000 plus bonus potential up to 40% of the base salary based upon the achievement of certain corporate targets. In addition, the CMO will receive restricted stock awards representing 0.25% of the issued and outstanding common stock of the post-merger combined company and nonqualified stock option to purchase an additional 1.25% of the issued and outstanding stock of the post-merger combined company on a fully-diluted basis. Restricted stock awards and nonqualified stock awards for both executives will vest 25% on the completion of the Merger Agreement and 25% at each of the first, second and third anniversary date of the Merger Agreement.

9. Subsequent Events

Convertible Promissory Notes-Related Parties

On July 15, 2016, the Company issued a total of $1,625,000 of convertible notes to Lenders A, B, C and D in the amounts of $353,470, $7,605, $902,850 and $361,075, respectively, under the March 1, 2016 Amended and Restated Note Purchase Agreement. These notes were converted to the Company's common stock prior to the Merger.

Immediately prior to the consummation of the merger, the September 14, 2011, September 16, 2011 and March 1, 2016 (amended and restated April 13, 2016) convertible note issuances outstanding totaling $45.1 million on July 22 were converted into 44.5 million shares of common stock of the Company pursuant to their respective amended and restated terms.

Merger

On July 22, 2016, prior to the closing of the merger, Synta Pharmaceuticals Corp. ("Synta") completed a one-for-35 reverse stock split.

On July 22, 2016, the Company, Synta, and Saffron Merger Sub, Inc., a wholly owned subsidiary of Synta ("Merger Sub") completed their merger transaction pursuant to which Merger Sub merged with and into the Company with the Company becoming a wholly-owned subsidiary of Synta and the surviving corporation of the merger. Each outstanding share of Madrigal common stock was converted into 1.593 shares of common stock of the post-merger combined company. As a result, Synta issued 7.3 million shares of common stock to the stockholders of the Company in exchange for common shares of Madrigal. For accounting purposes, the Company is considered to be acquiring Synta in the merger. The Company was determined to be the accounting acquirer based upon the terms of the Merger Agreement and other factors including: (i) Madrigal security holders own approximately 64% of the voting interests of the combined company immediately following the closing of the merger; (ii) directors appointed by Madrigal hold a majority of board seats in the combined company; and (iii) Madrigal management hold a majority of the key positions in the management of the combined company. As the accounting acquirer, the Company's assets and liabilities will be recorded at their pre combination carrying amounts and the historical operations that will be reflected in the financial statements will be those of the Company.

Following the reverse stock split and the merger, the post-merger combined company had approximately 11.3 million shares outstanding and the former stockholders of the Company owned approximately 64% of the outstanding capital stock of the post-merger combined company.

Upon the closing of the merger transaction on July 22, 2016, the Company incurred an expense for a success fee of $750,000 in cash plus $500,000 settled in shares of the post-merger combined company's common stock with a third party financial advisor (see Note 8).

Bonus Plan Awards

Pursuant to the terms of the Change in Control Bonus Plan, the participants therein received 0.6 million shares of Synta common stock from certain former stockholders of the Company in connection with the merger, which represented 7.87% of Madrigal's common shares outstanding at the time of the merger.

Stock Based Compensation

Immediately following the consummation of the merger, the post-merger combined company issued 153,128 shares of restricted common stock and 306,256 stock options to purchase shares of common stock to the new chief executive officer and 30,626 shares of restricted common stock and 153,128 stock options to purchase shares of common stock to the new chief medical officer and executive vice president, research and development pursuant to the terms of their respective employment agreements (Note 8).

Exhibit 99.2

AUDITED FINANCIAL STATEMENTS

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Madrigal Pharmaceuticals, Inc.

We have audited the accompanying balance sheets of Madrigal Pharmaceuticals, Inc. (the "Company") as of December 31, 2015 and 2014, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has sustained recurring losses from operations, has not yet generated any revenues, and has a working capital deficiency of approximately $48,913,000 at December 31, 2015. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Friedman LLP

East Hanover, NJ
April 12, 2016

MADRIGAL PHARMACEUTICALS, INC.

Balance Sheets

	December 31,	
	2015	2014
Assets		
Current assets		
Cash	$ 306,249	$ 148,066
Other receivable—related party	7,332	46,155
Prepaid expense	50,000	—
Total current assets	363,581	194,221
Total assets	$ 363,581	$ 194,221
Liabilities and Stockholders' Deficit		
Current liabilities		
Convertible promissory notes payable—related party	$ 48,595,166	$ —
Advances payable—related party	500,000	—
Accrued interest—related party	9,278	—
Accounts payable	102,293	15,210
Accrued expenses	70,203	55,000
Total current liabilities	49,276,940	70,210
Convertible promissory notes payable—related party	—	42,192,513
Total liabilities	49,276,940	42,262,723
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, $0.0001 par value, 30,000,000 shares authorized, 0 shares issued and outstanding	—	—
Common stock, $0.0001 par value, 35,000,000 shares authorized, 1,105,820 and 1,045,000 shares, respectively, issued and outstanding	111	105
Additional paid-in capital	6,120	6,120
Accumulated deficit	(48,919,590)	(42,074,727)
Total stockholders' deficit	(48,913,359)	(42,068,502)
Total liabilities and stockholders' deficit	$ 363,581	$ 194,221

The accompanying notes are an integral part of these financial statements

MADRIGAL PHARMACEUTICALS, INC.

Statements of Operations

	Year Ended December 31,	
	2015	**2014**
Operating expenses:		
Research and development	$ 2,427,170	$ 777,371
General and administrative	805,762	548,321
Loss from operations	(3,232,932)	(1,325,692)
Other income (expenses)		
Other income	—	1,704
Interest expense	(3,611,931)	(3,167,952)
	(3,611,931)	(3,166,248)
Net loss	$ (6,844,863)	$ (4,491,940)

The accompanying notes are an integral part of these financial statements

MADRIGAL PHARMACEUTICALS, INC.

Statements of Changes in Stockholders' Deficit

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Number of Shares	Amount			
Balance at January 1, 2014	1,045,000	$ 105	$ 6,120	$ (37,582,787)	$ (37,576,562)
Net loss	—	—	—	(4,491,940)	(4,491,940)
Balance at December 31, 2014	1,045,000	105	6,120	(42,074,727)	(42,068,502)
Issuance of restricted stock	60,820	6	—	—	6
Net loss	—	—	—	(6,844,863)	(6,844,863)
Balance at December 31, 2015	1,105,820	$ 111	$ 6,120	$ (48,919,590)	$ (48,913,359)

The accompanying notes are an integral part of these financial statements

MADRIGAL PHARMACEUTICALS, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Net loss	$ (6,844,863)	$ (4,491,940)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	—	2,582
PIK interest expense on convertible promissory notes payable—related party	3,602,653	3,167,952
Changes in operating assets and liabilities		
Other receivable—related party	38,823	(40,156)
Prepaid expenses	(50,000)	—
Accounts payable	87,083	(49,082)
Accrued expenses	15,203	13,160
Accrued interest—related party	9,278	—
Total adjustments	3,703,040	3,094,456
Net cash used in operations	(3,141,823)	(1,397,484)
Cash flows from financing activities:		
Proceeds from convertible notes—related party	2,800,000	1,375,000
Proceeds from advances—related party	500,000	—
Proceeds from the issuance of restricted stock	6	—
Net cash flows provided by financing activities	3,300,006	1,375,000
Net change in cash	158,183	(22,484)
Cash—beginning of year	148,066	170,550
Cash—ending of year	$ 306,249	$ 148,066

The accompanying notes are an integral part of these financial statements

MADRIGAL PHARMACEUTICALS, INC.

Notes to Financial Statements

December 31, 2015 and 2014

1. Organization and Nature of Business

Madrigal Pharmaceuticals, Inc. (the "Company") was incorporated on August 19, 2011 and commenced operations in September 2011. On September 14, 2011, the Company entered into an Assignment and Issuance agreement in which the Company was assigned the rights, title and interest in the tangible and intangible assets owned by Bay City Capital Fund IV, L.P. ("Lender A") and Bay City Capital Fund IV Co-Investment Fund, L.P ("Lender B"), collectively BCC in exchange for convertible promissory notes including accrued interest in the amount of approximately $23,400,000 (See Note 4). Assets contributed to the company were primarily intangible assets related to several drug development programs of VIA Pharmaceuticals, Inc. ("VIA"), which was an investee company of BCC.

The underlying assets of VIA that were transferred to BCC and subsequently contributed to Company were notionally valued at $3 million. BCC credit bid $3 million for the VIA assets as part of an assignment for the benefit of creditors ("ABC") process. Due to the common control nature of the transaction and in accordance with GAAP, the assigned assets and liabilities were recorded by the Company at their respective carryover basis which was zero for the tangible and intangible assets and $23.4 million for the assigned debt. In 2012, Madrigal entered into a transaction with Tallikut Pharmaceuticals, Inc. ("Tallikut") whereby Madrigal sold certain assets to Tallikut in exchange for the assumption of $2 million of convertible promissory notes.

The Company is developing novel, high-quality small-molecule drugs addressing major unmet needs in cardiovascular and metabolic diseases. The lead compound MGL-3196 is Phase-2 ready and is being advanced for indications in dyslipidemia, particularly LDL-cholesterol lowering, and non-alcoholic steatohepatitis, a liver disease that commonly affects people with metabolic diseases such as obesity 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 and product reimbursement, product liability, uncertain protection of proprietary technology, potential inability to raise additional financing necessary for development and commercialization, if applicable, and compliance with the U.S. Food and Drug Administration and other government regulations.

2. Liquidity and Ability to Continue as a Going Concern

The financial statements have been prepared in conformity with generally accepted accounting principles which contemplate continuation of the Company as a going concern. The Company has incurred losses since inception, including approximately $6,845,000 in the year ended December 31, 2015, resulting in an accumulated deficit of approximately $48,913,000 as of December 31, 2015. Management expects to incur losses for the foreseeable future and has a working capital deficit of approximately $48,913,000 at December 31, 2015. The Company has funded itself primarily through the issuance of convertible debt with a maturity date of December 31, 2016.

The Company will be required to obtain additional financing and capital and expects to satisfy its cash needs primarily from the additional issuance of convertible debt in order to sustain operations until it can achieve profitability and positive cash flows, if ever. The Company may also be required to obtain other sources of funding to sustain its current operations and meet its development objectives.

During 2016, the Company commenced negotiations to effect a reverse merger concurrently with a private financing. There can be no assurances, however, that the reverse merger transaction or additional funding, either through the issuance of convertible debt or other sources, will be available on favorable terms, or at all. If adequate funds are not available, the Company may be required to delay, significantly modify or terminate its research and development programs.

All of the above matters raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) 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. 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

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash in a bank account, which at times, exceeds Federal Deposit Insurance Corporation ("FDIC") insured limits.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs are comprised of costs incurred in performing research and development activities, including internal costs, costs for consultants, associated with the Company's preclinical and clinical programs. In particular, Madrigal has conducted safety studies in animals, optimized and implemented the API manufacturing, and conducted Phase 1 clinical trials, all of which are considered research and development expenditures.

Patents

Costs to secure and defend patents are expensed as incurred and are classified as general and administrative expense in the Company's statements of operations. Patent expenses were approximately $62,300 and $0 for the years ended December 31, 2015 and 2014, respectively.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the Company's financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. A valuation allowance is provided to reduce the deferred tax assets to the amount that will more likely than not be realized.

Recent Accounting Pronouncements

In August, 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15—Presentation of Financial Statements, Disclosures of Uncertainties about an

Entity's ability to Continue as a Going Concern. The ASU requires Management to evaluate whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the financial statements are issued and if Management's plans will alleviate that doubt. Management will be required to make this evaluation for both annual and interim periods. The accounting guidance is effective beginning in the first quarter of 2016.

In April 2015, the FASB issued an Accounting Standards Update which requires that debt issuance costs be presented in the balance sheet as a direct reduction to the carrying amount of the associated debt liability, consistent with debt discounts. Currently debt issuance costs are recognized as an asset. The ASU is effective for the Company in the first quarter of 2016 and is required to be applied retrospectively. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its results of operations, financial position, and cash flows.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which amends the guidance requiring companies to separate deferred income tax liabilities and assets into current and non-current amounts in a classified statement of financial position. This accounting guidance simplifies the presentation of deferred income taxes, such that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. This determination is still required to be performed at a jurisdiction-by-jurisdiction basis. The accounting guidance is effective beginning in the first quarter of 2017.

4. Convertible Promissory Notes—Related Party

A)

September 14, 2011 Notes

On September 14, 2011, the Company was assigned (See Note 1) convertible promissory notes ("the September 14, 2011 Notes") pursuant to an Assignment and Issuance Agreement, with Lender A and Lender B or collectively the "Lender(s)". Lender A and Lender B are stockholders of the Company. Interest on the outstanding principal accrues and compounds monthly at 8% per annum. Accrued and unpaid interest shall either be paid upon repayment or converted with the outstanding principal amount. The notes are collateralized by all assets of the Company. The initial maturity date was the earliest of December 31, 2012 or an event of default as defined in the agreement. The September 14, 2011 Notes have been amended on various dates with each amendment extending the maturity date. The current maturity date is December 31, 2016. The September 14, 2011 Notes can be converted as follows:

(a)
Optional Conversion—Third Party Financing. At any time following the closing of a preferred equity financing by the Company led by an outside investor ("Third Party"), all outstanding principal and interest ("Accreted Value") may, at the option of the Lenders, be converted into equity securities of the Company, having the same rights, preferences and privileges as the securities issued in the Third Party financing ("Third Party Led Securities"). The numbers of shares of Third Party Led Securities to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) eighty percent (80%) of the per share purchase price of the Third Party Led Securities.

(b)
Optional Conversion—Series A Preferred Stock. At any time, all Accreted Value may, at the option of the Lenders, be converted into shares of the Company's Series A Preferred Stock. The number of shares of Series A Preferred Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) The original issue prices of the Series A Preferred Stock.

(c)
Optional Conversion—Common Stock. At any time, Lenders may convert all or any portion of the Accreted Value of the Note into common shares of the Company with the number of common

shares issuable upon such conversion to equal the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 14.29759. Any Third Party Led Securities and Series A Preferred Stock issued to the Lenders shall be convertible at any time at the option of Lenders into common stock of the Company.

(d)
Mandatory Conversion. If the principal and interest of the convertible note has not been repaid in full by the maturity date, the Accreted Value shall automatically convert into common stock of the Company. The conversion price shall be a price per share equal to the per share value of the Company's common stock at the time of conversion.

ASC 815 requires that a conversion feature should be accounted for as a derivative when specific criteria are met. The Company has determined that the conversion features do not meet the criteria for derivative accounting as the underlying stock cannot be readily converted into cash due to the lack of an active market. This assessment will be made on an ongoing basis throughout the contracts life.

B)

September 16, 2011 Notes

On September 16, 2011, the Company entered into a Note Purchase Agreement with Lender A and Lender B in which the Company agrees to sell and issue to the Lenders secured convertible promissory notes ("the September 16, 2011 Notes"). Interest on the outstanding principal accrues and compounds monthly at 8% per annum. Accrued and unpaid interest shall either be paid upon repayment or converted with the outstanding principal amount. The notes are collateralized by all assets of the Company. The initial maturity date was the earliest of October 31, 2012 or an event of default as defined in the agreement. The September 16, 2011 notes have been amended on various

4. Convertible Promissory Notes—Related Party (Continued)

dates with each amendment extending the maturity date. The current maturity date is December 31, 2016. The September 16, 2011 notes can by converted as follows:

(a)
Optional Conversion—Third Party Financing. At any time following the closing of a preferred equity financing by the Company led by Third Party, all Accreted Value may, at the option of the Lenders, be converted into equity securities of the Company, having the same rights, preferences and privileges as the securities issued in the Third Party financing. The numbers of shares of Third Party Led Securities to be issued upon such conversion shall be equal to the quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) eighty percent (80%) of the per share purchase price of the Third Party Led Securities.

In addition, the Company shall issue to each Lender, upon conversion of such Lender's note, a warrant to purchase from the Company up to the number of fully paid and nonassessable shares of Third Party Led Securities sold in such Third Party Financing that equals the quotient obtained by dividing (a) ten percent (10%) of the original principal amount of the notes issued to such Lenders pursuant to the Note Purchase Agreement by (b) the per share purchase price of the Third Party Led Securities. The Company has not issued any warrants to date or during the years ended December 31, 2015 and 2014.

(b)
Optional Conversion—Series A Preferred Stock. At any time, all Accreted Value may, at the option of the Lenders, be converted into shares of the Company's Series A Preferred Stock. The number of shares of Series A Preferred Stock to be issued upon such conversion shall be equal to the Quotient obtained by dividing (a) the Accreted Value on the date of conversion by (b) 14.29759.

ASC 815 requires that a conversion feature should be accounted for as a derivative when specific criteria are met. The Company has determined that the conversion features do not meet the criteria for derivative accounting as the underlying stock cannot be readily converted into cash due to the lack of an active market. This assessment will be made on an ongoing basis throughout the contracts life.

The original issue amount, outstanding principal and interest balance (Accreted Value) by the Lenders are as follows:

		Original Issue Amount	Balance at 12/31/2015	Balance at 12/31/2014
September 14, 2011 Notes	Lender A	$ 22,892,829	$ 32,258,925	$ 29,786,654
September 14, 2011 Notes	Lender B	493,451	695,336	642,047
September 16, 2011 Note Purchase Agreement	Lender A	12,480,975	15,310,882	11,515,596
September 16, 2011 Note Purchase Agreement	Lender B	268,935	330,023	248,216
		$ 36,136,190	$ 48,595,166	$ 42,192,513

5. Advances Payable—Related Party

On June 29, 2015 and July 30, 2015 a related party agreed to advance the Company $250,000 and $250,000 to be used for working capital requirements. The advances accrue interest at a rate of four percent (4%) per annum compounded annually. Accrued and unpaid interest shall be paid upon repayment of the advance. The advances consisted of the following:

	Balance at 12/31/2015	Accrued Interest at 12/31/15
7/30/2015	$ 250,000	$ 4,222
6/29/2015	250,000	5,056
	$ 500,000	$ 9,278

6. Stockholders' Equity

The Company's Certificate of Incorporation as amended on September 1, 2011 authorizes the Company to issue 35,000,000 shares of Common Stock, $0.0001 par value per share ("Common Stock"), and 30,000,000 shares of Preferred Stock, $0.0001 par value per share ("Series A Preferred Stock"). Holders of Preferred Stock accrue dividends at 8% per annum. Preferred Stock has certain rights, preferences and privileges to include preferential payment in liquidation, voting and conversion. In the event of liquidation, dissolution or winding up of the Company, the holders of Series A Preferred Stock, would be paid an amount per share equal to 14.29759 times the original issue price, plus accruing dividends prior to payment to common stock holders. Each share of Series A Preferred Stock is entitled to cast the number of votes equal to the whole shares of Common Stock into which the shares of Series A Preferred Stock held are convertible. At December 31, 2015 and December 31, 2014, the Company had not issued any shares of Preferred Stock.

Issued and outstanding Common Stock is held solely by Lender A, Lender B and the Company's Acting Chief Executive Officer. Shares of common stock may not be sold, assigned, transferred, encumbered or disposed of without written agreement between the Company and the stockholder.

7. Income Taxes

At December 31, 2015, the Company had federal net operating loss ("NOL") carryforwards of approximately $19,176,000 and state operating loss carryforwards of approximately $12,197,000, available to reduce future taxable income, which expire between 2031 and 2035. The Company has unused federal research and development carryforwards of approximately $456,000. These will begin to expire in 2032.

The Internal Revenue Code ("IRC") limits the amounts of NOL carryforwards that a Company may use in any one year in the event of certain cumulative changes in ownership over a three-year period as described in Section 382 of the IRC. Such change in ownership could limit the Company's utilization of the NOL, and could be triggered by subsequent sales of securities by the Company or stockholders. The deferred tax asset related to the NOL reflected on the financial statements could be affected by this limitation. We have not performed a detailed analysis to determine whether an ownership change has occurred.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As there is no assurance of future taxable income, a full valuation allowance has been established to offset the deferred tax assets. The valuation allowance increased $1,986,500 and increased $862,600 for the years ended December 31, 2015 and 2014, respectively. Changes in the deferred tax asset will be recorded as an income tax benefit or expense on the accompanying statements of operations.

Entities are also required to evaluate, measure, recognize and disclose any uncertain income tax provisions taken on their income tax returns. The Company has analyzed its tax positions and has concluded that as of December 31, 2015 there were no uncertain positions. The 2011 through 2015 tax returns are open to review by the IRS and state taxing authorities. Interest and penalties, if any, as they relate to income taxes assessed, are included in the income tax provision. There was no income tax related interest and penalties included in the income tax provision for 2015.

Temporary differences that give rise to deferred tax assets and liabilities are as follows:

	12/31/2015	12/31/2014
Current		
Charitable Contributions	609	
Stock Compensation	228	228
Other Accruals	—	22,326
Valuation Allowance	(837)	(22,554)
	—	—
Long-Term		
Intangibles	930,647	1,017,456
Property, Plant & Equipment	322	904
Net Operating Losses	7,324,215	5,310,210
R&D Credit	456,496	374,855
Valuation Allowance	(8,711,680)	(6,703,425)
	—	—

Differences between the effective income tax rate and the US statutory rate were as follows:

	2015	2014
Federal statutory rate	34.0%	34.0%
Non-deductible interest expenses	–10.9%	–15.4%
Deferred state income tax expense	4.5%	–0.3%
Change in valuation allowance	–28.8%	–19.2%
Research and development credit	1.2%	0.9%
Effective Tax Rate	0.0%	0.0%

8. Related Party Transactions

Related party financing

Lender A and B have provided financing to the Company since its inception. For the years ended December 31, 2015 and December 31, 2014 the Lenders have provided in convertible promissory note financing $2,800,000 and $1,375,000, respectively. For the years ended December 31, 2015 and December 31, 2014, the Company has incurred approximately $3,603,000 and $3,168,000, respectively in interest expense to the Lenders on outstanding convertible promissory notes payable. At December 31, 2015 and December 31, 2014, the Company has approximately $48,595,000 and $42,193,000, respectively of convertible promissory notes payable to the Lenders as more fully described in Note 4.

Travel and legal expenses

The Company has reimbursed Lender A for certain travel expenses in the amounts of approximately $31,000 and $13,500 for the years ended December 31, 2015 and December 31, 2014, respectively. The Company reimbursed Lender A $41,300 in the year ending December 31, 2015, for certain legal expenses paid on behalf of the Company for corporate legal matters.

Consulting agreement

The Company has a consulting agreement with its Chief Executive Officer ("CEO"), who is also a stockholder of the Company. The consulting agreement automatically renews monthly until it is terminated. The consulting agreement can be terminated upon fifteen (15) day notice by the Company or the CEO. The consulting agreement is in lieu of employment. For the year ended December 31, 2015 and 2014, the Consultant was paid $165,000 in each year.

9. Commitment and contingencies

The Company has a Research, Development and Commercialization Agreement with Hoffmann-La Roche ("Roche") which grants to the Company a sole and exclusive license to develop, use, sell, offer for sale and import any Licensed Product as defined by the agreement.

The Company entered Phase 1 clinical trials in 2011 and paid the related milestone payment to Roche on October 12, 2011. The agreement requires future milestone payments to Roche, the remainder of which total $10.8 million and are earned by the commencement of Phase 2 and Phase 3 clinical trials as well as future regulatory approval in the United States and Europe of a product developed from MGL-3196. A single-digit royalty payment range is based on net sales of products developed from MGL-3196, subject to certain reductions. The Company has not achieved any additional product development or regulatory milestones to date and has no Licensed Product sales for the years ending December 31, 2015 and 2014.

The Company has a Change in Control Bonus Plan ("Bonus Plan") in which certain key service providers of the Company, will be awarded bonuses in the event there is a change in control, as defined. The purpose of the Bonus Plan is to compensate for past services, and secure to a limited extent, continued services of certain key service providers of the Company. In accordance with the Bonus Plan, up to 10% of the net proceeds will be paid to eligible participants based upon their participation agreement which will be funded out of the consideration actually provided to the Company and or the Stockholders of the Company in connection with a change of control transaction and will be the same form of consideration actually transferred.

10. Subsequent Events

On March 1, 2016, the Company entered into a Note Purchase Agreement with Lender A and Lender B in which the Company agrees to sell and issue to the Lenders secured convertible promissory notes ("the March 1, 2016 Notes"). Interest on the outstanding principal accrues and compounds monthly at 8% per annum. Accrued and unpaid interest shall either be paid upon repayment or converted with the outstanding principal amount. The Notes have a maturity date of December 31, 2016. The notes can be converted as defined in the March 1, 2016 Note Purchase Agreement. On March 1, 2016, the Company issued notes to Lender A in the amount of $734,175 and to Lender B in the amount of $15,825.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting under existing U.S. generally accepted accounting principles, or GAAP, and give effect to the merger between Madrigal and Synta. For accounting purposes, Private Madrigal is considered to be acquiring Synta in the merger. Private Madrigal was determined to be the accounting acquirer based upon the terms of the Merger Agreement and other factors including: (i) Madrigal security holders own approximately 64% of the voting interests of the combined company immediately following the closing of the merger; (ii) directors appointed by Madrigal hold a majority of board seats in the combined company; and (iii) Madrigal management holds a majority of the key positions in the management of the combined company.

The unaudited pro forma condensed combined balance sheet as of June 30, 2016 assumes that the merger took place on June 30, 2016 and combines the historical balance sheets of Synta and Madrigal as of June 30, 2016. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2016 assumes that the merger took place as of January 1, 2016, and combines the historical results of Synta and Madrigal for the six months ended June 30, 2016. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 assumes that the merger took place as of January 1, 2015, and combines the historical results of Synta and Madrigal for the year ended December 31, 2015. The historical financial statements of Synta and Madrigal have been adjusted to give pro forma effect to events that are (i) directly attributable to the merger, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results.

Because Madrigal will be treated as the accounting acquirer, Madrigal's assets and liabilities will be recorded at their precombination carrying amounts and the historical operations that are reflected in the financial statements will be those of Madrigal. Synta's assets and liabilities will be measured and recognized at their fair values as of the transaction date, and consolidated with the assets, liabilities and results of operations of Madrigal after the consummation of the merger.

The unaudited pro forma condensed combined financial statements are based on the assumptions and adjustments that are described in the accompanying notes. The application of the acquisition method of accounting is dependent upon certain valuations and other studies that have yet to be completed. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed, and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position. The actual amounts recorded as of the completion of the merger may differ materially from the information presented in these unaudited pro forma condensed combined financial statements as a result of the amount of cash used by Synta's operations between the signing of the Merger Agreement and the closing of the merger; the results of certain valuations and other studies that have yet to be completed; and other changes in Synta's assets and liabilities that occur prior to the completion of the merger.

The unaudited pro forma condensed combined financial statements do not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies. The unaudited pro forma condensed combined financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had Madrigal and Synta been a combined company during the specified period.

The unaudited pro forma condensed combined financial statements, including the notes thereto, should be read in conjunction with the separate Madrigal and Synta historical financial statements, and their respective management's discussion and analysis of financial condition and results of operations. Madrigal's historical unaudited financial statements for the six months ended June 30, 2016 and historical audited financial statements for the year ended December 31, 2015 are included elsewhere in this statement. Synta's historical unaudited condensed consolidated financial statements for the six months ended June 30, 2016 are included in its Quarterly Report on Form 10-Q as filed with the SEC on July 20, 2016 and its historical audited consolidated financial statements for the year ended December 31, 2015 are included in its Annual Report on Form 10-K as filed with the SEC on March 15, 2016.

Unaudited Pro Forma Condensed Combined Balance Sheet
June 30, 2016
(*in thousands*)

	Synta Pharmaceuticals Corp.	Madrigal Pharmaceuticals Corp.	Pro Forma Merger Adjustment		Pro Forma Combined
Assets:					
Current assets:					
Cash and cash equivalents	$ 10,756	$ 4,096	1,625	A	$ 16,477
Marketable securities	32,259	—			32,259
Prepaid expenses and other current assets	1,820	708			2,528
Total current assets	44,835	4,804	1,625		51,264
Property and equipment, net	103	—	(6)	F	97
Total assets	$ 44,938	$ 4,804	1,619		$ 51,361
Liabilities and Stockholders' Equity (Deficit) Current liabilities :					
Accounts payable	680	631			1,311
Accrued contract research costs	1,202	—			1,202
Other accrued liabilities	1,450	484	5,676	D	7,610
Capital lease obligations	22	—			22
Term loans	10	—			10
Convertible promissory notes payable—related party	—	45,968	1,625	A	—
			(2,457)	B	
			(45,136)	B	
Total current liabilities	3,364	47,083	(40,292)		10,155
Total liabilities	3,364	47,083	(40,292)		10,155
Stockholders' equity (deficit) :					
Preferred stock	—	—			—
Common stock	14	—	4	B	1
			3	C	
			(14)	E	
			(6)	F	
Additional paid-in capital	757,626	11,230	45,132	B	105,203
			2,457	B	
			8,822	C	
			750	D	
			(759,506)	E	
			38,692	F	
Accumulated other comprehensive income	81	—	(81)	E	—
Accumulated deficit	(716,147)	(53,509)	(8,825)	C	(63,998)
			(6,426)	D	
			720,909	E	
Total stockholders' equity (deficit)	41,574	(42,279)	41,911		41,206
Total liabilities and stockholders' equity (deficit)	$ 44,938	$ 4,804	1,619		$ 51,361

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Six Months Ended June 30, 2016
(*in thousands, except share and per share data*)

	Synta Pharmaceuticals Corp.	Madrigal Pharmaceuticals Corp.	Pro Forma Merger Adjustment		Pro Forma Combined
Revenues:	$ —	$ —			$ —
Operating expenses:					
Research and development	$ 3,304	$ 2,604	355	G	6,263
General and administrative	6,632	773	(776)	G, H	6,629
Total operating expenses	9,936	3,377	(421)		12,892
Loss from operations	(9,936)	(3,377)	421		(12,892)
Interest expense, net	(58)	(1,213)	1,213	I	(58)
Gain on disposal of property and equipment, net	91	—	(91)	L	—
Net loss	$ (9,903)	$ (4,590)	$ 1,543		$ (12,950)
Basic and diluted net loss per common share	$ (0.07)	$ (4.15)			$ (1.14)
Basic and diluted weighted average number of common shares outstanding	137,379,542	1,105,820	(127,155,246)	J, K, M	11,330,116

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2015
(*in thousands, except share and per share data*)

	Synta Pharmaceuticals Corp.	Madrigal Pharmaceuticals Corp.	Pro Forma Merger Adjustment		Pro Forma Combined
Revenues:	$ —	$ —			$ —
Operating expenses:					
Research and development	$ 54,218	$ 2,427	712	G	57,357
General and administrative	13,392	806	1,626	G, H	15,824
Total operating expenses	67,610	3,233	2,338		73,181
Loss from operations	(67,610)	(3,233)	(2,338)		(73,181)
Interest expense, net	(1,061)	(3,612)	3,612	I	(1,061)
Net loss	$ (68,671)	$ (6,845)	$ 1,274		$ (74,242)
Basic and diluted net loss per common share	$ (0.53)	$ (6.38)			$ (6.70)
Basic and diluted weighted average number of common shares outstanding	128,594,835	1,073,351	(118,589,062)	J, K, M	11,079,124

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Description of Transaction and Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared in accordance with GAAP and pursuant to the rules and regulations of SEC Regulation S-X, and present the pro forma financial position and results of operations of the combined companies based upon the historical data of Synta and Madrigal.

Description of Transaction

On April 13, 2016, Synta and Madrigal entered into an Agreement and Plan of Merger and Reorganization pursuant to which Saffron Merger Sub Inc., a wholly owned subsidiary of Synta, will merge with and into Madrigal, with Madrigal surviving as a wholly owned subsidiary of Synta (the merger). Following the completion of the merger, Synta will be renamed Madrigal Pharmaceuticals, Inc. Under the terms of the merger, Synta will acquire all outstanding shares of common stock of Madrigal in exchange for approximately 7.3 million newly issued shares of Synta's common stock. Immediately following the closing of the merger, the stockholders of Synta will own approximately 36% of the voting interests of the combined company and the former Madrigal stockholders will own approximately 64% of the voting interests of the combined company. The merger was closed on July 22, 2016 in accordance with the Agreement and Plan of Merger and Reorganization.

On April 13, 2016, Madrigal entered into contingent employment agreements ("Letter Agreements") with Paul A. Friedman, M. D. for the position of Chairman and Chief Executive Officer ("CEO") and with Rebecca Taub, M. D., Madrigals's founder and current Chief Executive Officer, for the position of Chief Medical Officer and Executive Vice President Research & Development ("CMO"). These employment agreements were contingent on the closing of the merger. Under the terms of the Letter Agreement for the CEO position, Dr. Friedman will receive an annual base salary of $400,000, an annual performance-based bonus of up to 50% of his base salary, and equity awards based upon the issued and outstanding shares of common stock of the combined company, including 153,128 shares of restricted common stock and 306,256 stock options to purchase shares of common stock. Under the terms of the Letter Agreement for the CMO position, Dr. Taub will receive an annual base salary of $370,000, an annual performance-based bonus of up to 40% of her base salary and equity awards based upon the issued and outstanding shares of common stock of the combined company, including 30,626 shares of restricted common stock and 153,128 stock options to purchase shares of common stock. The repurchase right relating to these shares of restricted stock will lapse as to 25% of the shares on the business day immediately following the closing of the merger and the repurchase right on the remaining shares will lapse annually on the first, second and third anniversaries of the date of the merger. The stock options will vest as to 25% of the shares on the business day immediately following the closing of the merger and then annually on the first, second and third anniversaries of the date of the merger.

On July 22, 2016, prior to the closing of the merger, Synta completed a 1-for-35 reverse stock split. All share and per share amounts have been retrospectively adjusted for disclosure in the unaudited pro forma condensed combined financial statements.

Basis of Presentation

Madrigal has preliminarily concluded that the merger represents a business combination pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 805, *Business Combinations* . Madrigal has not yet completed a valuation analysis of the fair market value of Synta's assets to be acquired and liabilities to be assumed. Using the total consideration for the merger, Madrigal has estimated the allocations to such assets and liabilities. This preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma condensed combined balance sheet. The final purchase price allocation will be determined when Madrigal has completed the detailed valuations and other studies and necessary calculations. The final allocation could differ materially from the preliminary allocation used to prepare the pro forma adjustments. The final allocation may include (1) changes in fair values of property and equipment, (2) changes in allocations to intangible assets and goodwill based on the results of certain valuations and other studies that have yet to be completed and (3) other changes to assets and liabilities.

Madrigal and Synta did not record any provision or benefit for income taxes during the six months ended June 30, 2016 or during the year ended December 31, 2015 because each company expects to incur a pre-tax loss in 2016 and incurred a pre-tax loss in 2015 and each company maintains a full valuation allowance on its deferred tax assets. Accordingly, no tax effects have been provided for the pro forma adjustments described in Note 3, "Pro Forma Adjustments."

Treatment of Stock Options, Restricted Stock and Restricted Stock Units in the Merger

Prior to the closing of the merger, Madrigal does not have any outstanding stock options.

Synta equity awards issued and outstanding at the time of the merger will remain issued and outstanding. For accounting purposes, Synta equity awards will be assumed to have been exchanged for equity awards of Madrigal, the accounting acquirer. As of June 30, 2016, and adjusted for the 1-for-35 reverse stock split of its common stock, Synta had 10,712 shares of unvested restricted common stock, 142,852 unvested restricted stock units, and 150,796 outstanding stock options to purchase shares of common stock, of which 60,855 stock options were exercisable at a weighted average exercise price per option of $168. The portion of the acquisition-date fair value of the Synta equity awards, including restricted common stock and restricted stock units, that is attributable to precombination service to Synta will be treated as a component of the purchase price. All of Synta's stock options have an exercise price in excess of the closing price of Synta's common stock on July 21, 2016, the current price at the time of the closing, and the basis for estimating the preliminary purchase price for purposes of the unaudited pro forma condensed combined financial statements. As a result, the acquisition date fair value of Synta's stock option awards is not significant to the determination of the purchase price. See Note 2, "Preliminary Purchase Price."

Madrigal Change in Control Bonus Plan

Madrigal has a Change in Control Bonus Plan, or the Madrigal CoC Bonus Plan, pursuant to which certain Madrigal key service providers will be awarded bonuses in the event there is a change in control, as defined, of Madrigal. The merger between Madrigal and Synta meets this definition of a change in control. The purpose of the Madrigal CoC Bonus Plan is to compensate certain key service providers of Madrigal for past services, and secure, to a limited extent, their continued services to the company. In accordance with the Madrigal CoC Bonus Plan, up to 10% of the net proceeds will be paid to eligible participants based upon their participation agreement, which will be funded out of the consideration actually provided to Madrigal and/or the stockholders of Madrigal in connection with a change of control transaction and will be the same form of consideration actually transferred. In connection with the merger, an aggregate of approximately 570,668 shares of Synta common stock to which certain Madrigal securityholders would otherwise be entitled to receive in connection with the merger were allocated to certain Madrigal service providers under the Madrigal CoC Bonus Plan.

2. Preliminary Purchase Price

Pursuant to the Merger Agreement, at the closing of the merger, Synta issued to Madrigal stockholders a number of shares of Synta common stock representing approximately 64% of the outstanding shares of common stock of the combined company. The estimated preliminary purchase price, which represents the consideration transferred to Synta stockholders in the reverse merger is calculated based on the number of shares of common stock of the combined company that Synta stockholders will own as of the closing of the merger. The accompanying unaudited pro forma condensed combined financial statements reflect an estimated purchase price of approximately $38.7 million, which consists of the following:

	(in thousands, except share and per share amounts)
Estimated number of shares of the combined company to be owned by Synta stockholders(1)	4,080,130
Multiplied by the assumed price per share of Synta common stock(2)	$ 9.48
Estimated purchase price	$ 38,686

(1) Represents the number of shares of common stock of the combined company that Synta stockholders would own as of the closing of the merger pursuant to the Merger Agreement, including restricted stock awards and common stock underlying outstanding restricted stock units attributed to precombination services rendered by certain Synta employees and directors. This amount is calculated, for purposes of these unaudited pro forma condensed combined financial statements, as 3,937,309 shares of Synta common stock outstanding as of June 30, 2016, including 10,712 shares of unvested restricted common stock, plus 142,852 shares of Synta common stock issuable pursuant to restricted stock units that would vest immediately upon closing of the merger.

The number of shares of common stock Synta will issue to Madrigal stockholders, for purposes of these unaudited pro forma condensed combined financial statements, is calculated pursuant to the terms of the Merger Agreement based on Synta's common stock outstanding as of June 30, 2016, as follows:

Shares of Synta common stock outstanding as of June 30, 2016	3,937,309
Shares of Synta common stock subject to outstanding Synta restricted stock units	142,852
Adjusted outstanding shares of Synta common stock	4,080,161
Divided by the assumed percentage of Synta ownership of combined company	36%
Adjusted total shares of common stock of combined company	11,333,816
Multiplied by the assumed percentage of Madrigal ownership of combined company	64%
Shares of Synta common stock issued to Madrigal upon closing of merger	7,253,655

(2) For pro forma purposes, the fair value of Synta common stock used in determining the purchase price was $9.48, which was derived from the $0.2709 per share closing price of Synta common stock on July 21, 2016, the current price at the time of the closing, adjusted for the 1-for-35 reverse stock split.

Under the acquisition method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities of Synta based on their estimated fair values as of the merger closing date. The excess of the purchase price over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the total preliminary estimated purchase price to the acquired assets and liabilities assumed of Synta based on the estimated fair values as of June 30, 2016 is as follows (in thousands):

Cash, cash equivalents and marketable securities	$	43,015
Prepaid expenses and other currents assets		1,820
Property and equipment, net		97
Accounts payable, accrued expenses and other liabilities		(6,214)
Term loans and capital lease obligations		(32)
Net assets acquired	$	38,686

The application of the acquisition method of accounting is dependent upon certain valuations and other studies that have yet to be completed. The purchase price allocation will remain preliminary until Madrigal management determines the fair values of assets acquired and liabilities assumed. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements. The final allocation may include (1) changes in fair values of property and equipment, (2) changes in allocations to intangible assets and goodwill based on the results of certain valuations and other studies that have yet to be completed and (3) other changes to assets and liabilities.

3. Pro Forma Adjustments

The unaudited pro forma condensed combined financial statements include pro forma adjustments that are (i) directly attributable to the merger, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the results of operations of the combined company.

Based on Madrigal management's review of Synta's summary of significant accounting policies, the nature and amount of any adjustments to the historical financial statements of Synta to conform to the accounting policies of Madrigal are not expected to be significant.

The pro forma adjustments, based on preliminary estimates that may change significantly as additional information is obtained, are as follows:

A

To reflect Madrigal's issuance of $9.0 million of convertible promissory notes prior to the closing of the merger, as required pursuant to the Merger Agreement, including the remaining net proceeds of approximately $1.6 million received on July 15, 2016.

B

To reflect the conversion of the principal portion of Madrigal's convertible promissory notes of approximately $45.1 million to Madrigal common stock and the extinguishment of the corresponding accrued interest of approximately $2.5 million prior to the closing of the merger, as required pursuant to the Merger Agreement.

C

To reflect stock compensation expense related to the vesting of certain equity awards to executives of Synta upon closing of the merger of approximately $1.9 million that will be reflected in Synta's statements of operations and to executives of Madrigal of approximately $1.5 million related to the stock awards and non-qualified stock options that vested (25%) upon the closing of the merger that will be reflected in Madrigal's statements of operations following the closing of the merger. This adjustment also reflects approximately $5.4 million in stock compensation expense in Madrigal's statements of operations following the closing of the merger related to the issuance of 570,668 shares of Synta common stock to certain key service providers of Madrigal upon the closing of the merger, principally 404,132 shares to Dr. Taub, under Madrigal's CoC Bonus Plan as compensation for past services. These pro forma adjustments are not reflected in the unaudited pro forma condensed combined statements of operations as these amounts are not expected to have a continuing effect on the operating results of the combined company.

D

To reflect the accrued liabilities that are directly attributable to the closing of the merger, including approximately $2.2 million in severance and change in control obligations for Synta employees that will be reflected in the Madrigal statements of operations following the closing of the merger, tail insurance coverage purchased by Synta for approximately $1.7 million for its directors and officers and clinical trials prior to the closing of the merger that will be reflected in Synta's statements of operations, and estimated remaining transaction costs to complete the merger of approximately $1.2 million for Synta (of which approximately $0.3 million is payable in the form of common stock) and approximately $1.4 million for Madrigal (of which approximately $0.5 million is payable in the form of common stock). These pro forma adjustments are not reflected in the unaudited pro forma condensed combined statements of operations as these amounts are not expected to have a continuing effect on the operating results of the combined company.

E

To reflect the elimination of Synta's historical stockholders' equity balances, including additional paid-in capital and accumulated deficit, after considering the effects of the pro forma adjustments described in items B, C and D that are attributable to Synta.

F

To reflect Madrigal's application of acquisition accounting. See Note 2, "Preliminary Purchase Price."

G

To reflect compensation expense attributable to employment contracts with certain executives of Madrigal, including cash compensation and stock compensation expense in connection with equity awards of restricted stock and stock options of $1,776 for the year ended December 31, 2015 and $889 for the six months ended June 30, 2016 . This adjustment has been provided on a pro forma basis as these amounts are expected to have a continuing effect on the operating results of the combined company.

H

To reflect the elimination of transaction costs incurred by Synta and Madrigal during the period of $150 for the year ended December 31, 2015 and $1,665 for the six months ended June 30, 2016. Transaction costs are expensed as incurred. These amounts have been eliminated on a pro forma basis as they are not expected to have a continuing effect on the operating results of the combined company.

I

To reflect the extinguishment of Madrigal's accrued interest related to its convertible promissory notes that converted to Madrigal common stock prior to the closing of the merger.

J

To reflect the issuance of Synta common stock to Madrigal stockholders at the agreed upon exchange ratio pursuant to the Merger Agreement.

K

To reflect the vesting of certain shares of Synta's unvested restricted common stock and unvested restricted stock units upon the closing of the merger.

L

To reflect the elimination of Synta's net gain on disposal of property and equipment during the period as it is not representative of ongoing operations.

M

To reflect the 1-for-35 reverse stock split on Synta's basic and diluted weighted average number of common shares outstanding for the period referenced in the statement.

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

The interim financial statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our audited financial statements and accompanying notes for each of the years in the two year period ended December 31, 2015 included in Exhibit 99.2 of this Current Report on Form 8-K/A. In addition to historical information, this discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Operating results are not necessarily indicative of results that may occur for the full fiscal year or any other future period. The term "Private Madrigal" refers to Madrigal Pharmaceuticals, Inc. prior to the consummation of the Merger described herein. The term "Synta" refers to Synta Pharmaceuticals Corp. prior to the consummation of the Merger described herein. Unless otherwise indicated, references to the terms "Madrigal," the "Company," "we," "our" and "us" refer to Private Madrigal prior to the consummation of the Merger described herein and Madrigal Pharmaceuticals, Inc. (formerly known as Synta Pharmaceuticals Corp.) upon the consummation of the Merger described herein.

About Madrigal Pharmaceuticals, Inc. (Private Madrigal)

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of innovative therapeutic candidates for the treatment of cardiovascular, metabolic and liver diseases. Our lead product candidate, MGL-3196, is a proprietary, liver-directed, selective THR-ß agonist that can potentially be used to treat a number of disease states with high unmet medical need. We are developing MGL-3196 for non-alcoholic steatohepatitis and are planning to conduct a Phase 2 clinical trial in this indication. We are also developing MGL-3196 for dyslipidemia, particularly genetic dyslipidemias such as familial hypercholesterolemia, or FH, including both homozygous and heterozygous forms of the disease. We are planning to conduct a Phase 2 clinical trial in heterozygous FH patients and to conduct a proof-of-concept clinical trial in homozygous FH patients. MGL-3196 is a once-daily oral pill that has been studied in three completed Phase 1 trials in a total of 115 subjects. MGL-3196 appeared to be safe and well-tolerated in these trials, which included a single ascending dose trial, a multiple ascending dose trial, and a drug interaction trial with a statin.

We have no products approved for commercial sale and have not generated any revenues from product sales since our inception in 2011. From inception to June 30, 2016, we have raised net cash proceeds of approximately $22.1 million to fund operations, primarily from private placement offerings of debt and equity securities.

We have never been profitable and have incurred significant operating losses in each year since inception. Net losses for the three months ended June 30, 2016 and 2015 were $2.9 million and $1.8 million, respectively, and net losses for the six months ended June 30, 2016 and 2015 were $4.6 million and $3.2 million, respectively. Substantially all of our operating losses resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. As of June 30, 2016, we had a working capital deficit of $42.3 million, consisting primarily of approximately $43.5 million of principal under outstanding convertible notes, $23.4 million of which we assumed from VIA Pharmaceuticals, Inc., or VIA, pursuant to an assignment and issuance agreement dated September 14, 2011 between us and investment entities affiliated with Bay City Capital, LLC, or Bay City Capital, offset by approximately $4.1 million of cash and cash equivalents. All of the principal and interest associated with our outstanding convertible notes was restructured or converted in connection with the Merger described below. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years as we continue the clinical development of, and seek regulatory approval for, MGL-3196 and other product candidates we may develop. Accordingly, we will continue to require substantial additional capital to continue our clinical development and potential commercialization activities. The amount and timing of our future funding requirements will depend on many factors, including the timing and results of our clinical development efforts.

Recent Developments

Merger Transaction and Restructuring

On July 22, 2016, Synta completed its business combination with Private Madrigal in accordance with the terms of an Agreement and Plan of Merger and Reorganization, dated as of April 13, 2016, or the Merger Agreement. Pursuant to the Merger Agreement, Synta formed a wholly-owned subsidiary that merged with and into Private Madrigal, with Private Madrigal surviving the merger and becoming a wholly-owned subsidiary of Synta, or the Merger. In connection with, and prior to the consummation of, the Merger, Synta effected a 1-for-35 reverse stock split of its common stock, or the Reverse Stock Split, and, following the Merger, changed its name to "Madrigal Pharmaceuticals, Inc." All share and per share amounts have been retrospectively adjusted to give effect to the Reverse Stock Split, except as otherwise disclosed. Following the consummation of the Merger, the business being conducted by Synta became the business conducted by Private Madrigal prior to the consummation of the Merger.

On April 13, 2016, we entered into an Amended and Restated Senior Secured Note Purchase Agreement, or the Restated Purchase Agreement, which amended and restated the Note Purchase Agreement, dated as of March 1, 2016, to increase the principal amount of the convertible notes available thereunder to $9.0 million, with the maturity of such convertible notes being the earliest to occur of December 31, 2016, the termination of the Merger Agreement or an "event of default" as defined in the convertible notes. The Restated Purchase Agreement provided funds for working capital and general corporate purposes through the date of the Merger and includes a mandatory conversion feature whereby immediately prior to the consummation of the Merger the outstanding principal under the convertible notes issued thereunder will convert into our common stock at a conversion ratio of $1.07581 per share. In addition, in April 2016 we amended our other outstanding note purchase agreements to add mandatory conversion features to the underlying convertible notes whereby immediately prior to the consummation of the Merger the outstanding principal on such notes will automatically convert into shares of our common stock at a conversion ratio of $1.00 per share.

Upon the consummation of the Merger, each outstanding share of our common stock, taking into account the conversion of all outstanding principal under our convertible notes into shares of our common stock, received 0.1593 shares of Synta common stock. Following the Merger, Madrigal Pharmaceuticals, Inc. (formerly known as Synta Pharmaceuticals Corp.) has approximately 11.3 million shares of common stock outstanding and the former stockholders of Private Madrigal own approximately 64% of such outstanding common stock.

Basis of Presentation

The following discussion highlights our results of operations and the principal factors that have affected our financial condition as well as our liquidity and capital resources for the periods described, and provides information that management believes is relevant for an assessment and understanding of the statements of financial condition and results of operations presented herein. The following discussion and analysis are based on our unaudited condensed financial statements contained in this Current Report on Form 8-K/A, which we have prepared in accordance with United States generally accepted accounting principles. You should read the discussion and analysis together with such financial statements and the related notes thereto.

Our audited financial statements for the fiscal years ended December 31, 2015 and 2014 contained in this Current Report on Form 8-K/A and our unaudited condensed financial statements for the three and six months ended June 30, 2016 and 2015 contained herein include a summary of our significant accounting policies and should be read in conjunction with the discussion below. In the opinion of our management, all material adjustments necessary to present fairly the results of operations for such periods have been included in the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2016 and 2015. All such adjustments are of a normal recurring nature.

Research and Development Expenses

Research and development expenses primarily consist of costs associated with our research activities, including the preclinical and clinical development of our product candidates. We expense our research and development expenses as incurred. We contract with clinical research organizations to manage our clinical trials under agreed upon budgets for each study, with oversight by our clinical program managers. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received. Manufacturing expense includes costs associated with drug formulation development and clinical drug production. We do not track employee and facility related research and development costs by project, as we typically use our employee and infrastructure resources across multiple research and development programs. We believe that the allocation of such costs would be arbitrary and not be meaningful.

Our research and development expenses consist primarily of:

- external expenses paid to clinical trial sites, contract research organizations, laboratories, database software and consultants that conduct clinical trials;
- expenses related to development and the production of nonclinical and clinical trial supplies, including fees paid to contract manufacturers;
- expenses related to preclinical studies;
- expenses related to compliance with drug development regulatory requirements; and
- other allocated expenses, which include direct and allocated expenses for depreciation of equipment and other supplies.

We expect to continue to incur substantial expenses related to our development activities for the foreseeable future as we conduct our Phase 2 clinical program, manufacturing and toxicology studies. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials, additional drug manufacturing requirements, and later stage toxicology studies such as carcinogenicity studies. Our research and development expenses increased between 2015 and 2016, and we expect that our research and development expenses will increase substantially in the future. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time consuming. The probability of success for each product candidate is affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability. Accordingly, we may never succeed in achieving marketing approval for any of our product candidates.

Completion dates and costs for our clinical development programs as well as our research program can vary significantly for each current and future product candidate and are difficult to predict. As a result, we cannot estimate with any degree of certainty the costs we will incur in connection with the development of our product candidates at this point in time. We expect that we will make determinations as to which programs and product candidates to pursue and how much funding to direct to each program and product candidate on an ongoing basis in response to the scientific success of early research programs, results of ongoing and future clinical trials, our ability to enter into collaborative agreements with respect to programs or potential product candidates, as well as ongoing assessments as to each current or future product candidate's commercial potential.

General and Administrative Expenses

General and administrative expenses consist primarily of management costs, costs associated with obtaining and maintaining our patent portfolio, professional fees for accounting, auditing, consulting and legal services, and allocated overhead expenses.

We expect that our general and administrative expenses may increase in the future as we expand our operating activities, maintain and expand our patent portfolio and incur additional costs associated with the Merger, the preparation of becoming a public company and maintaining compliance with exchange listing and U.S. Securities and Exchange Commission, or SEC, requirements. We expect these potential increases will likely include management costs, legal fees, accounting fees, directors' and officers' liability insurance premiums and expenses associated with investor relations.

Interest Expense

Interest expense consists primarily of non-cash paid-in-kind interest expense related to our convertible notes.

Results of Operations

Comparison of the Three Months Ended June 30, 2016 and 2015

The following table provides comparative unaudited results of operations for the three months ended June 30, 2016 and 2015 (in thousands):

	Three Months Ended June 30,		Increase/ (Decrease)
	2016	2015	
Research and Development Expenses	$ 2,089	$ 627	$ 1,462
General and Administrative Expenses	551	268	283
Interest Expense	(238)	(885)	(647)

Research and Development Expenses

Our research and development expenses were $2.1 million for the three months ended June 30, 2016 compared to $0.6 million for the three months ended June 30, 2015. Research and development expenses increased in the 2016 period primarily due to increased expenses for our clinical and preclinical development programs for MGL-3196. We expect our research and development expenses to increase over time as we advance our clinical and preclinical development programs for MGL-3196.

General and Administrative Expenses

Our general and administrative expenses were $0.6 million for the three months ended June 30, 2016 compared to $0.3 million for the three months ended June 30, 2015. The increase in general and administrative expenses in 2016 resulted from increased expenditures for legal, finance, accounting and information management services relating to the proposed Merger and in preparation of becoming a public reporting company. We believe our general and administrative expenses may increase over time as we advance our technology into clinical programs and become a public reporting company both of which will likely result in an increase in our headcount, consulting services and certain overhead needed to support those efforts.

Interest Expense

Interest expense decreased to $0.2 million for the three months ended June 30, 2016 from $0.9 million for the same period in 2015. The decrease in interest expense was primarily driven by lower interest expense on our convertible notes outstanding. On April 13, 2016, we entered into the Restated Purchase Agreement with certain of our investors whereby such investors committed $9.0 million of financing before or concurrent with the consummation of the Merger. Pursuant to the Restated Purchase Agreement, Bay City Capital agreed to waive all accrued interest on the $36.9 million of convertible notes

incurred prior to April 13, 2016. In addition, the investors, including Bay City Capital, agreed that no interest shall accrue on such convertible notes from the date of the Restated Purchase Agreement through the date on which either the Merger is consummated or the Merger Agreement is terminated, as applicable.

Comparison of the Six Months Ended June 30, 2016 and 2015

The following table provides comparative unaudited results of operations for the six months ended June 30, 2016 and 2015 (in thousands):

	Six Months Ended June 30,		Increase/ (Decrease)
	2016	2015	
Research and Development Expenses	$ 2,605	$ 971	$ 1,634
General and Administrative Expenses	773	463	310
Interest Expense	(1,213)	(1,728)	(515)

Research and Development Expenses

Our research and development expenses were $2.6 million for the six months ended June 30, 2016 compared to $1.0 million for the six months ended June 30, 2015. Research and development expenses increased in the 2016 period primarily due to increased expenses for our clinical and preclinical development programs for MGL-3196. We expect our research and development expenses to increase over time as we advance our clinical and preclinical development programs for MGL-3196.

General and Administrative Expenses

Our general and administrative expenses were $0.8 million for the six months ended June 30, 2016 compared to $0.5 million for the six months ended June 30, 2015. The increase in general and administrative expenses in 2016 resulted from increased expenditures for legal, finance, accounting and information management services relating to the proposed Merger and in preparation of becoming a public reporting company. We believe our general and administrative expenses may increase over time as we advance our technology into clinical programs and become a public reporting company both of which will likely result in an increase in our headcount, consulting services and certain overhead needed to support those efforts .

Interest Expense

Interest expense decreased to $1.2 million for the six months ended June 30, 2016 from $1.7 million for the same period in 2015. The decrease in interest expense was primarily driven by lower interest expense on our convertible notes outstanding. On April 13, 2016, pursuant to the Restated Purchase Agreement, Bay City Capital agreed to waive all accrued interest on the $36.9 million of convertible notes incurred prior to April 13, 2016. In addition, the investors, including Bay City Capital, agreed that no interest shall accrue on such convertible notes from the date of the Restated Purchase Agreement through the date on which either the Merger is consummated or the Merger Agreement is terminated.

Liquidity and Capital Resources

We have incurred losses since inception and negative cash flows from operating activities for the six months ended June 30, 2016 and 2015. As of June 30, 2016, we had a working capital deficit of $42.3 million, consisting primarily of approximately $46.0 million of principal under outstanding convertible notes, $23.4 million of which we assumed from VIA as described elsewhere in this section, offset by approximately $4.1 million of cash and cash equivalents. All of the principal and interest associated with the outstanding convertible notes was restructured or converted in connection with the Merger described herein. We anticipate that we will continue to incur net losses for the foreseeable future as we continue research and development efforts of our product candidates, hire additional staff, including clinical, scientific, operational, financial and management personnel, and incur additional costs associated with being a public company.

We have funded our operations primarily through private placement offerings of our debt and equity securities and cash advances.. During the six months ended June 30, 2016 and 2015, we received net proceeds of $6.9 million and $1.0 million, respectively, from the issuance of convertible notes. During the six months ended June 30, 2016, we received $250,000 in advances from a related party, which were subsequently converted to convertible promissory notes in 2016. As of June 30, 2016, we had cash and cash equivalents of $4.1 million.

We plan to continue to fund our research and development and other operating expenses, and the associated losses from operations, through working capital obtained upon consummation of the Merger, future issuances of debt and equity securities and potential collaborations or strategic partnerships with other entities. The capital raises from issuances of convertible debt and equity securities could result in additional dilution to our stockholders. In addition, our incurrence of additional debt could result in debt service obligations and operating and financing covenants that would restrict our operations. We can provide no assurance that financing will be available in the amounts we need or on terms acceptable to us, if at all. If we are unable to secure adequate additional working capital when needed, we may be required to reduce our spending, extend payment terms with suppliers, liquidate assets where possible and/or suspend or curtail planned research programs. Any of these actions could materially harm our business.

On April 13, 2016, we entered into the Restated Purchase Agreement, which amended and restated the Note Purchase Agreement, dated March 1, 2016, to increase the principal amount of the notes available thereunder to $9.0 million. The maturity date of the convertible notes issued and issuable under the Restated Purchase Agreement is the earliest to occur of December 31, 2016, the termination of the Merger Agreement, or an “event of default” as defined in the Restated Purchase Agreement. Pursuant to the Restated Purchase Agreement, Bay City Capital agreed to waive all accrued interest on the $36.9 million of convertible notes incurred prior to April 13, 2016. In addition, the investors, including Bay City Capital, agreed that no interest shall accrue on such convertible notes from the date of the Restated Purchase Agreement through the date on which either the Merger is consummated or the Merger Agreement is terminated. We entered into the Restated Purchase Agreement in order to provide funds to the Company for working capital and general corporate purposes through the date of the proposed Merger. In addition, on April 13, 2016, we amended and restated the convertible notes issued prior to April 13, 2016 to add mandatory conversion features to such convertible notes whereby the principal thereunder will automatically convert into shares of our common stock immediately prior to the consummation of the Merger.

As described above, we completed the Merger on July 22, 2016. We anticipate that the working capital obtained through the Merger, together with the proceeds from the issuance of convertible notes under the Restated Purchase Agreement, and the permanent waiver of accrued interest and the conversion of all of our outstanding convertible notes will fund our operations for at least the next twelve months from the balance sheet date. Our total post-Merger cash, cash equivalents and marketable securities on hand at August 31, 2016 was approximately $41.4 million.

Cash Flows

The following table provides a summary of our net cash flow activity (in thousands):

	Six Months Ended June 30,	
	2016	2015
Net cash used in operating activities	$ (3,085)	$ (1,287)
Net cash provided by financing activities	6,875	1,300
Net increase in cash and cash equivalents	3,790	13

Comparison of Six Months Ended June 30, 2016 and 2015

Net cash used in operating activities was $3.1 million for the six months ended June 30, 2016 compared to $1.3 million for the six months ended June 30, 2015. Net cash used in operating activities for the six months ended June 30, 2016 consisted primarily of a net loss of $4.6 million offset by non-cash items consisting primarily of paid-in-kind interest expense on our convertible notes of $1.2 million, an increase of $0.7 million of our accounts payable and accrued expenses, and an increase of $0.7 million of our prepaid expenses. Net cash used in operating activities for the six months ended June 30, 2015 consisted primarily of a net loss of $3.2 million offset by non-cash items consisting primarily of paid-in-kind interest expense on our convertible notes of $1.7 million and an increase of $0.2 million of our accounts payable.

Net cash provided by financing activities was $6.9 million for the six months ended June 30, 2016 compared to $1.3 million for the six months ended June 30, 2015. Net cash provided by financing activities for the six months ended June 30, 2016 consisted of net proceeds of $6.9 million from the issuance of related party convertible notes. Net cash provided by financing activities for the six months ended June 30, 2015 consisted of net proceeds of $1.1 million from the issuance of related party convertible notes and $0.3 million from related party cash advances

Contractual Obligations and Commitments

Convertible Notes

As of June 30, 2016, we had aggregate principal amount of $46.0 million outstanding under convertible notes issued by us to a related party investor syndicate. On April 13, 2016, we entered into the Restated Purchase Agreement with certain of our investors whereby such investors committed $9.0 million of financing before or concurrent with the consummation of the Merger. Pursuant to the Restated Purchase Agreement, Bay City Capital agreed to waive all accrued interest on the $36.9 million of convertible notes incurred prior to April 13, 2016. We recorded such waived interest through additional paid in capital because Bay City Capital is a related party. In addition, the investors, including Bay City Capital, agreed that no interest shall accrue on such convertible notes from the date of the Restated Purchase Agreement through the date on which either the Merger is consummated or the Merger Agreement is terminated. In addition, all of the convertible notes issued by Madrigal were converted into common stock pursuant to their terms immediately prior to the consummation of the Merger.

Contractual Arrangements

Pursuant to our engagement letter with MTS Health Partners, or MTS, following the consummation of the Merger we paid MTS a transaction fee of $1,250,000, with $500,000 paid in shares our common stock following the Merger, and the remaining $750,000 in cash.

On April 13, 2016, we entered into contingent employment agreements, or the Letter Agreements, with Paul A. Friedman, M. D. for the position of Chairman and Chief Executive Officer, or CEO, and with Rebecca Taub, M. D. for the position of Chief Medical Officer and Executive Vice President Research & Development, or CMO. These employment agreements became effective upon the closing of the merger. Under the terms of the Letter Agreement for the CEO position, Dr. Friedman will receive an annual base salary of $400,000, an annual performance-based bonus of up to 50% of his base salary, restricted stock awards representing 1.25% of our issued and outstanding common stock on a post-Merger fully diluted basis and a nonqualified stock option to purchase an additional 2.5% of our issued and outstanding common stock on a post-Merger fully diluted basisly-diluted basis. Under the terms of the Letter

Agreement for the CMO position, Dr. Taub will receive an annual base salary of $370,000, an annual performance-based bonus of up to 40% of her base salary. restricted stock awards representing 0.25% of our issued and outstanding common stock on a post-Merger fully diluted basis and a nonqualified stock option to purchase an additional 1.25% of our issued and outstanding common stock on a post-Merger fully diluted basis. The repurchase right relating to the shares of restricted stock lapsed as to 25% of the shares on the business day immediately following the closing of the Merger and the repurchase right on the remaining shares will lapse annually on the first, second and third anniversaries of the date of the Merger. The stock options vested as to 25% of the shares on the business day immediately following the closing of the Merger and then annually on the first, second and third anniversaries of the date of the Merger.

In December 2008, VIA entered into a research, development and commercialization agreement with Hoffman-La Roche, or Roche. We subsequently assumed all of VIA's rights in, to and under, and all of VIA's obligations under, the agreement. Under the agreement, Roche assigned all patent rights relating to MGL-3196 to us, as successor-in-interest to VIA, and granted us an exclusive license to use certain know-how relating to MGL-3196 in exchange for consideration consisting of an upfront payment, milestone payments, the remainder of which total $10.8 million and are tied to the future commencement of Phase 2 and Phase 3 clinical trials and future regulatory approval in the United States and Europe of a product developed from MGL-3196, and single-digit royalty payments based on net sales of products developed from MGL-3196, subject to certain reductions. In 2011, we commenced Phase I clinical trials and subsequently paid Roche a related milestone payment. To date, we have not achieved any additional product development or regulatory milestones under the agreement.

We enter into contracts in the normal course of business with contract research organizations and clinical sites for the conduct of clinical trials, preclinical and clinical studies, professional consultants and other vendors for clinical supply manufacturing or other services. These contracts generally provide for termination on notice, and therefore are cancelable contracts and not included in the table of contractual obligations and commitments.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in the rules and regulations of the SEC.