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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-33277

SYNTA PHARMACEUTICALS CORP.
(Exact name of registrant as specified in its charter)

Delaware	**04-3508648**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
45 Hartwell Avenue Lexington, Massachusetts	**02421**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(781) 274-8200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 2, 2015, the registrant had 137,788,584 shares of common stock outstanding.

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SYNTA PHARMACEUTICALS CORP.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

SYNTA PHARMACEUTICALS CORP.

Condensed Consolidated Balance Sheets

(in thousands, except share and per share amounts)

(unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 45,537	$ 46,024
Marketable securities	42,715	51,666
Prepaid expenses and other current assets	1,975	1,656
Total current assets	90,227	99,346
Property and equipment, net	561	1,024
Other assets	226	305
Total assets	$ 91,014	$ 100,675
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,424	$ 3,139
Accrued contract research costs	17,206	12,317
Other accrued liabilities	5,047	6,177
Current portion of capital lease obligations	43	42
Current portion of term loans	6,913	9,214
Total current liabilities	30,633	30,889
Long-term liabilities:		
Capital lease obligations, net of current portion	11	43
Term loans, net of current portion	—	4,607
Total long-term liabilities	11	4,650
Total liabilities	30,644	35,539
Stockholders' equity:		
Preferred stock, par value $0.0001 per share Authorized: 5,000,000 shares at each of September 30, 2015 and December 31, 2014; no shares issued and outstanding at each of September 30, 2015 and December 31, 2014	—	—
Common stock, par value $0.0001 per share Authorized: 200,000,000 shares at each of September 30, 2015 and December 31, 2014; 137,788,584 and 109,120,670 shares issued and outstanding at each of September 30, 2015 and December 31, 2014, respectively	14	11
Additional paid-in-capital	756,053	702,694
Accumulated other comprehensive income	11	4
Accumulated deficit	(695,708)	(637,573)
Total stockholders' equity	60,370	65,136
Total liabilities and stockholders' equity	$ 91,014	$ 100,675

See accompanying notes to consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.

Condensed Consolidated Statements of Operations

(in thousands, except share and per share amounts)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Total revenues	$ —	$ —	$ —	$ —
Operating expenses:				
Research and development	14,413	16,208	46,972	52,552
General and administrative	2,981	3,241	10,258	11,505
Total operating expenses	17,394	19,449	57,230	64,057
Loss from operations	(17,394)	(19,449)	(57,230)	(64,057)
Interest expense, net	(234)	(517)	(905)	(1,752)
Net loss	$ (17,628)	$ (19,966)	$ (58,135)	$ (65,809)
Net loss per common share:				
Basic and diluted net loss per common share	$ (0.13)	$ (0.19)	$ (0.46)	$ (0.69)
Basic and diluted weighted average number of common shares outstanding	135,971,551	105,774,949	125,648,990	95,160,945

See accompanying notes to condensed consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.

Condensed Consolidated Statements of Comprehensive Loss

(in thousands)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net loss	$ (17,628)	$ (19,966)	$ (58,135)	$ (65,809)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale securities	17	8	7	(6)
Comprehensive loss	$ (17,611)	$ (19,958)	$ (58,128)	$ (65,815)

See accompanying notes to condensed consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Cash flows from operating activities:		
Net loss	$ (58,135)	$ (65,809)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	3,721	5,665
Depreciation and amortization	503	504
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(319)	(1,153)
Other assets	79	85
Accounts payable	(1,715)	(2,147)
Accrued contract research costs	4,889	3,869
Other accrued liabilities	(1,130)	(724)
Net cash used in operating activities	(52,107)	(59,710)
Cash flows from investing activities:		
Purchases of marketable securities	(92,476)	(68,510)
Sales and maturities of marketable securities	101,434	60,688
Purchases of property and equipment	(40)	(85)
Net cash provided by (used in) investing activities	8,918	(7,907)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of transaction costs, and exercise of common stock options	36,941	89,795
Proceeds from the sale of common stock to related parties	12,700	4,992
Payment of term loans	(6,908)	(7,151)
Payment of capital lease obligations	(31)	(31)
Net cash provided by financing activities	42,702	87,605
Net (decrease) increase in cash and cash equivalents	(487)	19,988
Cash and cash equivalents at beginning of period	46,024	48,490
Cash and cash equivalents at end of period	$ 45,537	$ 68,478
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 805	$ 1,498

See accompanying notes to condensed consolidated financial statements.

SYNTA PHARMACEUTICALS CORP.

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Nature of Business

Synta Pharmaceuticals Corp. (the Company) was incorporated in March 2000 and commenced operations in July 2001. The Company is an innovative, agile biopharmaceutical company focused on research, development and commercialization of novel oncology medicines that have the potential to change the lives of cancer patients.

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 and compliance with the U.S. Food and Drug Administration and other government regulations.

The Company may require significant additional funds earlier than it currently expects in order to conduct additional clinical trials and continue to fund its operations. There can be no assurances, however, that additional funding 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 or reduce its planned commercialization efforts.

(2) Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited, have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary to present fairly the Company's financial position as of September 30, 2015 and the consolidated results of operations, comprehensive loss and cash flows for the three months and nine months ended September 30, 2015 and 2014. The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The results of operations for the three months and nine months ended September 30, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015 or for any other interim period or any other future year. For more complete financial information, these condensed financial statements, and the notes hereto, should be read in conjunction with the audited financial statements for the year ended December 31, 2014 included in the Company's Annual Report on Form 10-K.

Principles of Consolidation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. 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. Significant items subject to such estimates and assumptions include contract research accruals, recoverability of long-lived assets, measurement of stock-based compensation, and the periods of performance under collaborative research and development agreements. 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 and an investment in a money market fund to be cash equivalents. Changes in the level of cash and cash equivalents may be affected by changes in investment portfolio maturities, as well as actual cash disbursements to fund operations.

The primary objective of the Company's investment activities is to preserve its capital for the purpose of funding operations and

the Company does not enter into investments for trading or speculative purposes. The Company's cash is deposited in a highly rated financial institution in the United States. The Company invests in money market funds and high-grade, short-term commercial paper and corporate bonds, which management believes are subject to minimal credit and market risk. Declines in interest rates, however, would reduce future investment income.

Marketable Securities

Marketable securities consist of investments in high-grade corporate obligations, and government and government agency obligations that are classified as available-for-sale. Since these securities are available to fund current operations they are classified as current assets on the consolidated balance sheets.

The Company adjusts the cost of available-for-sale debt securities for amortization of premiums and accretion of discounts to maturity. The Company includes such amortization and accretion as a component of interest expense, net. Realized gains and losses and declines in value, if any, that the Company judges to be other-than-temporary on available-for-sale securities are reported as a component of interest expense, net. To determine whether an other-than-temporary impairment exists, the Company considers whether it intends to sell the debt security and, if the Company does not intend to sell the debt security, it considers available evidence to assess whether it is more likely than not that it will be required to sell the security before the recovery of its amortized cost basis. During the three months and nine months ended September 30, 2015 and 2014, the Company determined it did not have any securities that were other-than-temporarily impaired.

Marketable securities are stated at fair value, including accrued interest, with their unrealized gains and losses included as a component of accumulated other comprehensive income or loss, which is a separate component of stockholders' equity. The fair value of these securities is based on quoted prices and observable inputs on a recurring basis. Realized gains and losses are determined on the specific identification method. During the three months and nine months ended September 30, 2015 and 2014, the Company did not have any realized gains or losses on marketable securities.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, marketable securities and term loan obligations, approximate their fair values. The fair value of the Company's financial instruments reflects the amounts that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy has the following three levels:

Level 1—quoted prices in active markets for identical assets and liabilities.

Level 2—observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3—unobservable inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Financial assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The Company measures the fair value of its marketable securities by taking into consideration valuations obtained from third-party pricing sources. The pricing services utilize industry standard valuation models, including both income and market based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker-dealer quotes on the same or similar securities, issuer credit spreads, benchmark securities and other observable inputs. As of September 30, 2015, the Company's financial assets valued based on Level 1 inputs consisted of cash and cash equivalents in a money market fund and its financial assets valued based on Level 2 inputs consisted of high-grade corporate bonds and commercial paper. During the three months and nine months ended September 30, 2015 and 2014, the Company did not have any transfers of financials assets between Levels 1 and 2. As of September 30, 2015, the Company did not have any financial liabilities that were recorded at fair value on the balance sheet. The disclosed fair value of the Company's term loan obligations is determined using current applicable rates for similar instruments as of the balance sheet date. The carrying value of the Company's term loan obligations approximates fair value as the Company's interest rate yield is near current market rate yields. The disclosed fair value of the Company's term loan obligations is based on Level 3 inputs.

Revenue Recognition

Collaboration and License Agreements

The Company's principal source of revenue to date has been its former collaboration and license agreements, which included upfront license payments, development milestones, reimbursement of research and development costs, potential profit sharing payments, commercial and sales-based milestones and royalties. The accounting for collaboration and license agreements requires subjective analysis and requires management to make estimates and assumptions about whether deliverables within multiple-element arrangements are separable from the other aspects of the contractual arrangement into separate units of accounting and to determine the arrangement consideration to be allocated to each unit of accounting.

For multiple-element arrangements entered into or materially modified after January 1, 2011, the Company follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2009-13— *Multiple-deliverable Revenue Arrangements* (ASU No. 2009-13). ASU No. 2009-13 amended certain provisions of Accounting Standards Codification (ASC) Topic 605— *Revenue Recognition* . This standard addresses the determination of the unit(s) of accounting for multiple-element arrangements and how an arrangement's consideration should be allocated to each unit of accounting.

Pursuant to this standard, each required deliverable is evaluated to determine if it qualifies as a separate unit of accounting. For the Company this determination includes an assessment as to whether the deliverable has "stand-alone value" to the customer separate from the undelivered elements. The arrangement's consideration is then allocated to each separate unit of accounting based on the relative selling price of each deliverable. The estimated selling price of each deliverable is determined using the following hierarchy of values: (i) vendor-specific objective evidence of fair value, (ii) third-party evidence of selling price, or (iii) the Company's best estimate of the selling price (BESP). The BESP reflects the Company's best estimate of what the selling price would be if the deliverable was regularly sold by it on a stand-alone basis. The Company expects, in general, to use BESP for allocating consideration to each deliverable in future collaboration agreements. In general, the consideration allocated to each unit of accounting is then recognized as the related goods or services are delivered limited to the consideration not contingent upon future deliverables. The Company did not recognize any revenue related to collaboration and license agreements during the three months and nine months ended September 30, 2015 and 2014.

The Company accounts for development milestones under collaboration and license agreements pursuant to ASU No. 2010-17 *Milestone Method of Revenue Recognition* (ASU No. 2010-17). ASU No. 2010-17 codified a method of revenue recognition that has been common practice. Under this method, contingent consideration from research and development activities that is earned upon the achievement of a substantive milestone is recognized in its entirety in the period in which the milestone is achieved. At the inception of each arrangement that includes milestone payments, the Company evaluates whether each milestone is substantive. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, clinical, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment. The Company does not have any ongoing collaboration and license agreements under which milestones may be achieved.

Royalty revenues are based upon a percentage of net sales. Royalties from the sales of products will be recorded on the accrual basis when results are reliably measurable, collectability is reasonably assured and all other revenue recognition criteria are met. Commercial and sales-based milestones, which are based upon the achievement of certain agreed-upon sales thresholds, will be recognized in the period in which the respective sales threshold is achieved and collectability is reasonably assured. The Company does not have any ongoing collaboration and license agreements under which royalties or commercial and sales-based milestones may be achieved.

Stock-Based Compensation

The Company recognizes stock-based compensation expense based on the grant date fair value of stock options granted to employees, officers and directors. The Company uses the Black-Scholes option pricing model to determine the grant date fair value as management believes it is the most appropriate valuation method for its option grants. The Black-Scholes model requires inputs for risk-free interest rate, dividend yield, volatility and expected lives of the options. Expected volatility is based upon the weighted average historical volatility data of the Company's common stock. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected lives for options granted represent the period of time that options granted are expected to be outstanding. The Company uses the simplified method for determining the expected lives of options.

The Company estimates the forfeiture rate based on historical data. This analysis is re-evaluated at least annually and the forfeiture rate is adjusted as necessary. For awards with graded vesting, the Company recognizes compensation costs based on the grant date fair value of awards on a straight-line basis over the requisite service period, which is generally the vesting period.

Certain of the employee stock options granted by the Company are structured to qualify as incentive stock options (ISOs). Under current tax regulations, the Company does not receive a tax deduction for the issuance, exercise or disposition of ISOs if the employee meets certain holding requirements. If the employee does not meet the holding requirements, a disqualifying disposition occurs, at which time the Company may receive a tax deduction. The Company does not record tax benefits related to ISOs unless and until a disqualifying disposition is reported. In the event of a disqualifying disposition, the entire tax benefit is recorded as a reduction of income tax expense. The Company has not recognized any income tax benefit for its share-based compensation arrangements due to the fact that the Company does not believe it is more likely than not it will realize the related deferred tax assets.

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Changes in unrealized gains and losses on marketable securities represent the only difference between the Company's net loss and comprehensive loss.

Segment Reporting

Operating segments are determined based on the way management organizes its business for making operating decisions and assessing performance. The Company has a single operating segment, which is the discovery, development and commercialization of drug products.

Basic and Diluted Loss Per Common Share

Basic net loss per share is computed using the weighted average number of common shares outstanding during the period, excluding restricted stock that has been issued but is not yet vested. Diluted net loss per common share is computed using the weighted average number of common shares outstanding and the weighted average dilutive potential common shares outstanding using the treasury stock method. However, for the three months and nine months ended September 30, 2015 and 2014, diluted net loss per share is the same as basic net loss per share as the inclusion of weighted average shares of unvested restricted common stock and common stock issuable upon the exercise of stock options would be anti-dilutive.

The following table summarizes outstanding securities not included in the computation of diluted net loss per common share as their inclusion would be anti-dilutive:

	September 30,	
	2015	2014
Common stock options	9,587,239	8,262,468
Unvested restricted common stock	452,556	529,272

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, —*Revenue from Contracts with Customers* (Topic 606), which amends the guidance for accounting for revenue from contracts with customers. This ASU supersedes the revenue recognition requirements in ASC Topic 605, and creates a new Topic 606, *Revenue from Contracts with Customers* . This guidance was originally effective for fiscal years beginning after December 15, 2016, with early adoption not permitted. Two adoption methods are permitted: retrospectively to all prior reporting periods presented, with certain practical expedients permitted; or retrospectively with the cumulative effect of initially adopting the ASU recognized at the date of initial application. The FASB approved a one year deferral of the effective date of this standard to annual periods beginning after December 15, 2017, along with an option to permit companies to early adopt the standard for annual periods beginning after December 15, 2016. The Company has not yet determined the date it plans to adopt ASU No. 2014-09, which adoption method it will utilize, or the effect that the adoption of this guidance will have on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, —*Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This ASU is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements and to provide related footnote disclosures. This guidance is effective for fiscal years ending after December 15, 2016, with early application permitted. The Company has not yet determined the effect that the adoption of this guidance will have on the disclosures included in its consolidated financial statements.

(3) Cash, Cash Equivalents and Marketable Securities

A summary of cash, cash equivalents and available-for-sale marketable securities held by the Company as of September 30, 2015 and December 31, 2014 was as follows in thousands (see Note 2):

	September 30, 2015			
	Cost	Unrealized gains	Unrealized losses	Fair value
Cash and cash equivalents:				
Cash and money market funds (Level 1)	$ 42,038	$ —	$ —	$ 42,038
Corporate debt securities due within 3 months of date of purchase (Level 2)	3,499	—	—	3,499
Total cash and cash equivalents	$ 45,537	$ —	$ —	$ 45,537
Marketable securities:				
Corporate debt securities due within 1 year of date of purchase (Level 2)	42,704	13	(2)	42,715
Total cash, cash equivalents and marketable securities	$ 88,241	$ 13	$ (2)	$ 88,252

	December 31, 2014			
	Cost	Unrealized gains	Unrealized losses	Fair value
Cash and cash equivalents:				
Cash and money market funds (Level 1)	$ 45,004	$ —	$ —	$ 45,004
Corporate debt securities due within 3 months of date of purchase (Level 2)	1,020	—	—	1,020
Total cash and cash equivalents	$ 46,024	$ —	$ —	$ 46,024
Marketable securities:				
Corporate debt securities due within 1 year of date of purchase (Level 2)	51,662	12	(8)	51,666
Total cash, cash equivalents and marketable securities	$ 97,686	$ 12	$ (8)	$ 97,690

(4) Property and Equipment

Property and equipment as of September 30, 2015 and December 31, 2014 consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
Laboratory equipment	$ 12,217	$ 12,217
Leasehold improvements	5,015	4,988
Computers and software	3,136	3,126
Furniture and fixtures	1,179	1,176
	21,547	21,507
Less accumulated depreciation and amortization	(20,986)	(20,483)
	$ 561	$ 1,024

Depreciation and amortization expenses of property and equipment, including equipment purchased under capital leases, were approximately $0.2 million in each of the three months ended September 30, 2015 and 2014, and $0.5 million in each of the nine months ended September 30, 2015 and 2014.

(5) Stockholders' Equity

Common Stock

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

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

Public Offering

In April 2015, the Company raised approximately $44.3 million in gross proceeds from the sale of an aggregate 25,300,000 shares of its common stock in a public offering at a public offering price of $1.75 per share, including 3,300,000 shares upon the full exercise of the underwriters' option to purchase additional shares. Certain of the Company's directors and their affiliates, including its largest stockholder, purchased an aggregate of 7,257,142 shares in this offering at the public offering price. The net offering proceeds to the Company were approximately $41.9 million after deducting underwriters' discounts, fees and commissions, and other offering expenses payable by the Company.

At-The-Market Issuance Sales Agreements

MLV & Co. LLC

In July 2014, the Company entered into an at-the-market issuance sales agreement (July 2014 Sales Agreement) with MLV & Co. LLC (MLV), pursuant to which the Company issued and sold shares of its common stock from time to time, at the Company's option, through MLV as its sales agent. Sales of common stock through MLV were made pursuant to an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended. MLV used commercially reasonable efforts to sell the common stock based upon the Company's instructions (including price, time or size limits or other customary parameters or conditions the Company imposed). All shares were sold pursuant to an effective shelf registration statement on Form S-3 (File No. 333-187242). The Company paid MLV a commission of up to 3% of the gross proceeds. In October 2015, the Company terminated the July 2014 Sales Agreement.

In July 2014, the Company reserved up to $50 million under its shelf registration statement for issuance under the July 2014 Sales Agreement. In the third quarter of 2014, the Company sold an aggregate of 5,679,685 shares of common stock pursuant to the July 2014 Sales Agreement for an aggregate of approximately $23.0 million in gross proceeds at an average selling price of $4.05 per share. Net proceeds to the Company were approximately $22.5 million after deducting commissions and other transaction costs.

In the third quarter of 2015, the Company sold an aggregate of 3,614,511 shares of common stock pursuant to the July 2014 Sales Agreement for an aggregate of approximately $7.9 million in gross proceeds at an average selling price of $2.19 per share. Net proceeds to the Company were approximately $7.7 million after deducting commissions and other transaction costs.

Cowen and Co. LLC

In October 2015, the Company entered into an at-the-market issuance sales agreement (October 2015 Sales Agreement), with Cowen and Company, LLC (Cowen), pursuant to which the Company may issue and sell shares of its common stock, having an aggregate offering price of up to $100 million, from time to time, at the Company's option, through Cowen as its sales agent. Sales of common stock through Cowen may be made by any method that is deemed an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended, including by means of ordinary brokers' transactions at market prices, in block transactions or as otherwise agreed by the Company and Cowen. Subject to the terms and conditions of the Sales Agreement, Cowen will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the common stock based upon the Company's instructions (including any price, time or size limits or other customary parameters or conditions the Company may impose). The Company is not obligated to make any sales of its common stock under the Sales Agreement. Any shares sold will be sold pursuant to an effective shelf registration statement

on Form S-3 (file no. 333-206135). The Company will pay Cowen a commission of up to 3% of the gross proceeds. The October 2015 Sales Agreement may be terminated by the Company at any time upon 10 day's notice. No shares have been sold to-date under the October 2015 Sales Agreement.

(6) Stock-Based Compensation

The Company's 2006 Stock Plan provided for the grant of incentive stock options, non-statutory stock options and non-vested restricted stock to employees, officers, directors and consultants of the Company. In January 2015, the number of shares of common stock reserved for issuance under the 2006 Stock Plan was increased from 10,300,000 to 11,600,000 pursuant to an "evergreen" provision, which provides for an annual increase based on the lesser of 1,300,000 shares, 5% of the Company's then outstanding shares of common stock, or such other amount as the board of directors may determine. This increase was approved by the board of directors in December 2014. In June 2015, upon obtaining stockholder approval at its annual shareholder meeting, the Company implemented its new 2015 Stock Plan and reserved 8,741,000 shares of common stock for future issuance. In June 2015, the Company terminated its 2006 Stock Plan. The administration of these stock plans is under the general supervision of the compensation committee of the board of directors. The exercise price of the stock options is determined by the compensation committee of the board of directors, provided that incentive stock options are granted with an exercise price not less than fair market value of the common stock on the date of grant and expire no later than ten years from the date the option is granted. Options generally vest over four years. As of September 30, 2015, the Company had options outstanding to purchase 9,587,239 shares of its common stock, which includes options outstanding under its 2001 Stock Plan and 2006 Stock Plan that were terminated in March 2006 and June 2015, respectively. As of September 30, 2015, 8,608,133 shares were available for future issuance.

The following table summarizes stock option activity during the nine months ended September 30, 2015:

	Shares	Weighted average exercise price per share
Outstanding at January 1, 2015	8,829,343	$ 6.17
Options granted	3,102,486	2.31
Options exercised	—	—
Options cancelled	(2,344,590)	5.49
Outstanding at September 30, 2015	9,587,239	$ 5.08
Exercisable at September 30, 2015	5,523,040	$ 6.31

The total cash received by the Company as a result of stock option exercises during the nine months ended September 30, 2015 and 2014 was $0 and $0.8 million, respectively. The weighted-average grant date fair values of options granted during the three months ended September 30, 2015 and 2014 were $1.34 and $3.26, respectively, and during the nine months ended September 30, 2015 and 2014 were $1.79 and $4.44, respectively.

Non-Vested ("Restricted") Stock Awards with Service Conditions

The Company's share-based compensation plans provide for awards of restricted shares of common stock to employees, officers, directors and consultants to the Company. Restricted stock awards are subject to forfeiture if employment or service terminates during the prescribed retention period. Restricted shares vest over the service period. The total fair value of restricted stock that vested in each of the nine months ended September 30, 2015 and 2014 was $0.1 million.

The following table summarizes unvested restricted share activity during the nine months ended September 30, 2015:

	Shares	Weighted average grant date fair value per share
Outstanding at January 1, 2015	744,514	$ 3.65
Vested	(45,361)	3.02
Granted	253,403	2.32
Forfeited	(500,000)	4.00
Outstanding at September 30, 2015	452,556	$ 2.59

Stock-Based Compensation Expense

For the three months and nine months ended September 30, 2015 and 2014, the fair value of each employee stock option award was estimated on the date of grant based on the fair value method using the Black-Scholes option pricing valuation model with the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Risk-free interest rate	1.83%	1.96%	1.81%	1.88%
Expected life in years	6.25	6.25	6.24	6.25
Volatility	72%	104%	95%	104%
Expected dividend yield	—	—	—	—

Stock-based compensation expense during the three months and nine months ended September 30, 2015 and 2014 was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Stock-based compensation expense by type of award:				
Employee stock options	$ 1,048	$ 1,486	$ 3,601	$ 5,486
Restricted stock	120	80	120	179
Total stock-based compensation expense	$ 1,168	$ 1,566	$ 3,721	$ 5,665
Effect of stock-based compensation expense by line item:				
Research and development	$ 683	$ 1,066	$ 2,548	$ 3,329
General and administrative	485	500	1,173	2,336
Total stock-based compensation expense included in net loss	$ 1,168	$ 1,566	$ 3,721	$ 5,665

Unrecognized stock-based compensation expense as of September 30, 2015 was as follows (dollars in thousands):

	Unrecognized stock compensation expense	Weighted average remaining period (in years)
Stock options	$ 8,687	2.60
Restricted stock	1,013	2.11
Total	$ 9,700	2.55

7) Other Accrued Liabilities

Other accrued liabilities as of September 30, 2015 and December 31, 2014 consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
Compensation and benefits	$ 2,605	$ 3,852
Professional fees	1,344	1,285
Other	1,098	1,040
	$ 5,047	$ 6,177

(8) Co-Development and License Agreements

Co-Development Agreement

In July 2011, the Company entered into a co-development agreement with a clinical research organization (CRO) for the conduct of certain company-sponsored clinical trials. Under the co-development agreement, this CRO was performing clinical research services under a reduced fee structure in exchange for a share of licensing payments and commercial revenues, if any, resulting from the product under development up to a specified maximum payment, which is defined as a multiple of the fee reduction realized. Research and development expenses were being recognized based on the reduced fee structure and expected payments will be recorded in the future if and when payment is probable. The maximum amount of the service fee discount was realized in the year ended December 31, 2013.

License Arrangement

In May 2014, the Company entered into a license arrangement for its CRACM program, including two lead candidates and the associated intellectual property portfolio, with PRCL Research Inc. (PRCL), a company funded by TVM Life Science Venture VII and the Fonds de Solidarité des Travailleurs du Québec, based in Montreal, Canada. PRCL plans to develop one of the two lead candidates licensed from the Company to proof-of-concept. Synta was granted a minority interest in PRCL in exchange for its contribution of know-how and intellectual property and will also hold a seat on PRCL's Board of Directors. Synta will not be required to provide any research funding or capital contributions to PRCL. Synta will be reimbursed by PRCL for any ongoing intellectual property management costs in connection with the contributed intellectual property and may conduct preclinical research activities which would be reimbursed by PRCL. If and when proof-of-concept is reached with either drug candidate, Eli Lilly and Company, which is an investor in TVM, will manage the development program through one of its divisions and will have an option to acquire PRCL or its assets at the then fair value.

(9) Term Loans

General Electric Capital Corporation

In March 2013, the Company amended its loan and security agreement entered into in September 2010 with General Electric Capital Corporation (GECC) and another lender (the GECC Term Loan) and obtained $12.9 million in additional loan funding and, as a result, increased the principal balance to $22.5 million at March 31, 2013. This amendment was accounted for as a loan modification. Interest on the borrowings under the GECC Term Loan remains at the annual rate of 9.75%. In January 2014, the Company began making 30 equal monthly payments of principal plus accrued interest on the outstanding balance. During the period from July 2012 through March 2013, the Company made nine equal monthly payments of principal under the GECC Term Loan. For the periods from April 2013 through December 2013 and prior to July 2012 the Company made interest-only payments.

The Company has paid various transaction fees and expenses in connection with the GECC Term Loan, which are deferred and are being amortized as interest expense over the remaining term of the GECC Term Loan. In addition, the Company is obligated to pay an exit fee of $788,000 at the time of the final principal payment which is being accreted and expensed as interest over the remaining term of the GECC Term Loan. In the three months ended September 30, 2015 and 2014, the Company recognized GECC Term Loan interest expense of $0.2 million and $0.5 million, respectively, of which $0.1 million was in connection with these transaction and exit fees and expenses in each of the quarters. In the nine months ended September 30, 2015 and 2014, the Company recognized GECC Term Loan interest expense of $0.9 million and $1.7 million, respectively, of which $0.2 million and $0.3 million, respectively, was in connection with these transaction and exit fees and expenses. The Company may prepay the full amount of the GECC Term Loan, subject to prepayment premiums under certain circumstances. The Company did not issue any warrants in connection with the GECC Term Loan.

The GECC Term Loan is secured by substantially all of the Company's assets, except its intellectual property. The Company has granted GECC a springing security interest in its intellectual property in the event the Company is not in compliance with certain cash usage covenants, as defined therein. The GECC Term Loan contains restrictive covenants, including the requirement for the Company to receive the prior written consent of GECC to enter into loans, other than up to $4.0 million of equipment financing, restrictions on the declaration or payment of dividends, restrictions on acquisitions, and customary default provisions that include material adverse events, as defined therein. The Company has determined that the risk of subjective acceleration under the material adverse events clause is remote and therefore has classified the outstanding principal based on the timing of scheduled principal payments.

Oxford Finance Corporation

In March 2011, the Company entered into a loan and security agreement with Oxford Finance Corporation (Oxford) and received $2.0 million in loan funding, and in December 2012, the Company entered into a loan modification agreement, as amended, under which the Company could elect to draw down up to an additional $0.6 million in equipment financing until June 30, 2013 that would be

payable in 36 equal monthly payments of principal plus accrued interest on the outstanding balance (collectively, the Oxford Term Loan). As of June 30, 2013, the Company had fully utilized the $0.6 million in additional equipment financing. Interest on the borrowings under the Oxford Term Loan accrues at an annual rate of 13.35%. In May 2011, the Company began making 36 equal monthly payments of principal plus accrued interest on the initial $2.0 million outstanding balance that was fully paid in April 2014. The Company continues to make equal monthly payments of principal plus accrued interest on the $0.6 million in additional equipment financing. The Company recognized approximately $10,000 and $13,000 in interest expense in the three months ended September 30, 2015 and 2014, respectively, and $34,000 and $48,000 in interest expense in the nine months ended September 30, 2015 and 2014, respectively, related to the outstanding principal under the Oxford Term Loan. In addition to the interest payable under the Oxford Term Loan, the Company paid approximately $108,000 of administrative and legal fees and expenses in connection with the Oxford Term Loan. These expenses have been deferred and are being expensed over the term of the Oxford Term Loan. The Company did not issue any warrants in connection with the Oxford Term Loan. The Company may prepay the Oxford Term Loan, subject to prepayment premiums under certain circumstances. Oxford has the right to require the Company to prepay the Oxford Term Loan if the Company prepays the full amount of the GECC Term Loan under certain circumstances.

The Oxford Term Loan is secured by certain laboratory and office equipment, furniture and fixtures. In connection with the Oxford Term Loan, Oxford and GECC entered into a Lien Subordination Agreement, whereby GECC granted Oxford a first priority perfected security interest in the loan collateral. The Oxford Term Loan contains restrictive covenants, including the requirement for the Company to receive the prior written consent of Oxford to enter into acquisitions in which the Company incurs more than $2.0 million of related indebtedness, and customary default provisions that include material adverse events, as defined therein. The Company has determined that the risk of subjective acceleration under the material adverse events clause is remote and therefore has classified the outstanding principal in current and long-term liabilities based on the timing of scheduled principal payments.

Future principal payments under the GECC and Oxford Term Loans as of September 30, 2015 were approximately as follows (in thousands):

Years ending December 31,		
2015	$	2,306
2016		4,607
Total principal payments		6,913
Less current portion		(6,913)
Long term portion	$	—

(10) Subsequent Event — Restructuring Costs

In October 2015, the Company announced its decision to terminate for futility its Phase 3 GALAXY-2 trial of ganetespib and docetaxel in the second-line treatment of patients with advanced non-small cell lung adenocarcinoma. Based on the review of a pre-planned interim analysis, the study's Independent Data Monitoring Committee concluded that the addition of ganetespib to docetaxel is unlikely to demonstrate a statistically significant improvement in the primary endpoint of overall survival compared to docetaxel alone.

In November 2015, following the termination of the GALAXY-2 trial, the Company committed to a restructuring that consisted primarily of a workforce reduction of approximately 45 positions, to a total of approximately 33 positions, to better align its workforce to its revised operating plans. The Company estimates its cash payments in connection with the workforce reduction, comprised principally of severance, unused vacation payments, benefits continuation costs and outplacement services, will range from $2.5 million to $2.6 million. The Company expects the restructuring to be substantially completed, and the majority of the related cash payments to be paid, during the fourth quarter of 2015. Employees directly affected by the restructuring have received notification and will be provided with severance payments. As a result of terminating these employees, the Company estimates it may incur an impairment charge for certain research laboratory equipment, computer equipment, and furniture and fixtures due to the fact that these assets may no longer be utilized. At this time the Company is unable to estimate the amount of impairment costs as it is in the process of evaluating its facilities and equipment needs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read this discussion together with the condensed consolidated financial statements, related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 12, 2015. These risks could cause our actual results to differ materially from any future performance suggested below.

Overview

Synta Pharmaceuticals Corp. is an innovative, agile biopharmaceutical company focused on research, development and commercialization of novel oncology medicines that have the potential to change the lives of cancer patients. Our oncology drug candidate, ganetespib, a novel heat shock protein 90 (Hsp90) inhibitor, is currently being evaluated in several investigator-sponsored clinical trials, including trials in breast cancer, ovarian cancer and acute myeloid leukemia (AML). We are also evaluating several candidates from our proprietary Hsp90 inhibitor Drug Conjugate program (HDC Program), which leverages the preferential accumulation of Hsp90 inhibitors in tumors to selectively deliver a wide array of anti-cancer payloads. Our first clinical candidate from our HDC Program, STA-12-8666, is undergoing testing to enable the filing of an investigational new drug application (IND). Preclinical evaluation of additional HDC candidates is ongoing.

We were incorporated in March 2000 and commenced operations in July 2001. Since that time, we have been principally engaged in the discovery and development of novel drug candidates. As of September 30, 2015, we have raised an aggregate of approximately $868.8 million in cash proceeds to fund operations, including $665.8 million in net proceeds from private and public offerings of our equity, $30.5 million in gross proceeds from term loans and $167.2 million in non-refundable payments from partnering activities under prior collaborations, as well as $5.3 million from the exercise of common stock warrants and options. We have also generated funds from government grants, equipment lease financings and investment income. We are engaged in preliminary partnership discussions for a number of our programs, which may provide us with additional financial resources if consummated.

We have devoted substantially all of our capital resources to the research and development of our drug candidates. Since our inception, we have had no revenues from product sales. As of September 30, 2015, we had an accumulated deficit of $695.7 million. We expect to incur significant operating losses for the foreseeable future as we advance our drug candidates from discovery through preclinical development and clinical trials, and seek regulatory approval and eventual commercialization. We will need to generate significant revenues from product sales to achieve future profitability and may never do so.

Key Developments

In October 2015, we announced the decision to terminate for futility our Phase 3 GALAXY-2 trial of ganetespib and docetaxel in the second-line treatment of patients with advanced non-small cell lung adenocarcinoma. Based on the review of a pre-planned interim analysis, the study's Independent Data Monitoring Committee (IDMC) concluded that the addition of ganetespib to docetaxel is unlikely to demonstrate a statistically significant improvement in the primary endpoint of overall survival compared to docetaxel alone. The IDMC noted that the combination of ganetespib and docetaxel was generally well tolerated in the study, with an adverse event profile consistent with previous studies combining these agents.

In November 2015, following the termination of the GALAXY-2 trial, we committed to a restructuring that consisted primarily of a workforce reduction of approximately 45 positions, to a total of approximately 33 positions, to better align our workforce to our revised operating plans. We estimate our cash payments in connection with the workforce reduction, comprised principally of severance, unused vacation payments, benefits continuation costs and outplacement services, will range from $2.5 million to $2.6 million. We expect the restructuring to be substantially completed, and the majority of the related cash payments to be paid, during the fourth quarter of 2015. Employees directly affected by the restructuring have received notification and will be provided with severance payments. As a result of terminating these employees, we estimate that we may incur an impairment charge for certain research laboratory equipment, computer equipment, and furniture and fixtures due to the fact that these assets may no longer be utilized. At this time, we are unable to estimate the amount of impairment costs as we are in the process of evaluating our facility and equipment needs.

We are currently undertaking a comprehensive review of our strategy going forward. We plan to continue to support key ongoing investigator-sponsored studies while we determine the appropriate path forward for the ganetespib program. We are also continuing to develop our HDC pipeline. We expect our $88.3 million in cash resources as of September 30, 2015, along with lower operating expenses following the termination of the GALAXY-2 trial and subsequent restructuring in the fourth quarter of 2015, will be sufficient to fund operations at least through the first half of 2017.

Program Overview

We have a clinical-stage program in oncology (ganetespib) and a novel, proprietary small molecule cancer drug development program (the HDC platform).

Ganetespib (Hsp90 Inhibitor)

Summary

Ganetespib is a novel, potent, small molecule inhibitor of Hsp90, a molecular chaperone which is required for the proper folding and activation of many cancer-promoting proteins. Inhibition of Hsp90 by ganetespib leads to the simultaneous degradation of many of these client proteins and the subsequent death or cell cycle arrest of cancer cells dependent on those proteins. A number of Hsp90 client proteins are also involved in the resistance of cancer cells to other anti-cancer treatments, such as chemotherapy. The ability to reduce cancer-cell drug resistance suggests that the combination of ganetespib with chemotherapies or other anti-cancer agents may provide greater benefit than those agents administered alone. In preclinical studies, ganetespib has shown potent anti-cancer activity against a broad range of solid and hematologic cancers, both as a monotherapy and in combination with a variety of anti-cancer treatment approaches including chemotherapy, radiation, targeted therapy and immunotherapy.

Ganetespib in lung cancer: The GALAXY program

In 2011, we initiated the randomized Phase 2b GALAXY-1 trial in patients with advanced non-small cell lung cancer (NSCLC) who received one prior treatment for advanced disease, *i.e.,* a second-line treatment setting. GALAXY-1 compared treatment with docetaxel alone, which is approved for second-line treatment, to treatment with ganetespib plus docetaxel.

Based on the results of GALAXY-1 trial, we initiated the Phase 3 GALAXY-2 trial, a global, randomized, multi-center study comparing the combination of ganetespib and docetaxel to docetaxel alone in the 2nd-line non-small cell adenocarcinoma in early 2013. The primary endpoint for GALAXY-2 was overall survival.

In October 2015, we announced the decision to terminate the GALAXY-2 trial for futility based on the review of a pre-planned interim analysis by the study's IDMC. The IDMC concluded that the addition of ganetespib to docetaxel was unlikely to demonstrate a statistically significant improvement in overall survival compared to docetaxel alone. The IDMC also noted that the combination of ganetespib and docetaxel was generally well tolerated in the study, with an adverse event profile consistent with previous studies combining these agents. Additional analysis of the results of GALAXY-2 is ongoing to determine a path forward, if any, for ganetespib in lung cancer.

Ganetespib in acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS)

AML is a rapidly progressing hematologic cancer characterized by uncontrolled proliferation of immature blast cells in the bone marrow. The American Cancer Society estimates that there were approximately 18,860 new cases of AML in 2014 and approximately 10,460 people died from AML in 2014. MDS is a hematopoietic stem cell neoplasm characterized by disordered and ineffective hematopoiesis which results in irreversible decline in the number and quality of blood-forming cells. In most cases, progressive bone marrow failure results in neutropenia and thrombocytopenia, and in about one third of patients the disease progresses into AML, usually within a few years.

AML is a biologically heterogeneous disease, and therefore represents a major challenge in the advancement of treatment. Treatment choice and outcome are substantially decided by age, yet current long term remission rates remain poor, with only 40% of younger patients (age less than 60 years) and less than 10% of older patients (age equal to or greater than 60 years) achieving complete remissions. AML patients with relapsed or refractory disease and newly diagnosed AML patients over 60 years of age with poor prognostic risk factors typically die within one year, resulting in an acute need for new treatment options for these patients.

Starting in 2011, the Leukemia & Lymphoma Research Fund and Cancer Research UK sought to fund and initiate large, multicenter, randomized trials to evaluate different investigational treatments, alone or in combination with chemotherapy, in patients with first-line AML and high risk MDS. These trials are being conducted under the sponsorship of Cardiff University, UK, and under the auspices of the UK NCRI Haematological Oncology Study Group, with investigators in Denmark, France, New Zealand, and the United Kingdom. Ganetespib, in combination with chemotherapy, is currently being investigated in the following trials:

- The AML-LI (Less Intensive)-1 Phase 2/3 trial is ongoing, and is evaluating the combination of ganetespib with low dose

cytarabine (Ara-C) vs. low dose Ara-C alone in patients who are not eligible for intensive chemotherapy and are traditionally not included in most trials. In July 2014, we announced advancement of ganetespib into the Phase 3 extension of this trial, following an interim analysis of results from 50 patients who received the ganetespib-cytarabine combination in the Phase 2 portion of the trial. The primary efficacy outcome in Phase 2 was rate of complete response. Pursuant to the protocol, the Phase 3 extension will include an interim futility analysis and enroll approximately 200 patients in each of the ganetespib-cytarabine and the cytarabine alone arms, for a total of approximately 400 patients. The primary efficacy endpoint for the Phase 3 extension is overall survival.

- The AML-18 trial, which has initiated and began enrolling patients in the first quarter of 2015, will evaluate ganetespib with standard DA (daunorubicin and Ara-C) in patients over 60 years old who can tolerate intensive chemotherapy vs. treatment with standard DA alone. Up to 300 patients are expected to be enrolled in the ganetespib arm. Results from a pilot study conducted in the UK in 2012 under the auspices of the Cardiff Experimental Cancer Medicine Centre confirmed the feasibility and safety of combining ganetespib with intensive chemotherapy in older patients with AML.

The selection of ganetespib for these studies was supported by preclinical results generated by us and academic collaborators, including Alan K. Burnett formerly of Cardiff University, and Sanjay Bansal of the UT Health Science Center at San Antonio. Results from these studies show that ganetespib inhibits a number of cancer-promoting factors believed to contribute to the proliferation of leukemic cells and renders them more vulnerable to treatment with chemotherapy.

Ganetespib in ovarian cancer

GANNET53 Trial

According to the World Health Organization, approximately 239,000 new cases of ovarian cancer are diagnosed worldwide each year. Ovarian cancer is among the most deadly of the gynecologic cancers, causing approximately 152,000 deaths annually, including approximately 42,700 deaths in Europe and 15,400 deaths in the United States.

GANNET53, a Seventh Framework Programme (FP7) research project funded by the European Commission, is a pan-European randomized trial designed to evaluate the combination of ganetespib and paclitaxel vs. paclitaxel alone in over 200 patients with metastatic, predominantly p53 mutant, platinum-resistant ovarian cancer. Preclinical models have shown that mutant p53 is critical to the growth and proliferation of these cancers. Many mutations render p53 unable to fold appropriately, leaving the protein highly dependent on Hsp90 for stability. Inhibition of Hsp90 destroys the complex between Hsp90 and mutant p53, leading to the degradation of the protein and cancer cell death. We believe this hypothesized mechanism is further supported by results detailed in a July 2015 *Nature* publication, *Improving survival by exploiting tumor dependence on stabilized mutant p53 for treatment* , by E.M. Alexandrova, et al. Mice harboring mutant p53 treated with ganetespib had prolonged survival as compared to treated p53 null mice, and this activity is correlated with degradation of mutant p53 and tumor apoptosis. In aggregate, we believe these data suggest the potential of mutated p53 to serve as a predictive biomarker for Hsp90 inhibitors such as ganetespib.

Hsp90 inhibition has also been shown to sensitize mutant p53 cancer cells to treatment with chemotherapies, as has been seen in preclinical studies evaluating ganetespib in other tumor types, supporting the planned trial design evaluating the combination of ganetespib and paclitaxel vs. paclitaxel alone.

Enrollment of the safety lead-in Phase 1 portion of GANNET53 in centers in Austria, Belgium, France, and Germany began in July 2014 and is now complete. Initial results from the Phase 1 portion presented in June 2015 at the American Society of Clinical Oncology (ASCO) Annual Meeting demonstrated the feasibility and tolerability of combining ganetespib and paclitaxel in this treatment setting. In June 2015, we announced that the first patient was enrolled into the randomized Phase 2 portion of the trial.

A Phase I/II trial of paclitaxel in combination with ganetespib in patients with platinum-resistant ovarian cancer

This trial is designed to evaluate the safety and preliminary activity of the combination of ganetespib with weekly paclitaxel in patients with recurrent, platinum-resistant ovarian, fallopian tube or primary peritoneal cancer. The trial is sponsored by Fox Chase Cancer Center in Philadelphia, and initiated in the first half of 2014.

Ganetespib in breast cancer

I-SPY 2 Trial

In 2014, ganetespib was selected for study in the I-SPY 2 TRIAL (**I**nvestigation of **S**erial Studies to **P**redict **Y**our **T**herapeutic **R**esponse with **I**maging **A**nd mo**L**ecular Analysis 2). I-SPY 2 is a standing Phase 2 randomized, controlled,

multicenter trial for women with newly diagnosed, locally advanced breast cancer (Stage 2 or higher) that is designed to test whether adding investigational drugs to standard chemotherapy is better than standard chemotherapy alone in the neo-adjuvant setting (prior to surgery).

I-SPY 2 employs a unique adaptive trial design to match experimental therapies with patients. Genetic or biological markers ("biomarkers") from individual patients' tumors are used to screen promising new treatments, identifying which treatments are most effective in specific patient subgroups. Regimens that have a high Bayesian predictive probability of showing superiority in a 300 patient Phase 3 confirmatory trial in at least one of 10 predefined signatures may "graduate" from I-SPY 2. A regimen can graduate early and at any time after having a minimum of 35 patients assigned to it, and exits the trial after a maximum of 75 patients. This high efficacy bar and rapid turnaround time allows the trial to match the most promising drug with the right patient in the most expeditious fashion.

Enrollment in the ganetespib arm of I-SPY 2 began in October 2014. Ganetespib is initially available to patients with HER2 negative disease, with the possibility to expand its eligibility to all biomarker subtypes after safety testing with trastuzumab is completed.

Clinical trial of ganetespib and fulvestrant in patients with hormone receptor positive metastatic breast cancer

This randomized Phase 2 trial is evaluating safety and activity of the fulvestrant and ganetespib combination in patients with hormone receptor positive metastatic breast cancer who are experiencing progression after initial treatment with hormonal therapy. At present, patient recruitment is ongoing. The trial is sponsored by Dana Farber Cancer Institute in Boston.

Clinical trial of ganetespib in combination with paclitaxel and trastuzumab in HER2 positive metastatic breast cancer

Preliminary results from this Phase 1 trial, conducted by physicians at New York University Langone Medical Center and Memorial Sloan Kettering Cancer Center, were presented at the 2014 San Antonio Breast Cancer Symposium in December. The trial was designed to evaluate the safety and preliminary activity of the triplet combination of ganetespib, paclitaxel and trastuzumab in HER2 positive patients with metastatic breast cancer refractory to other HER2 inhibitors.

As of December 2014, this Phase 1 trial enrolled six heavily pretreated patients who received prior to entering the trial a median of 3.5 anti-HER2 treatments in the metastatic setting (range 3-4), including trastuzumab, pertuzumab, and ado-trastuzumab emtansine (T-DM1).

Of the five patients evaluable for efficacy, partial tumor response was observed in one patient who remains on study, and four patients achieved stable disease ranging in duration from 11 to 29 weeks. Median Progression Free Survival was 19.4 weeks and the observed Clinical Benefit Rate (proportion of patients achieving objective response or stable disease greater than 24 weeks) was 60%.

We expect that updated results for this Phase 1 trial will be presented at the 2015 San Antonio Breast Cancer Symposium in December 2015.

Ganetespib in additional oncology indications

In addition to the trials noted above, a number of ganetespib trials sponsored by third parties, including cooperative groups, foundations, and individual investigators have recently been completed or are ongoing. Among these studies are:

- a Phase I trial evaluating the combination of ganetespib with capecitabine and radiation in patients with locally advanced rectal cancer being sponsored by Emory University, which began enrolling patients in 2012. Results from this trial presented at the 2015 ASCO Annual Meeting demonstrated the feasibility of combining ganetespib and chemoradiation therapy in these patients; and

- a Phase I/II trial evaluating ganetespib in combination with pemetrexed and cisplatin in patients with malignant pleural mesothelioma, being sponsored by University College London and Cancer Research UK, which began enrolling patients in 2013.

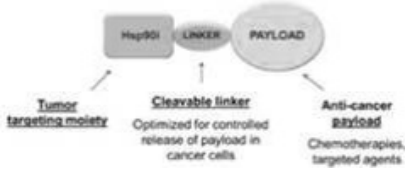
HDC Program

In September 2013, we announced the launch of a novel, proprietary small molecule cancer drug development program: the HDC Program. This innovative approach to tumor targeted delivery is being developed to capitalize on the prolonged retention of Hsp90 inhibitors in tumors to trap an active agent of interest inside cancer cells. The HDC Program builds on our extensive expertise in the science of Hsp90.

The HDC platform is based on the observation that small molecule inhibitors of Hsp90 are retained in tumors for as much as 20 times longer than in blood or normal tissue. Preclinical experiments have shown that following intravenous administration in animals, ganetespib can persist in tumor cells for over a week, while it is cleared from blood and normal tissues in a matter of hours. Similar results demonstrating this characteristic have been published by others using first-generation Hsp90 inhibitors such as 17-AAG and its derivatives, as well as other classes of Hsp90 inhibitors.

HDCs are drug candidates consisting of an Hsp90 inhibitor (targeting moiety) joined to an anti-cancer agent (payload) via a cleavable chemical linker optimized for controlled release of payload drug inside cancer cells. HDCs are small molecules that do not rely on cell surface antigens for targeting and internalization for cellular uptake. Upon cell entry, typically via small molecule uptake (passive diffusion and possibly active transporter), HDCs can bind intracellular Hsp90 that is present in significant amounts in a wide range of cancers.

Figure 5: The HDC Program: using the preferential retention of Hsp90 inhibitors by tumor cells to selectively deliver anti-cancer payloads.



Upon systemic administration HDCs have the potential to achieve significantly higher concentrations of active anticancer drugs (payloads) in tumors than the concentrations achieved when such anticancer drugs are given in their original, unconjugated form. It is important to note that such high concentrations are sustained over prolonged periods of time, thus significantly increasing the exposure of tumors to the anticancer drug relative to the exposure that can be achieved when such anticancer drugs are given in their original, unconjugated form.

In October 2013, we announced the publication of the first key patent application covering our proprietary HDC technology, which includes composition of matter claims covering HDC compounds, methods for identifying therapeutically effective compounds, and methods of use against a wide range of diseases and conditions. Any resulting patent, if issued, would expire no earlier than 2034.

Our lead drug candidate from our HDC Program is STA-12-8666, a conjugate of an Hsp90 inhibitor bound to SN-38, the highly potent active metabolite of the widely used chemotherapy irinotecan. Several factors led to the choice of SN-38 as an HDC payload:

- SN-38 has a well-established pharmacological profile;
- in humans, the metabolic conversion of irinotecan to active SN-38 is a highly complex and relatively inefficient process, subject to a high degree of inter-individual variability and low conversion rates that combine to restrict active drug bioavailability;
- SN-38 is one of the most potent payloads which has been widely used in novel drug delivery technology development; and
- SN-38 is relatively small with a flat chemical structure, which may facilitate passive diffusion

These issues of variability, bioavailability and solubility have previously stimulated considerable interest in utilizing irinotecan and/or SN-38 in other delivery formulations intended to improve drug pharmacokinetics and therapeutic activity. With STA-12-8666, our team has sought to leverage the preferential accumulation of Hsp90 inhibitors in tumors to selectively deliver SN-38 and address these issues.

Preclinical results generated to date for STA-12-8666 illustrate the differentiated profile of STA-12-8666 as compared to irinotecan. Highlights of these results include:

- *Favorable biodistribution.* STA-12-8666 demonstrates prolonged SN-38 activity following a single dose. In addition, STA-12-8666 and its components, including SN-38, have been shown to preferentially persist in tumors as compared to irinotecan. Detectable amounts of SN-38 in tumors are observed 5 days following STA-12-8666 administration, whereas levels of SN-38 declined rapidly below quantifiable limits by 72 hours with irinotecan administration in MDA-MB231 tumor bearing mice.

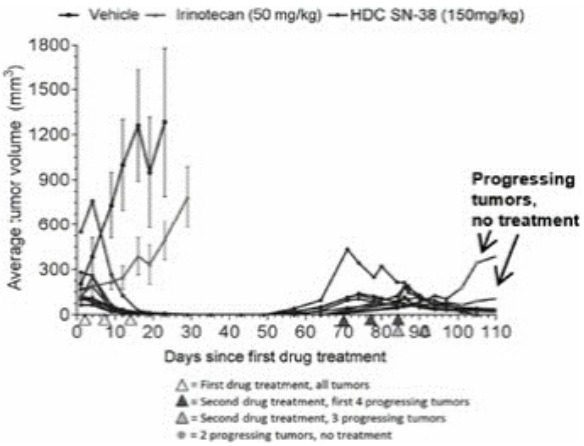
- *Efficacy in a broad range of tumors.* STA-12-8666 has been tested in more than a dozen tumor models where it has been shown to be superior to irinotecan at the equivalent doses and at their respective maximum tolerated doses (MTDs). In addition, STA-12-8666 has also been shown to be superior to the combination of irinotecan and a potent Hsp90 inhibitor in a model of small cell lung cancer (SCLC) at MTD.

- *Durable efficacy in aggressive tumor models.* STA-12-8666 has been shown to induce durable complete responses in *in vivo* models of melanoma, NSCLC, and other solid tumors.

- *Improved tolerability.* In animal toxicology studies conducted to date, STA-12-8666 has also shown an improved tolerability profile as compared to irinotecan.

Importantly, STA-12-8666 has also demonstrated sustained efficacy in chemo-resistant preclinical models of difficult to treat solid tumors. Of note, STA-12-8666 has demonstrated significant activity in patient derived xenograft (PDX) models of pancreatic cancer and SCLC. In results obtained in collaboration with investigators at Fox Chase Cancer Center, STA-12-8666 demonstrated durable antitumor activity in a resistant pancreatic patient derived xenograft (PDX) preclinical model.

Figure 6: Durable antitumor activity of STA-12-8666 in chemo-resistant pancreatic Patient Derived Xenografts (PDX).



Interestingly, tumors which progressed >1 month following last treatment rapidly respond to a second course of treatment, suggesting limited resistance to STA-12-8666; tumors which progressed received no additional STA-12-8666 treatment.

Taken together, we believe that the results obtained to date with STA-12-8666 have demonstrated its potential to be a viable clinical candidate and provide initial proof of concept in our HDC Program. In the first quarter of 2015, we advanced STA-12-8666 into IND enabling studies. We expect to identify one additional HDC drug candidate to nominate for preclinical development in 2016.

Financial Operations Overview

Revenue

We have not yet generated any product revenue and may never do so. Our revenues to date have been generated primarily through our former collaboration and license agreements. The terms of these agreements included payment to us of upfront license fees, milestone payments, research and development cost sharing and royalties. We will seek to generate revenue from product sales and from future collaborative or strategic relationships. In the future, we expect any revenue we generate will fluctuate from quarter-to-quarter as a result of the timing and amount of payments received and expenses incurred under future collaborations or strategic relationships, if consummated, and the amount and timing of payments we receive upon the sale of our drug candidates, to the extent any are successfully commercialized.

Research and Development

Research and development expense consists of costs incurred in connection with developing and advancing our drug discovery technology and identifying and developing our drug candidates. We charge all research and development expenses to operations as incurred.

Our research and development expense consists of:

- internal costs associated with research, preclinical and clinical activities;
- payments to third party contract research organizations, investigative sites and consultants in connection with our preclinical and clinical development programs;
- costs associated with drug formulation and supply of drugs for clinical trials;
- personnel related expenses, including salaries, bonuses, stock-based compensation, benefits and travel; and
- overhead expenses, including rent and maintenance of our facilities, and laboratory and other supplies.

We do not know if we will be successful in developing any of our drug candidates. We believe that accurately projecting total program-specific expenses through commercialization is not possible at this time. The timing and amount of these expenses will depend upon the costs associated with current and potential future clinical trials of our drug candidates, and any expansion of our research and development organization, regulatory requirements, advancement of our preclinical programs and product manufacturing costs, many of which cannot be determined with accuracy at this time based on the stage of development of our drug candidates. This is due to the numerous risks and uncertainties associated with the duration and cost of clinical trials, which vary significantly over the life of a project as a result of unanticipated events arising during clinical development, including with respect to:

- the number of clinical sites included in the trial;
- the length of time required to enroll suitable subjects;
- the number of subjects that ultimately participate in the trials; and
- the efficacy and safety results of our clinical trials and the number of additional required clinical trials.

Our expenditures are subject to additional uncertainties, including the terms and timing of regulatory approvals. In addition, we may obtain unexpected or unfavorable results from our clinical trials. We may elect to discontinue, delay or modify clinical trials of some drug candidates or focus on others. A change in the outcome of any of the foregoing variables in the development of a drug candidate could mean a significant change in the costs and timing associated with the development of that drug candidate. For example, if the FDA or other regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in any of our clinical trials, we would be required to expend significant additional financial resources and time on the completion of clinical development. Additionally, future commercial and regulatory factors beyond our control will evolve and therefore impact our clinical development programs and plans over time.

We anticipate that overall research and development costs in support of the ganetespib program will decrease significantly in 2016 following the termination of the GALAXY-2 trial and subsequent restructuring in the fourth quarter of 2015. This decrease will be offset, in part, by research and development costs in support of developing our HDC pipeline.

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

General and Administrative

General and administrative expense consists primarily of salaries, bonuses and related expenses for personnel in executive, finance, business and commercial development, investor and medical community relations, human resources and administrative functions. Other costs include stock-based compensation costs, directors' and officers' liability insurance premiums, legal costs of pursuing patent protection of our intellectual property, fees for general legal, accounting, public-company requirements and compliance, and other professional services, as well as overhead-related costs not otherwise included in research and development. We anticipate that general and administrative expense will remain at current levels during the remainder of 2015 and will decrease in 2016 following the termination of the GALAXY-2 trial and subsequent restructuring in the fourth quarter of 2015.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and the

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. We are required to make estimates and judgments with respect to contract research accruals, the recoverability of long-lived assets, measurement of stock-based compensation and the periods of performance under collaboration and license agreements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources and the reported amounts of revenues and expenses. Actual results may differ from these estimates under different assumptions or conditions.

You should read the following discussion of our reported financial results in conjunction with the critical accounting policies disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission on March 12, 2015. There have been no significant changes to our critical accounting policies in 2015 to-date.

Consolidated Results of Operations

Three Months Ended September 30, 2015 Compared with Three Months Ended September 30, 2014

Revenues

There were no revenues in each of 2015 and 2014.

Research and Development Expense

	Three Months Ended September 30,		2015 to 2014 Change	
	2015	2014	$	%
	(dollars in millions)			
Clinical-stage drug candidates				
Ganetespib	$ 11.8	$ 13.9	$ (2.1)	(15)%
STA-12-8666	1.8	—	1.8	—%
Elesclomol	—	0.1	(0.1)	(100)%
Total clinical-stage drug candidates	13.6	14.0	(0.4)	(3)%
Early stage programs and other	0.8	2.2	(1.4)	(64)%
Total research and development	$ 14.4	$ 16.2	$ (1.8)	(11)%

Ganetespib

In 2015 as compared to 2014, costs incurred under our ganetespib program decreased by $2.1 million, including decreases of $1.1 million in personnel-related costs, related research supplies, operational overhead and stock compensation resulting from a lower level of FTEs, and $1.0 million in external costs. Decreases in external costs principally resulted from lower costs incurred in 2015 in connection with the wind-down of the GALAXY-1 trial, the ENCHANT-1 trial and other company-sponsored trials. External costs incurred in the third quarter of 2015 in connection with the GALAXY-2 trial were comparable to the level of costs incurred in the same period in 2014. We anticipate that costs under the ganetespib program will decrease significantly in 2016 following the termination of the GALAXY-2 trial and subsequent restructuring in the fourth quarter of 2015.

STA-12-8666

In 2015 as compared to 2014, costs incurred under our STA-12-8666 program increased by $1.8 million, including increases of $0.8 million in personnel-related costs, related research supplies, operational overhead and stock compensation, and $1.0 million in external costs. In the first quarter of 2015, we advanced STA-12-8666 into IND-enabling studies. We anticipate that costs under the STA-12-8666 program will remain at current levels for the remainder of 2015 and will decrease in 2016. This anticipated decrease is due to the expected lower level of external costs to be incurred in 2016, as compared to 2015, following the completion of pre-clinical development.

Elesclomol

In 2015 as compared to 2014, costs incurred under our elesclomol program decreased by $0.1 million, principally due to a decrease of $0.1 million in external costs related to the pace of the ongoing clinical trial in ovarian cancer. We will not be investing future resources in the elesclomol program.

Early-stage programs

In 2015 as compared to 2014, costs incurred under our early stage programs decreased by $1.4 million, including decreases in personnel-related costs, related research supplies, operational overhead and stock compensation. In 2015, we advanced our lead HDC candidate, STA-12-8666, into IND-enabling studies. We anticipate that our HDC discovery costs for the remainder of 2015 and in 2016 will remain at current levels.

General and Administrative Expense

	Three Months Ended September 30,		2015 to 2014 Change	
	2015	2014	$	%
	(dollars in millions)			
General and administrative	$ 3.0	$ 3.2	$ (0.2)	(6)%

In 2015 as compared to 2014, general and administrative expenses decreased by $0.2 million, including $0.3 million in net decreases in personnel-related costs, related overhead and stock compensation, offset by $0.1 million in net increases in external professional fees. We anticipate that general and administrative expense will remain at current levels for the remainder of 2015 and will decrease in 2016 following the termination of the GALAXY-2 trial and subsequent restructuring in the fourth quarter of 2015.

Interest Expense, net

	Three Months Ended September 30,		2015 to 2014 Change	
	2015	2014	$	%
	(dollars in millions)			
Interest expense, net	$ 0.2	$ 0.5	$ (0.3)	(60)%

In 2015 as compared to 2014, interest expense decreased due to principal payments under the GECC Term Loan and the original three-year $2.0 million loan under the Oxford Term Loan. We anticipate that interest expense will continue to decrease as a result of scheduled loan maturities in June 2016.

Nine Months Ended September 30, 2015 Compared with Nine Months Ended September 30, 2014

Revenues

There were no revenues in each of 2015 and 2014.

Research and Development Expense

	Nine Months Ended September 30,		2015 to 2014 Change	
	2015	2014	$	%
	(dollars in millions)			
Clinical-stage drug candidates				
Ganetespib	$ 38.4	$ 44.0	$ (5.6)	(13)%
STA-12-8666	5.6	—	5.6	—%
Elesclomol	0.2	0.4	(0.2)	(50)%
Total clinical-stage drug candidates	44.2	44.4	(0.2)	—%
CRACM	—	0.2	(0.2)	(100)%
Early stage programs and other	2.8	8.0	(5.2)	(65)%
Total research and development	$ 47.0	$ 52.6	$ (5.6)	(11)%

Ganetespib

In 2015 as compared to 2014, costs incurred under our ganetespib program decreased by $5.6 million, including decreases of $1.7 million in personnel-related costs, related research supplies, operational overhead and stock compensation resulting from a lower level of FTEs, and $3.9 million in external costs. Decreases in external costs principally resulted from lower costs incurred in 2015 in connection with the wind-down of the GALAXY-1 trial, the ENCHANT-1 trial and other company-sponsored trials, and costs that were incurred in the first quarter of 2014 for validation manufacturing that were not incurred in 2015. These lower costs were partially offset by higher costs incurred in 2015 in connection with the GALAXY-2 trial and the I-SPY-2 breast cancer trial that commenced enrollment in October 2014.

STA-12-8666

In 2015 as compared to 2014, costs incurred under our STA-12-8666 program increased by $5.6 million, including increases of $3.0 million for personnel-related costs, related research supplies, operational overhead and stock compensation, and $2.6 million for external costs. In the first quarter of 2015, we commenced pre-clinical development of our lead HDC candidate, STA-12-8666.

Elesclomol

In 2015 as compared to 2014, costs incurred under our elesclomol program decreased by $0.2 million including decreases of $0.1 million for personnel-related costs, related research supplies, operational overhead and stock compensation, and $0.1 million for external costs.

CRACM

In 2015 as compared to 2014, costs incurred under our CRACM program decreased by $0.2 million in personnel-related costs, related research supplies, operational overhead and stock compensation. In May 2014, we entered into a license arrangement with PRCL under which we may conduct preclinical research activities in the future that would be reimbursed by PRCL.

Early-stage programs

In 2015 as compared to 2014, costs incurred under our early stage programs decreased by $5.2 million, including decreases of $5.0 million in personnel-related costs, related research supplies, operational overhead and stock compensation, and $0.2 million in external costs. In 2015, we advanced our lead HDC candidate, STA-12-8666, into IND-enabling studies.

General and Administrative Expense

	Nine Months Ended September 30,		2015 to 2014 Change	
	2015	2014	$	%
	(dollars in millions)			
General and administrative	$ 10.3	$ 11.5	$ (1.2)	(10)%

In 2015 as compared to 2014, general and administrative expenses decreased by $1.2 million, including $1.6 million in net decreases in personnel-related costs, related overhead and stock compensation, offset by $0.4 million in net increases in external professional fees. The $1.6 million net decrease in internal costs was principally in connection with approximately $2.0 million in lower net compensation costs related to management changes in the position of President and Chief Executive Officer. In the first quarter of 2014, Safi Bahcall resigned and we recognized approximately $2.0 million in costs in connection with his separation agreement that were not incurred in 2015, including approximately $1.0 million in cash compensation being paid over two years and approximately $1.0 million in non-cash stock compensation expense related to the accelerated vesting and extended vesting period of certain of his stock options

Interest Expense, net

	Nine Months Ended September 30,		2015 to 2014 Change	
	2015	2014	$	%
	(dollars in millions)			
Interest expense, net	$ 0.9	$ 1.7	$ (0.8)	(47)%

In 2015 as compared to 2014, interest expense decreased due to principal payments under the GECC Term Loan and the original three-year $2.0 million loan under the Oxford Term Loan.

Liquidity and Capital Resources

Cash Flows

The following table provides information regarding our cash position, cash flows and capital expenditures for the nine months ended September 30, 2015 and 2014.

	Nine Months Ended September 30,	
	2015	2014
	(dollars in millions)	
Cash, cash equivalents and marketable securities	$ 88.3	$ 119.3
Working capital	59.6	89.2
Cash flows (used in) provided by:		
Operating activities	(52.1)	(59.7)
Investing activities	8.9	(7.9)
Financing activities	42.7	87.6

Our operating activities used cash of $52.1 million and $59.7 million in 2015 and 2014, respectively. The use of cash in these periods principally resulted from our losses from operations, as adjusted for non-cash charges for depreciation and stock-based compensation, and changes in our working capital accounts.

In 2015, our investing activities provided cash of $8.9 million, including the purchases of marketable securities in the amount of $92.5 million, offset by the sales and maturities of marketable securities in our investment portfolio in the amount of $101.4 million. In 2014, our investing activities used cash of $7.9 million, including the purchases of marketable securities in the amount of $68.5 million and purchases of property and equipment in the amount of $0.1 million,, offset by maturities of marketable securities in our investment portfolio in the amount of $60.7 million.

Our financing activities provided cash of $42.7 million and $87.6 million in 2015 and 2014, respectively. In 2015, we raised approximately $49.6 million in net cash proceeds, including $41.9 million in net proceeds from the sale of our common stock in a public offering and $7.7 million in net proceeds from sales of our common stock under the at-the-market issuance sales agreement with MLV. In 2014, we raised approximately $94.8 million in net cash proceeds, including $89.0 million in net proceeds from sales of our common stock under the at-the-market issuance sales agreements with MLV, $5.0 million in a registered direct offering to an affiliate of a director who is our largest stockholder and $0.8 million from the exercise of common stock options. We repaid $6.9 million and $7.2 million in principal payments in 2015 and 2014, respectively, in connection with the GECC Term Loan and the Oxford Term Loan.

Contractual Obligations and Commitments

As of September 30, 2015, there were no material changes to the contractual obligations and commitments included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Public Offering

In April 2015, we raised approximately $44.3 million in gross proceeds from the sale of an aggregate 25,300,000 shares of our common stock in a public offering at a public offering price of $1.75 per share, including 3,300,000 shares upon the full exercise of the underwriters' option to purchase additional shares. Certain of our directors and their affiliates, including our largest stockholder, purchased an aggregate of 7,257,142 shares in this offering at the public offering price. The net offering proceeds to us were approximately $41.9 million after deducting underwriters' discounts, fees and commissions, and other offering expenses payable by us.

At-The-Market Issuance Sales Agreements

MLV & Co. LLC

In July 2014, we entered into an at-the-market issuance sales agreement (July 2014 Sales Agreement) with MLV, pursuant to which issued and sold shares of our common stock from time to time, at our option, through MLV as our sales agent. Sales of common stock through MLV were made pursuant to an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended, (the Securities Act). MLV used commercially reasonable efforts to sell the common stock based upon our instructions (including any price, time or size limits or other customary parameters or conditions that we imposed). All shares were sold pursuant to an effective shelf registration statement on Form S-3 (File No. 333-187242). We paid MLV a commission of up to 3% of the gross proceeds. In October 2015, we terminated the July 2014 Sales Agreement.

In July 2014, we reserved up to $50 million under our shelf registration statement for issuance under the July 2014 Sales Agreement. In the third quarter of 2014, we sold an aggregate of 5,679,685 shares of common stock pursuant to the July 2014 Sales Agreement for an aggregate of approximately $23.0 million in gross proceeds at an average selling price of $4.05 per share. Net proceeds to us were approximately $22.5 million after deducting commissions and other transaction costs.

In the third quarter of 2015, we sold an aggregate of 3,614,511 shares of common stock pursuant to the July 2014 Sales Agreement for an aggregate of approximately $7.9 million in gross proceeds at an average selling price of $2.19 per share. Net proceeds to us were approximately $7.7 million after deducting commissions and other transaction costs.

Cowen and Co. LLC

In October 2015, we entered into an at-the-market issuance sales agreement (October 2015 Sales Agreement), with Cowen and Company, LLC (Cowen), pursuant to which we may issue and sell shares of our common stock, having an aggregate offering price of up to $100 million, from time to time, at our option, through Cowen as our sales agent. Sales of common stock through Cowen may be made by any method that is deemed an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended, including by means of ordinary brokers' transactions at market prices, in block transactions or as otherwise agreed by us and Cowen. Subject to the terms and conditions of the Sales Agreement, Cowen will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the common stock based upon our instructions (including any price, time or size limits or other customary parameters or conditions we may impose). We are not obligated to make any sales of our common stock under the Sales Agreement. Any shares sold will be sold pursuant to an effective shelf registration statement on Form S-3 (file no. 333-206135). We will pay Cowen a commission of up to 3% of the gross proceeds. The October 2015 Sales Agreement may be terminated by us at any time upon 10 day's notice. No shares have been sold to-date under the October 2015 Sales Agreement.

Term Loans

General Electric Capital Corporation (GECC)

In March 2013, we amended our loan and security agreement entered into in September 2010 with GECC and one other lender, or the GECC Term Loan, and obtained $12.9 million in additional loan funding and, as a result, increased the principal balance to $22.5 million at March 31, 2013. Interest on the borrowings under the GECC Term Loan remains at the annual rate of 9.75%. We made interest-only payments for the period from April 2013 through December 2013. In January 2014, we began making 30 equal monthly payments of principal under the GECC Term Loan. During the period from July 2012 through March 2013, we made 9 equal monthly payments of principal under the GECC Term Loan. For the periods from April 2013 through December 2013 and prior to July 2012 we made interest-only payments. We are obligated to pay an exit fee of $788,000 at the time of the final principal payment. (See Note 9 of the accompanying condensed consolidated financial statements.)

Oxford Finance Corporation (Oxford)

In March 2011, we entered into a loan and security agreement with Oxford and received $2.0 million in loan funding, and in December 2012, we entered into a loan modification agreement, as amended, under which we could elect to draw down up to an additional $0.6 million in equipment financing until June 30, 2013, which we collectively refer to herein as the Oxford Term Loan. As of June 30, 2013, the Company had fully utilized the $0.6 million in additional equipment financing. Interest on the borrowings under the Oxford Term Loan accrues at an annual rate of 13.35%. In May 2011, we began making 36 equal monthly payments of principal plus accrued interest on the initial $2.0 million outstanding balance that was fully paid in April 2014. We continue to make equal monthly payments of principal plus accrued interest on the $0.6 million in additional equipment financing. (See Note 9 of the accompanying condensed consolidated financial statements.)

Liquidity

Funding Requirements

We expect to continue to incur significant operating expenses and capital expenditures and anticipate that our expenses and losses may increase in the foreseeable future as we:

- complete the ongoing investigator-sponsored clinical trials of ganetespib, including the I-SPY 2 trial;
- further analyze the results of the terminated GALAXY-2 trial and determine our future strategy for ganetespib in lung cancer and other cancers, if any;
- complete preclinical development of STA-12-8666, our first HDC drug candidate, and initiate clinical trials of this compound, if supported by the preclinical data;
- advance an HDC drug candidate with a different anti-cancer payload than STA-12-8666 into preclinical development and initiate clinical trials, if supported by preclinical data;
- discover, develop, and seek regulatory approval for backups of our current drug candidates and other new drug candidates;
- identify additional compounds or drug candidates and acquire rights from third parties to those compounds or drug candidates through licenses, acquisitions or other means; and
- commercialize any approved drug candidates.

Our funding requirements will depend on a number of factors, including:

- the progress and results of our ongoing clinical trials of ganetespib and any additional clinical trials we may initiate in the future based on the results of these clinical trials;
- the results of our preclinical studies of STA-12-8666 and any additional Hsp90 inhibitors or other HDC drug candidates that we may develop, and our decision to initiate clinical trials, if supported by the preclinical and other test results;
- uncertainty associated with costs, timing, and outcome of regulatory review of our drug candidates;
- the scope, progress, results, and cost of preclinical development, clinical trials, and regulatory review of any new drug candidates we may discover or acquire;
- the costs of preparing, filing, and prosecuting patent applications and maintaining, enforcing, and defending intellectual property-related claims;
- our ability to establish additional strategic collaborations and licensing or other arrangements on terms favorable to us;
- the costs to satisfy our obligations under potential future collaborations;
- the timing, receipt, and amount of sales or royalties, if any, from ganetespib, elesclomol, STA-12-8666, other drug candidates from our HDC program and our other potential products; and
- whether we are able to receive regulatory approval for and commercialize ganetespib or any of our other drug candidates.

As of September 30, 2015, we had $88.3 million in cash, cash equivalents and marketable securities, a decrease of $9.4 million from $97.7 million as of December 31, 2014. This decrease principally reflects $49.6 million that we raised in net cash proceeds, including $41.9 million in net proceeds from the sale of our common stock in a public offering and $7.7 million in net proceeds from sales of our common stock under the at-the-market issuance sales agreement with MLV, offset by cash used in operations and term loan principal payments as discussed under “Cash Flows” above.

We have not yet generated any product revenue and may never do so. We expect our continuing operations to use cash over the next several years and such cash use may increase significantly from year to year. While we expect to pursue partnership discussions relating to our programs, there is no guarantee we will be successful in entering into any such partnership agreements on commercially reasonable terms, if at all, or that we will receive any other revenue through these partnership efforts in the future.

We expect our $88.3 million in cash resources as of September 30, 2015, along with lower operating expenses following the termination of the GALAXY-2 trial and subsequent restructuring in the fourth quarter of 2015, will be sufficient to fund operations at least through the first half of 2017. This estimate assumes no additional funding from new partnership agreements, equity financings or further sales

under our ATM. The timing and nature of certain activities contemplated for the remainder of 2015 and 2016 will be conducted subject to the availability of sufficient financial resources. We have an effective shelf registration statement on Form S-3 (File No. 333-206135) under which we have up to $300 million in securities available for future issuance, including up to $100 million in shares of common stock that we have reserved and that may be offered and sold under the October 2015 Sales Agreement with Cowen.

We may require significant additional funds earlier than we currently expect in order to conduct additional clinical trials and conduct additional preclinical and discovery activities. Because of the numerous risks and uncertainties associated with the development and commercialization of our drug candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials.

To the extent our capital resources are insufficient to meet our future operating and capital requirements, we will need to finance our future cash needs through public or private equity offerings, collaboration agreements, debt financings or licensing arrangements. However, additional funding may not be available to us on acceptable terms or at all. In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. For example, if we raise additional funds by issuing equity securities or by selling convertible debt securities, further dilution to our existing stockholders may result. If we raise funds through collaboration agreements or licensing arrangements, we may be required to relinquish rights to our technologies or drug candidates, or grant licenses on terms that are not favorable to us.

If adequate funds are not available, we may be required to terminate, significantly modify or delay our research and development programs, reduce our planned commercialization efforts, or obtain funds through collaborators that may require us to relinquish rights to our technologies or drug candidates that we might otherwise seek to develop or commercialize independently. Conversely, we may elect to raise additional funds even before we need them if the conditions for raising capital are favorable due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Recent Accounting Pronouncements

Refer to Note 2, “Summary of Significant Accounting Policies,” in the accompanying notes to the condensed consolidated financial statements for a discussion of recent accounting pronouncements.

Certain Factors That May Affect Future Results of Operations

The Securities and Exchange Commission, or SEC, encourages companies to disclose forward-looking information so that investors can better understand a company’s future prospects and make informed investment decisions. This Quarterly Report on Form 10-Q contains such “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995.

Words such as “may,” “anticipate,” “believes,” “continue” “could,” “estimate,” “expects,” “intends,” “likely,” “plans,” “schedule,” “seek,” “target,” and “will” and words and terms of similar substance used in connection with any discussion of future operating or financial performance, identify forward-looking statements. All forward-looking statements are management’s present expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those described in the forward-looking statements. These risks include, but are not limited to those set forth under the heading “Risk Factors” contained in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014 that we have filed with the SEC.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Quarterly Report on Form 10-Q might not occur. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to Synta or to any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Sensitivity. As of September 30, 2015, we had cash, cash equivalents and marketable securities of $88.3 million consisting of cash deposited in a highly rated financial institution in the United States and in a short-term U.S. Treasury money market fund, as well as high-grade corporate bonds and commercial paper. The primary objective of our investment activities is to preserve our capital for the purpose of funding operations and we do not enter into investments for trading or speculative purposes. We believe that we do not have material exposure to high-risk investments such as mortgage-backed securities, auction rate securities or other special investment vehicles within our money-market fund investments. We believe that we do not have any material exposure to changes in fair

value as a result of changes in interest rates. Declines in interest rates, however, would reduce future investment income.

Capital Market Risk. We currently have no product revenues and depend on funds raised through other sources. One possible source of funding is through further equity offerings. Our ability to raise funds in this manner depends upon capital market forces affecting our stock price.

Item 4. Controls and Procedures.

(a) *Evaluation of Disclosure Controls and Procedures.* Our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in Internal Controls.* There were no changes in our internal control over financial reporting, identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, except for the addition of the following risk factors:

Our inability to continue the development of ganetespib would significantly affect our business prospects.

On October 20, 2015, we announced that we had decided to terminate for futility the Phase 3 GALAXY-2 trial of ganetespib in combination with docetaxel in the second-line treatment of patients with advanced non-small cell lung adenocarcinoma. We have invested a significant portion of our time and financial resources on the research and development of ganetespib. We have spent approximately $38.4 million, $56.8 million and $64.5 million on developing ganetespib during the nine months ended September 30, 2015 and the years ended December 31, 2014 and 2013, respectively. We currently intend to continue to support key ongoing investigator-sponsored studies of ganetespib, while we determine the appropriate path forward for ganetespib. There can be no assurances that we will continue the development of ganetespib in the future or that ganetespib will prove effective and be approved for treating any form of cancer. Our inability to continue the development of ganetespib would significantly affect our business prospects.

We may experience difficulties, delays or unexpected costs and not achieve anticipated benefits and savings from our recently announced corporate restructuring plan, and our restructuring activities may adversely affect our business.

Following the termination for futility of the Phase 3 GALAXY-2 trial of ganetespib and to better align resources with our operational needs going forward, we announced the reduction of our workforce by approximately 60% to 33 full time employees. This reduction in force will result in the loss of numerous long-term employees, the loss of institutional knowledge and expertise and the reallocation of certain job responsibilities, all of which could adversely affect operational efficiencies, employee performance and retention. To the extent that we are unable to effectively reallocate employee responsibilities, retain key employees, establish and maintain agreements with competent third-party contractors on terms that are acceptable to us, or effectively manage the work performed by any retained third-party contractors, our ability to advance our business or product candidates may be significantly impaired and our strategic goals and our financial results may be adversely affected.

Restructuring plans may yield unintended consequences, such as attrition beyond our intended reduction in workforce and reduced employee morale, which may cause our employees who were not affected by the reduction in workforce to seek alternate employment. Furthermore, employees whose positions will be eliminated in connection with these restructuring plans may seek future employment with our competitors. Although all our employees are required to sign a confidentiality agreement with us at the time of hire, we cannot assure you that the confidential nature of our proprietary information will be maintained in the course of such future employment. Additionally, as a result of our restructuring activities we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. If we cannot successfully manage the transition of our restructured operations, we may be unsuccessful in executing our business strategy, which would have a material adverse effect on our financial condition and results of operations.

Our stock price has declined significantly, which may result in the delisting of our common stock from The NASDAQ Global Market.

Our common stock is currently traded on The NASDAQ Global Market. Following the termination for futility of the Phase 3 GALAXY-2 trial our stock price has declined significantly. As of November 4, 2015, our closing stock price on The NASDAQ Global Market was $ 0.65 per share. The continued listing requirements of The NASDAQ Global Market requires a minimum closing bid price of $1.00, and if a listed company has a closing bid price of less than $1.00 for 30 consecutive trading days, the company may be subject to delisting proceedings. As of November 4, 2015, our closing bid price had been below $1.00 for ten consecutive trading days. If we continue below $1.00 for another 20 consecutive trading days, we will receive a notice from NASDAQ and will be provided an initial period of 180 calendar days to regain compliance. To regain compliance, the closing bid price of our common stock must be $1.00 per share or more for a minimum of ten consecutive trading days. If we do not regain compliance within this 180 calendar day period, we may be eligible for an additional 180 calendar day compliance period on The NASDAQ Capital Market. To qualify, we would be required to meet the continued listing requirement for market value of publicly held shares of $1 million and all other initial listing standards for The NASDAQ Capital Market, with the exception of the bid price requirement, and would need to provide written notice of the intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary. However, if we were not eligible for the additional 180 calendar day compliance period on The NASDAQ Capital Market, NASDAQ would notify us that our common stock would be subject to delisting. In the event of such a notification, we would be allowed to appeal NASDAQ's determination to delist our common stock, but there can be no assurance that NASDAQ would grant such a request for continued listing.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) *Exhibits*

10.1 Eleventh Amendment, dated as of July 10, 2015 to Loan and Security Agreement, dated as of September 30, 2010, as amended, by and among Synta Pharmaceuticals Corp., Synta Securities Corp., General Electric Capital Corporation, and MidCap Funding III, LLC.

10.2 Sales Agreement, dated October 16, 2015, by and between the Registrant and Cowen and Company, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed October 16, 2015 (File No. 001-33277).

31.1 Certification of principal executive officer under Section 302(a) of the Sarbanes-Oxley Act of 2002.

31.2 Certification of principal financial officer under Section 302(a) of the Sarbanes-Oxley Act of 2002.

32.1 Certifications of the principal executive officer and the principal financial officer under Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following materials from Synta Pharmaceuticals Corp.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Unaudited Condensed Consolidated Balance Sheets, (ii) the Unaudited Condensed Consolidated Statements of Operations, (iii) the Unaudited Condensed Consolidated Statements of Comprehensive Loss, (iv) the Unaudited Condensed Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Condensed Consolidated Financial Statements.

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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 thereunto duly authorized.

SYNTA PHARMACEUTICALS CORP.

Dated: November 5, 2015

/s/Chen Schor
Chen Schor
Chief Executive Officer and President
(principal executive officer)

Dated: November 5, 2015

/s/ Marc R. Schneebaum
Marc R. Schneebaum
Senior Vice President, Chief Financial Officer
(principal accounting and financial officer)

Exhibit 10.1

ELEVENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS ELEVENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "**Amendment**") is dated as of July 10, 2015 and is effective as of the Amendment Effective Date (as defined in Section 6), by and among **SYNTA PHARMACEUTICALS CORP**., a Delaware corporation ("**Borrower**"), **SYNTA SECURITIES CORP**., a Massachusetts corporation ("**Guarantor**"; together with the Borrower, each a "**Loan Party**" and, collectively, the "**Loan Parties**"), **GENERAL ELECTRIC CAPITAL CORPORATION**, a Delaware corporation, acting in its capacity as agent ("**Agent**") for the lenders under the Loan Agreement (as defined below) ("**Lenders**"), and the Lenders.

W I T N E S S E T H:

WHEREAS, the Loan Parties, Lenders and Agent are parties to that certain Loan and Security Agreement, dated as of September 30, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"; capitalized terms used herein have the meanings given to them in the Loan Agreement except as otherwise expressly defined herein), pursuant to which Lenders have agreed to provide to Borrower certain loans and other extensions of credit in accordance with the terms and conditions thereof; and

WHEREAS, the Loan Parties have requested that Agent and Lenders amend certain provisions of the Loan Agreement, and Agent and Lenders are willing to grant such requests in accordance with, and subject to, the terms and conditions set forth herein.

NOW, **THEREFORE**, in consideration of the premises, the covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Loan Parties, Lenders and Agent hereby agree as follows:

1. **Acknowledgment of Obligations**. Borrower hereby acknowledges, confirms and agrees that all Term Loans made prior to the date hereof, together with interest accrued and accruing thereon, and fees, costs, expenses and other charges owing by Borrower to Agent and Lenders under the Loan Agreement and the other Debt Documents, are unconditionally owing by Borrower to Agent and Lenders, without offset, defense or counterclaim of any kind, nature or description whatsoever except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditor's rights generally.

2. **Amendment to Loan Agreement**. Subject to the terms and conditions of this Amendment, including, without limitation, the conditions precedent to effectiveness set forth in Section 6 below, the Loan Agreement is hereby amended as follows:

(a) The clause (i) of Section 7.2 of the Loan Agreement, regarding obligations owing the trade creditors, is hereby amended by deleting such clause (i) in its entirety and substituting in lieu thereof the following:

(i) obligations owing to trade creditors incurred in the ordinary course of business and past due by more than 90 days in an amount not to exceed (x) $500,000 at all times prior to April 1, 2015, (y) $1,500,000 at all times during the period beginning on April 1,

2015 and continuing through and including May 31, 2015, and (z) $1,000,000 at all times on and after June 1, 2015, in each case of (x), (y), and (z) in the aggregate and for so long any such outstanding amounts in excess of $100,000 are subject to a good faith dispute by Borrower and such dispute is customary for arrangements of this type in Borrower's business.

3. **Acknowledgement**. The Loan Parties acknowledge and agree that (a) Agent and Lender's willingness to retroactively amend the Loan Agreement as set forth herein shall not be interpreted or deemed to constitute a course of conduct or course of dealing; and (b) Agent and Lenders shall continue to have all rights set forth in the Loan Agreement and other Debt Documents.

4. **No Other Consents or Amendments**. Except for the amendments set forth and referred to in Section 2 above, the Loan Agreement and the other Debt Documents shall remain unchanged and in full force and effect. Nothing in this Amendment is intended, or shall be construed, to constitute a novation or an accord and satisfaction of any of Borrower's or Guarantor's Obligations or to modify, affect or impair the perfection or continuity of Agent's security interests in, security titles to or other liens, for the benefit of itself and the Lenders, on any Collateral for the Obligations.

5. **Representations and Warranties**. To induce Agent and Lenders to enter into this Amendment, each Loan Party does hereby warrant, represent and covenant to Agent and Lenders that after giving effect to this Amendment (a) each representation or warranty of the Loan Parties set forth in the Loan Agreement is hereby restated and reaffirmed as true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the date hereof as if such representation or warranty were made on and as of the date hereof (except to the extent that any such representation or warranty expressly relates to a prior specific date or period), (b) no Default or Event of Default has occurred and is continuing as of the date hereof and (c) each Loan Party has the power and is duly authorized to enter into, deliver and perform this Amendment and this Amendment is the legal, valid and binding obligation of each Loan Party enforceable against each Loan Party in accordance with its terms.

6. **Conditions Precedent to Effectiveness of this Amendment**. This Amendment shall become effective as of April 1, 2015 (the "**Amendment Effective Date**") upon satisfaction of the following conditions:

(a) Agent shall notify Borrower in writing that Agent has received one or more counterparts of this Amendment duly executed and delivered by the Loan Parties, Agent and Lenders, in form and substance satisfactory to Agent and Lenders;

(b) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing; and

(c) Agent shall have received all other documents and instruments as Agent or any Lender may reasonably deem necessary or appropriate to effectuate the intent or purpose of this Amendment.

7. **Release**.

(a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and each Lender and their respective successors and assigns, and their respective present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, Lenders and all such other persons being hereinafter referred to collectively, as the "**Releasees**" and individually, as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Loan Party or any of its respective successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the Amendment Effective Date, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Loan Agreement or any of the other Debt Documents or transactions thereunder or related thereto.

(b) Each Loan Party understands, acknowledges and agrees that its release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

8. **Covenant Not To Sue**. Each Loan Party, on behalf of itself and its respective successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by the Loan Parties pursuant to Section 7 above. If any Loan Party or any of its respective successors, assigns or other legal representatives violates the foregoing covenant, each Loan Party, for itself and its successors, assigns and legal representatives, jointly and severally agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

9. **Advice of Counsel**. Each of the parties represents to each other party hereto that it has discussed this Amendment with its counsel.

10. **Severability of Provisions**. In case any provision of or obligation under this Amendment shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity,

legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

11. **Counterparts**. This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.

12. **GOVERNING LAW**. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS.

13. **Entire Agreement**. The Loan Agreement as and when amended through this Amendment embodies the entire agreement between the parties hereto relating to the subject matter thereof and supersedes all prior agreements, representations and understandings, if any, relating to the subject matter thereof.

14. **No Strict Construction, Etc**. The parties hereto have participated jointly in the negotiation and drafting of this Amendment. In the event an ambiguity or question of intent or interpretation arises, this Amendment shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Amendment. Time is of the essence for this Amendment.

15. **Costs and Expenses**. Loan Parties absolutely and unconditionally agree, jointly and severally, to pay or reimburse upon demand for all reasonable fees, costs and expenses incurred by Agent and the Lenders that are Lenders on the Closing Date in connection with the preparation, negotiation, execution and delivery of this Amendment and any other Debt Documents or other agreements prepared, negotiated, executed or delivered in connection with this Amendment or transactions contemplated hereby.

[**Signature Pages Follow**]

IN WITNESS WHEREOF, the parties hereto have caused this Eleventh Amendment to Loan and Security Agreement to be duly executed and delivered as of the day and year specified at the beginning hereof.

BORROWER:

SYNTA PHARMACEUTICALS CORP.

By: /s/ Marc R. Schneebaum
Name: Marc R. Schneebaum
Title: Senior Vice President and Chief Financial Officer

GUARANTOR:

SYNTA SECURITIES CORP.

By: /s/ Marc R. Schneebaum
Name: Marc R. Schneebaum
Title: Director and Treasurer

AGENT AND LENDER:

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ Alan Silbert
Name: Alan Silbert
Title: Its Duly Authorized Signatory

LENDER:

MIDCAP FUNDING III TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Ansellem (SEAL)
Name: Maurice Amsellem
Title Authorized Signatory

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, Chen Schor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synta Pharmaceuticals Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2015

/s/ Chen Schor
Chen Schor
Chief Executive Officer and President
(principal executive officer)

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, Marc R. Schneebaum, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synta Pharmaceuticals Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2015

/s/ Marc R. Schneebaum
Marc R. Schneebaum
Senior Vice President, Chief Financial Officer
(principal accounting and financial officer)

Exhibit 32.1

CERTIFICATIONS UNDER SECTION 906

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Synta Pharmaceuticals Corp., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended September 30, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2015

/s/ Chen Schor
Chen Schor
Chief Executive Officer and President
(principal executive officer)

Dated: November 5, 2015

/s/ Marc R. Schneebaum
Marc R. Schneebaum
Senior Vice President, Chief Financial Officer
(principal accounting and financial officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.