

# SYNDAX PHARMACEUTICALS INC

## FORM 10-Q (Quarterly Report)

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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended June 30, 2017

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: 001-37708

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**Syndax Pharmaceuticals, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**32-0162505**  
(IRS Employer  
Identification No.)

**35 Gatehouse Drive, Building D, Floor 3**  
**Waltham, Massachusetts**  
(Address of Principal Executive Offices)

**02451**  
(Zip Code)

**(781) 419-1400**  
(Registrant's Telephone Number, Including Area Code)

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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 (Section 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," or "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 August 10, 2017, there were 22,219,978 shares of the registrant's Common Stock, par value \$0.0001 per share, outstanding.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements and information within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which are subject to the “safe harbor” created by those sections. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “would,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “intend,” “project” or “continue,” or the negative or plural of these terms or other comparable terminology.

Forward-looking statements include, but are not limited to, statements about:

- our estimates regarding our expenses, future revenues, anticipated capital requirements and our needs for additional financing;
- the timing of the progress and receipt of data from the Phase 1b/2 clinical trials of entinostat in lung cancer, melanoma, microsatellite stable colorectal cancer, ovarian cancer, and triple negative breast cancer;
- the timing of the progress and receipt of data from the Phase 3 clinical trial of entinostat in advanced HR+, HER2- breast cancer;
- the timing of the progress and receipt of data from the Phase 1 clinical trial of SNDX-6352 and the potential use of SNDX-6352 to treat various cancer indications;
- the scope, timing of the commencement, progress and receipt of data from any other clinical trials that we and our collaborators may conduct;
- our ability to replicate results in future clinical trials;
- our expectations regarding the potential safety, efficacy or clinical utility of our product candidates;
- our ability to obtain and maintain regulatory approval for our product candidates and the timing or likelihood of regulatory filings and approvals for such candidates;
- the potential use of entinostat to treat additional tumor types, including head and neck, bladder and renal cells;
- our ability to maintain our licenses with Bayer Pharma AG, Kyowa Hakko Kirin Co., Ltd. and UCB Biopharma Sprl;
- the potential milestone and royalty payments under certain of our license agreements;
- the implementation of our strategic plans for our business and development of our product candidates;
- the scope of protection we establish and maintain for intellectual property rights covering our product candidates and our technology;
- the market adoption of our product candidates by physicians and patients; and
- developments relating to our competitors and our industry.

These statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this report in greater detail in the section titled “Risk Factors” and elsewhere in this report. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.

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**SYNDAX PHARMACEUTICALS, INC.**  
**(unaudited)**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(In thousands, except share and per share data)**

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 22,988	\$ 23,844
Restricted cash	101	151
Short-term investments	106,967	81,486
Prepaid expenses and other current assets	4,111	3,029
Total current assets	<u>134,167</u>	<u>108,510</u>
Property and equipment, net	260	260
Other assets	239	243
Total assets	<u>\$ 134,666</u>	<u>\$ 109,013</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,362	\$ 2,375
Accrued expenses and other current liabilities	6,923	6,771
Current portion of deferred revenue	1,220	1,220
Total current liabilities	<u>11,505</u>	<u>10,366</u>
Long-term liabilities:		
Deferred revenue, less current portion	13,610	14,220
Other long-term liabilities	214	288
Total long-term liabilities	<u>13,824</u>	<u>14,508</u>
Total liabilities	<u>25,329</u>	<u>24,874</u>
Commitments		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; 0 shares outstanding at June 30, 2017 and December 31, 2016	—	—
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 22,219,843 and 18,215,181 shares outstanding at June 30, 2017 and December 31, 2016, respectively	2	2
Additional paid-in capital	441,218	389,374
Accumulated other comprehensive income	36	56
Accumulated deficit	(331,919)	(305,293)
Total stockholders' equity	<u>109,337</u>	<u>84,139</u>
Total liabilities and stockholders' equity	<u>\$ 134,666</u>	<u>\$ 109,013</u>

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

**SYNDAX PHARMACEUTICALS, INC.**  
**(unaudited)**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(In thousands, except share and per share data)**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue:				
License fees	\$ 305	\$ 305	\$ 610	\$ 610
Total revenues	<u>305</u>	<u>305</u>	<u>610</u>	<u>610</u>
Operating expenses:				
Research and development	9,862	6,131	19,414	10,917
General and administrative	4,285	2,808	8,215	7,080
Total operating expenses	<u>14,147</u>	<u>8,939</u>	<u>27,629</u>	<u>17,997</u>
Loss from operations	(13,842)	(8,634)	(27,019)	(17,387)
Other income (expense):				
Interest income, net	290	276	549	420
Change in fair value of common stock warrant liability	—	—	—	(1,703)
Other expense	(87)	—	(140)	(18)
Total other income (expense)	<u>203</u>	<u>276</u>	<u>409</u>	<u>(1,301)</u>
Net loss	<u>\$ (13,639)</u>	<u>\$ (8,358)</u>	<u>\$ (26,610)</u>	<u>\$ (18,688)</u>
Other comprehensive (loss) income:				
Unrealized (losses) gains on marketable securities	\$ 38	\$ (36)	\$ (20)	\$ 164
Comprehensive loss	<u>\$ (13,601)</u>	<u>\$ (8,394)</u>	<u>\$ (26,630)</u>	<u>\$ (18,524)</u>
Net loss attributable to common stockholders	<u>\$ (13,639)</u>	<u>\$ (8,358)</u>	<u>\$ (26,610)</u>	<u>\$ (21,286)</u>
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.70)</u>	<u>\$ (0.47)</u>	<u>\$ (1.41)</u>	<u>\$ (1.91)</u>
Weighted-average number of common shares used to compute net loss per share attributable to common stockholders—basic and diluted	<u>19,497,581</u>	<u>17,769,514</u>	<u>18,868,089</u>	<u>11,155,525</u>

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

**SYNDAX PHARMACEUTICALS, INC.**  
**(unaudited)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (26,610)	\$ (18,688)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation, amortization and accretion	79	57
Stock-based compensation	2,825	2,969
Change in fair value of warrants and derivative	—	1,720
Other	8	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,082)	(394)
Accounts payable	800	(54)
Deferred revenue	(610)	(610)
Accrued expenses and other liabilities	122	1,707
Net cash (used in) provided by operating activities	<u>(24,468)</u>	<u>(13,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	—	(206)
Changes in restricted cash	50	—
Purchases of short-term investments	(87,989)	(109,932)
Proceeds from sales and maturities of short-term investments	62,447	62,377
Net cash used in investing activities	<u>(25,492)</u>	<u>(47,761)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock in initial public stock offering, net	—	52,318
Proceeds from issuance of common stock in follow on public stock offering, net	48,836	—
Proceeds from stock option exercises	269	—
Other	(1)	(2)
Net cash provided by financing activities	<u>49,104</u>	<u>52,316</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(856)	(8,738)
CASH AND CASH EQUIVALENTS—beginning of period	23,844	23,179
CASH AND CASH EQUIVALENTS—end of period	<u>\$ 22,988</u>	<u>\$ 14,441</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ —	\$ 2
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Property and equipment purchases included in accounts payable and accrued expenses	\$ 41	\$ 51
Accretion of dividends on convertible preferred stock	\$ —	\$ 2,598
Issuance costs included in accounts payable and accrued expenses	\$ 161	\$ 170
Vesting of restricted stock	\$ 59	\$ 21
Reclassification of common stock warrant liability to additional paid-in capital	\$ —	\$ 4,551
Conversion of preferred stock to common stock upon closing of initial public offering	\$ —	\$ 328,941

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



SYNDAX PHARMACEUTICALS, INC.  
(unaudited)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**1. Nature of Business**

Syndax Pharmaceuticals, Inc. (the Company) is a clinical stage biopharmaceutical company developing an innovative pipeline of combination therapies in multiple cancer indications. The Company's lead product candidate, entinostat, is currently being evaluated in a Phase 3 clinical trial for advanced hormone receptor positive, human epidermal growth factor receptor 2 negative breast cancer. The U.S. Food and Drug Administration granted Breakthrough Therapy designation to entinostat when given in combination with exemestane following positive results from the Company's ENCORE 301 Phase 2b clinical trial. Given its potential ability to block the function of immune suppressive cells in the tumor microenvironment, the Company is evaluating entinostat as a combination therapeutic in Phase 1b/2 clinical trials with Merck & Co., Inc. for non-small cell lung cancer, melanoma and microsatellite stable colorectal cancer; with Genentech, Inc. for triple negative breast cancer; and with Merck KGaA, Darmstadt, Germany, and Pfizer Inc. for ovarian cancer. The Company's second product candidate, SNDX-6352, is a monoclonal antibody that targets the colony stimulating factor-1 receptor to enhance the body's immune response against tumors that have shown sensitivity to immunotherapy. The Company is evaluating SNDX-6352 in a Phase 1 clinical trial. The Company plans to continue to leverage the technical and business expertise of our management team and scientific collaborators to license, acquire and develop additional cancer therapies to expand our pipeline.

In March 2016, the Company completed its initial public offering ("IPO") whereby it sold 4,809,475 shares of common stock at the initial public offering price of \$12.00 per share, which included 409,475 shares issued pursuant to the underwriters' partial exercise of their over-allotment option to purchase additional shares of common stock. The aggregate net proceeds received by the Company from the offering were \$50.5 million, net of underwriting discounts and commissions of \$4.0 million and offering expenses of \$3.1 million. Upon the closing of the IPO, all outstanding shares of the Company's outstanding convertible preferred stock converted into 12,872,551 shares of common stock; and the Company's outstanding warrant liability to purchase 357,840 shares of the Company's common stock valued at \$4.6 million was reclassified to additional paid-in capital. In connection with the closing of the Company's IPO, the Company filed an amended and restated certificate of incorporation and adopted amended and restated bylaws, both of which were approved by the Company's board of directors and stockholders on September 28, 2015 and February 24, 2016, respectively. Pursuant to the amended and restated certificate of incorporation, the Company is now authorized to issue 100,000,000 shares of common stock and 10,000,000 shares of preferred stock.

In May 2017, the Company completed a follow-on public offering whereby the Company sold 3,950,190 shares of common stock at a price of \$13.25 per share, which included 200,190 shares issued pursuant to the underwriters' partial exercise of their option to purchase additional shares of common stock. The aggregate net proceeds received by the Company from the offering were approximately \$48.7 million, net of underwriting discounts and commissions and estimated offering expenses payable by the Company.

Since its inception, the Company has devoted its efforts principally to research and development and raising capital. The Company is subject to risks common to companies in the development stage, including, but not limited to, successful development of therapeutics, obtaining additional funding, protection of proprietary therapeutics, compliance with government regulations, fluctuations in operating results, dependence on key personnel and collaborative partners, and risks associated with industry changes. The Company's long-term success is dependent upon its ability to successfully develop and market its product candidates, expand its oncology drug pipeline, earn revenue, obtain additional capital when needed, and ultimately, achieve profitable operations. The Company anticipates that it will be two or more years before either entinostat or SNDX-6352 is approved, if ever, and the Company begins to generate revenue from sales of either entinostat or SNDX-6352. Accordingly, management expects to incur substantial losses on the ongoing development of entinostat and SNDX-6352 and does not expect to achieve positive cash flow from operations for the foreseeable future, if ever. As a result, the Company will continue to require additional capital to move forward with its business plan. While certain amounts of this additional capital were raised in the past, there can be no assurance that funds necessary beyond these amounts will be available in amounts or on terms sufficient to ensure ongoing operations.

The Company's management believes that the cash, cash equivalents and short-term investments balances as of June 30, 2017 should enable the Company to maintain its planned operations for at least the next 12 months. The Company's ability to fund all of its planned operations internally beyond that date, including the completion of its ongoing and planned clinical trial activities, may be substantially dependent upon whether the Company can obtain sufficient funding on terms acceptable to the Company. Proceeds from additional capital transactions would allow the Company to accelerate and/or expand its planned research and development activities. In the event that sufficient funds are not available, the Company may be required to delay or reduce expenditures to conserve cash, which could involve scaling back or curtailing development and general and administrative activities.

**2. Basis of Presentation**

The Company has prepared the accompanying condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain information and footnote disclosures normally

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included in the Company's annual financial statements have been condensed or omitted. The interim unaudited condensed financial statements have been prepared on the same basis as the annual audited financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2017, and the results of operations and comprehensive loss for the three and six months ended June 30, 2017 and 2016, and cash flows for the six months ended June 30, 2017 and 2016. The results for the three and six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017, any other interim periods, or any future year or period. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2016, and the notes thereto, which are included in the Company's Annual Report on Form 10-K that was filed with the Securities and Exchange Commission ("SEC") on March 14, 2017.

In 2011, the Company established a wholly owned subsidiary in the United Kingdom. There have been no activities for this entity to date. In 2014, the Company established a wholly owned U.S. subsidiary, Syndax Securities Corporation. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

### 3. Summary of Significant Accounting Policies

#### *Significant Accounting Policies*

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the year ended December 31, 2016 and the notes thereto, which are included in the Company's Annual Report on Form 10-K that was filed with the SEC on March 14, 2017, have had no material changes during the six months ended June 30, 2017.

#### *Use of Estimates*

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of costs and expenses during the reporting period. The Company bases estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis. The Company's actual results may differ from these estimates under different assumptions or conditions.

#### *Other Assets*

Other assets consist of deferred issuance costs, long-term security deposits and noncurrent restricted cash. Deferred issuance costs consist primarily of direct incremental legal and accounting fees relating to the IPO and other public offerings, which are deferred until completion of the offering, at which time they are reclassified to additional paid-in capital as a reduction of the offering proceeds. In the event that the offering is terminated, all costs deferred will be expensed immediately. As of June 30, 2017, and 2016, the Company had no capitalized deferred issuance costs.

#### *Research and Development*

In instances where the Company has entered into cost-sharing arrangements, all research and development costs reimbursed by the collaborators are accounted for as reductions to research and development expense. For the six months ended June 30, 2017, the Company incurred \$1.0 million in external costs related to cost-sharing collaborations, of which \$0.5 million has been recorded as a reduction to research and development expense. No external costs related to cost-sharing collaborations were incurred for the six months ended June 30, 2016.

#### *Recently Issued and Adopted Accounting Pronouncements*

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"). ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. An entity should account for the effects of a modification unless all of the following are met: (1) the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the modified award is the same as the fair value (or calculated value or intrinsic value, if such an alternative measurement method is used) of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. ASU 2017-09 will be effective for the Company on January 1, 2018. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"). ASU 2016-18 requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when

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reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The statement of cash flows must also explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. ASU 2016-18 will be effective for the Company on January 1, 2018. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). ASU 2016-09 simplifies several aspects related to the accounting for share-based payment transactions, including the accounting for income taxes, forfeitures, statutory tax withholding requirements and classification on the statement of cash flows. The Company adopted ASU 2016-09 on January 1, 2017, and it did not have a material impact on its condensed consolidated balance sheet, condensed consolidated statement of comprehensive loss and condensed statement of cash flows. As part of the adoption of this guidance, the Company adopted a policy to account for forfeitures as they occur.

In February 2016, the FASB issued ASU 2016-02, “*Leases (Topic 842)*.” Under ASU 2016-02, lessees will be required to recognize, for all leases of 12 months or more, a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature of an entity’s leasing activities. This ASU is effective for public reporting companies for interim and annual periods beginning after December 15, 2018, with early adoption permitted, and must be adopted using a modified retrospective approach. The standard will be effective for the Company on January 1, 2019. The Company is in the process of evaluating the effect of the new guidance on the Company’s consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”). ASU 2014-09 supersedes the revenue recognition requirements of FASB Accounting Standards Codification (“ASC”) Topic 605, *Revenue Recognition* and most industry-specific guidance throughout the Accounting Standards Codification, resulting in the creation of FASB ASC Topic 606, *Revenue from Contracts with Customers*. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Adoption will be permitted using either a retrospective or modified retrospective approach. In July 2015, FASB voted to delay the effective date of the standard by one year to the first quarter of 2018 to provide companies sufficient time to implement the standard. Early adoption will be permitted. The Company plans to adopt ASU 2014-09 on January 1, 2018. In preparation for adoption of ASC 606, we have formed a project team and engaged a third-party professional services firm to assist us with our evaluation. We have completed the assessment phase and are working through the next phases of the adoption project. We are continuing to evaluate which transition approach to use and assessing the effect the adoption of ASC 606 will have on our results of operations, financial position and related disclosures. Our preliminary assessment is that the impact of ASC 606 on our revenue recognition is minimal, but it is too early to make a final determination of transition method and effect of adoption given the many facets of this adoption that need to be considered.

#### 4. Net Loss per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Because the Company has reported a net loss for all periods presented, diluted net loss per common share is the same as basic net loss per common share for those periods. The following table summarizes the computation of basic and diluted net loss per share attributable to common stockholders of the Company:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands, except share and per share data)			
<b>Numerator—basic and diluted:</b>				
Net loss	\$ (13,639)	\$ (8,358)	\$ (26,610)	\$ (18,688)
Accretion of convertible preferred stock dividends	—	—	—	(2,598)
Net loss attributable to common stockholders—basic and diluted	<u>\$ (13,639)</u>	<u>\$ (8,358)</u>	<u>\$ (26,610)</u>	<u>\$ (21,286)</u>
Net loss per share attributable to common stockholders—basic and diluted	<u>\$ (0.70)</u>	<u>\$ (0.47)</u>	<u>\$ (1.41)</u>	<u>\$ (1.91)</u>
<b>Denominator—basic and diluted:</b>				
Weighted-average common shares used to compute net loss per share—basic and diluted	<u>19,497,581</u>	<u>17,769,514</u>	<u>18,868,089</u>	<u>11,155,525</u>

The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares outstanding because such securities have an antidilutive impact due to losses reported (in common stock equivalent shares):

	June 30,	
	2017	2016
Options to purchase common stock	3,281,644	2,715,428
Common stock warrant	357,840	357,840
Restricted stock subject to future vesting	0	11,612

#### 5. Significant Agreements

##### UCB Biopharma Sprl

In July 2016, the Company entered into a license agreement (the “UCB License Agreement”) with UCB Biopharma Sprl (“UCB”), under which UCB granted to the Company a worldwide, sublicenseable, exclusive license to UCB6352, which the Company refers to as SNDX-6352, an IND-ready anti-CSF-1R monoclonal antibody. The Company made a nonrefundable upfront payment of \$5.0 million to UCB in the third quarter of 2016. Additionally, subject to the achievement of certain milestone events, the Company may be required to pay UCB up to \$119.5 million in one-time development and regulatory milestone payments over the term of the UCB License Agreement. In the event that the Company or any of its affiliates or sublicensees commercializes SNDX-6352, the Company will also be obligated to pay UCB low double-digit royalties on sales, subject to reduction in certain circumstances, as well as up to an aggregate of \$250.0 million in potential one-time, sales-based milestone payments based on achievement of certain annual sales thresholds. Under certain circumstances, the Company may be required to share a percentage of non-royalty income from sublicensees, subject to certain deductions, with UCB. The Company is solely responsible for the development and commercialization of SNDX-6352, except that UCB is performing a limited set of transitional chemistry, manufacturing and control tasks related to SNDX-6352. Each party may terminate the UCB License Agreement for the other party’s uncured material breach or insolvency; and the Company may terminate the UCB License Agreement at will at any time upon advance written notice to UCB. UCB may terminate the UCB License Agreement if the Company or any of its affiliates or sublicensees institutes a legal challenge to the validity, enforceability, or patentability of the licensed patent rights. Unless terminated earlier in accordance with its terms, the UCB License Agreement will continue on a country-by-country and product-by-product basis until the later of: (i) the expiration of all of the licensed patent rights in such country; (ii) the expiration of all regulatory exclusivity applicable to the product in such country; and (iii) 10 years from the date of the first commercial sale of the product in such country. As of the date of the UCB License Agreement, the asset acquired had no alternative future use nor had it reached a stage of technological feasibility. As the processes or activities that were acquired along with the license do not constitute a “business,” the transaction has been accounted for as an asset acquisition. As a result of these findings, the upfront payment of \$5.0 million has been recorded as research and development expense in the consolidated statement of comprehensive loss.

##### Kyowa Hakko Kirin Co., Ltd.

On December 19, 2014 (the “Effective Date”), the Company entered into a license agreement (the “KHK License Agreement”) with Kyowa Hakko Kirin Co., Ltd. (“KHK”), under which the Company granted KHK an exclusive license to develop and commercialize entinostat in Japan and Korea. Under the terms of the KHK License Agreement, the Company will be responsible for the manufacture and supply of the products during the development activities. In addition to the license and manufacturing obligations, the Company is obligated to provide KHK access to know-how and regulatory information the Company may develop over the life of the entinostat patent. Lastly, to the extent additional intellectual property is developed during the term of the

agreement, KHK will receive the right to the intellectual property when and if available. KHK will conduct the development, regulatory approval filings, and commercialization activities of entinostat in Japan and Korea. KHK paid the Company \$25.0 million upfront, which included a \$7.5 million equity investment of 536,049 shares of Series B-1 convertible preferred stock and a \$17.5 million non-refundable cash payment. In addition, to the extent certain development and commercial milestones are achieved, KHK will be required to pay the Company up to \$75.0 million in milestone payments over the term of the license agreement. The term of the agreement commenced on the Effective Date and, unless earlier terminated in accordance with the terms of the agreement, will continue on a country-by-country and product-by-product basis, until the later of: (i) the date all valid claims of the last effective patent among the Company's patents expires or is abandoned, withheld, or is otherwise invalidated in such country; and (ii) 15 years from the date of the first commercial sale of a product in the Japan or Korea.

The purchase of the Series B-1 and the up-front payment of the license fee were accounted for separately. The Company allocated the amount of consideration related to Series B-1 equal to the fair value of the Series B-1 shares on the Effective Date based on a share price of \$14.39 per share, which resulted in \$7.7 million of proceeds allocated to the Series B-1 and the remaining consideration of \$17.3 million allocated to the up-front license fee. The fair value of the Series B-1 of \$14.39 per share was based on a contemporaneous valuation. The Company received \$7.5 million and issued the Series B-1 in January 2015 and received the remaining \$17.5 million in February 2015. On the date of issuance, the Company recorded accretion of \$5.4 million to record the Series B-1 at its redemption value.

The Company has concluded that this agreement is within the scope of ASC 605-25, *Revenue Recognition, Multiple-Element Arrangements*. Pursuant to this guidance, the Company identified the following deliverables: (i) licenses, (ii) clinical supply and manufacturing obligations, (iii) rights to access and use materials and data, and (iv) rights to additional intellectual property. All other potential deliverables included in the arrangement have been deemed either contingent or inconsequential or perfunctory, individually and in the aggregate. Moreover, the Company has evaluated all deliverables included in the KHK License Agreement and determined that there are two units of accounting in connection with its obligations at inception under the KHK License Agreement: (i) license unit of accounting and (ii) rights to additional intellectual property. The first three deliverables identified above comprise the license unit of accounting. The Company concluded that the stand-alone selling price for the rights to additional intellectual property unit of account is immaterial. As such, the entire \$17.3 million allocated to the upfront payment was allocated to the license unit of accounting.

The arrangement consideration allocated to the license unit of accounting will be recognized as revenue ratably over the Company's expected services period (currently expected to be through 2029) commencing on the date of the first delivery of the clinical trial materials. In June 2015, the Company began delivering clinical materials to KHK and commenced recognizing revenue from the upfront consideration of \$17.3 million. During the six months ended June 30, 2017 and 2016, the Company recognized \$0.6 million of revenue associated with the KHK License Agreement. As of June 30, 2017, there was \$14.8 million of deferred revenue related to the KHK License Agreement, which is classified as current or long-term in the consolidated balance sheets.

In October 2016, the Company entered into a clinical trial co-funding agreement with KHK under which the Company will expand its clinical trial agreement with Eastern Cooperative Oncology Group (the "ECOG Agreement") to include enrollments from sites in Korea.

#### **Eastern Cooperative Oncology Group**

In March 2014, the Company entered into the ECOG Agreement with Eastern Cooperative Oncology Group, a contracting entity for the Eastern Cooperative Oncology Group—American College of Radiology Imaging Network Cancer Research Group ("ECOG-ACRIN"), that describes the parties' obligations with respect to the NCI-sponsored pivotal Phase 3 clinical trial of entinostat. Under the terms of the ECOG Agreement, ECOG-ACRIN will perform this clinical trial in accordance with the clinical trial protocol and a mutually agreed scope of work. The Company will provide a fixed level of financial support for the clinical trial through an upfront payment of \$695,000 and a series of payments of up to \$1.0 million each that are comprised of milestone payments through the completion of enrollment and time-based payments through the completion of patient monitoring post-enrollment. In addition, the Company is obligated to supply entinostat and placebo to ECOG-ACRIN for use in the clinical trial. During the second quarter of 2016, the ECOG Agreement was amended to provide additional study activities and the contractual obligation increased by \$0.8 million. During the first quarter of 2017, the ECOG Agreement was amended to expand the study to include enrollments from sites in Korea and to provide additional study activities and the contractual obligation increased by \$2.0 million. As of June 30, 2017, the Company's aggregate payment obligations under this agreement were approximately \$23.4 million; and its remaining payment obligations are approximately \$13.7 million over an estimated period of approximately four years.

Data and inventions from the Phase 3 clinical trial are owned by ECOG-ACRIN. The Company has access to the data generated in the clinical trial, both directly from ECOG-ACRIN under the ECOG Agreement as well as from the NCI. Additionally, ECOG-ACRIN has granted the Company a non-exclusive royalty-free license to any inventions or discoveries that are derived from entinostat as a result of its use during the clinical trial, along with a first right to negotiate an exclusive license to any of these inventions or discoveries. Either party may terminate the ECOG Agreement in the event of an uncured material breach by the other party or if the U.S. Food and Drug Administration ("FDA") or National Cancer Institute ("NCI") withdraws the authorization to perform the clinical trial in the United States. The parties may jointly terminate the ECOG Agreement if the parties agree that safety-related issues support termination of the clinical trial.

The Company records the appropriate clinical trial expenses in its financial statements by matching those expenses with the period in which the services and efforts are expended. The Company accounts for these expenses according to the progress of the clinical trial as measured by patient enrollment and the timing of various aspects of the clinical trial. The Company determines accrual estimates through financial models, taking into account discussion with applicable personnel and ECOG-ACRIN as to the progress or state of consummation of the clinical trial or the services completed.

#### **Bayer Pharma AG (formerly known as Bayer Schering Pharma AG)**

In March 2007, the Company entered into a license agreement (the “Bayer Agreement”) with Bayer Schering Pharma AG (“Bayer”) for a worldwide, exclusive license to develop and commercialize entinostat and any other products containing the same active ingredient. Under the terms of the Bayer Agreement, the Company paid a nonrefundable upfront license fee of \$2.0 million and is responsible for the development and marketing of entinostat. The Company recorded the \$2.0 million license fee as research and development expense during the year ended December 31, 2007, as it had no alternative future use. The Company will pay Bayer royalties on a sliding scale based on net sales, if any, and make future milestone payments to Bayer of up to \$150.0 million in the event that certain specified development and regulatory goals and sales levels are achieved. In June 2014, a development milestone was achieved, and the Company recorded \$2.0 million of research and development expense, which has been fully paid.

In connection with the Bayer Agreement, the Company issued to Bayer a warrant to purchase the number of shares of the Company’s common stock equal to 1.75% of the shares of common stock outstanding on a fully diluted basis as of the earlier of the date the warrant is exercised or the closing of the IPO. The warrant contains anti-dilution protection to maintain Bayer’s potential ownership at 1.75% of the shares of common stock outstanding on a fully diluted basis, which requires that the actual number of shares of common stock issuable pursuant to the warrant be increased or decreased for any changes in the fully diluted shares of common stock outstanding. The warrant is exercisable at an exercise price of \$1.54 per share and expires upon the earlier of the 10-year anniversary of the closing of the IPO or the date of the consummation of a disposition transaction. The warrant was classified as a long-term liability and recorded at fair value with the changes in the fair value recorded in other expense. The Company used the Black-Scholes option-pricing model to determine the fair value of the warrant. Upon the closing of the IPO, the anti-dilution protection for the warrant expired, resulting in the reclassification of the warrant liability to additional paid-in capital. The warrant was re-measured using current assumptions just prior to the reclassification.

#### **6. Fair Value Measurements**

The carrying amounts of cash and cash equivalents, restricted cash, accounts payable, and accrued expenses approximated their estimated fair values due to the short-term nature of these financial instruments. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are performed in a manner to maximize the use of observable inputs and minimize the use of unobservable inputs. The accounting standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1*— Quoted prices in active markets that are accessible at the market date for identical unrestricted assets or liabilities.
- Level 2*— Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs for which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3*— Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

During the periods presented, the Company has not changed the manner in which it values assets and liabilities that are measured at fair value using Level 3 inputs. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period. There were no transfers within the hierarchy for any of periods presented.

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A summary of the assets and liabilities carried at fair value in accordance with the hierarchy defined above is as follows:

	Fair Value Measurements Using			
	Total Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)				
<b>June 30, 2017</b>				
Assets:				
Cash and cash equivalents	\$ 22,988	\$10,738	\$ 12,250	\$ —
Short-term investments	106,967	—	106,967	—
Total assets	<u>\$129,955</u>	<u>\$10,738</u>	<u>\$ 119,217</u>	<u>\$ —</u>
<b>December 31, 2016</b>				
Assets:				
Cash and cash equivalents	\$ 23,844	\$17,089	\$ 6,755	\$ —
Short-term investments	81,486	—	81,486	—
Total assets	<u>\$105,330</u>	<u>\$17,089</u>	<u>\$ 88,241</u>	<u>\$ —</u>

Cash equivalents of \$10.7 million as of June 30, 2017 and \$17.1 million as of December 31, 2016 consisted of overnight investments and money market funds and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. Cash equivalents of \$12.3 million as of June 30, 2017 and \$6.8 million as of December 31, 2016 consisted of highly rated corporate bonds and are classified within Level 2 of the fair value hierarchy because pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Short-term investments of \$107.0 million as of June 30, 2017 and \$81.5 million as of December 31, 2016 consisted of commercial paper and highly rated corporate bonds and are classified within Level 2 of the fair value hierarchy because pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

The short-term investments are classified as available-for-sale securities. As of June 30, 2017, the remaining contractual maturities of the available-for-sale securities were less than one year, and the balance in the Company's accumulated other comprehensive income was comprised solely of activity related to the Company's available-for-sale securities. There were no realized gains or losses recognized on the sale or maturity of available-for-sale securities during the six months ended June 30, 2017 and 2016. As a result, the Company did not reclassify any amounts out of accumulated other comprehensive income for the same periods. The Company has a limited number of available-for-sale securities in insignificant loss positions as of June 30, 2017, which the Company does not intend to sell and has concluded it will not be required to sell before recovery of the amortized cost for the investment at maturity. The following table summarizes the available-for-sale securities:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(In thousands)			
<b>June 30, 2017</b>				
Commercial paper	\$ 35,219	\$ 73	\$ —	\$ 35,292
Corporate bonds	71,712	1	(38)	71,675
	<u>\$106,931</u>	<u>\$ 74</u>	<u>\$ (38)</u>	<u>\$ 106,967</u>
<b>December 31, 2016</b>				
Commercial paper	\$ 30,125	\$ 61	\$ —	\$ 30,186
Corporate bonds	51,305	6	(11)	51,300
	<u>\$ 81,430</u>	<u>\$ 67</u>	<u>\$ (11)</u>	<u>\$ 81,486</u>

A roll-forward of the recurring fair value measurements of the common stock warrant liability and the derivative liability categorized with Level 3 inputs is as follows:

	Common Stock Warrant Liability	Derivative Liability
	(In thousands)	
Balance — December 31, 2015	\$ 2,848	\$ 133
Change in fair value	1,703	17
Reclassification	(4,551)	(150)
Balance — June 30, 2016	<u>\$ —</u>	<u>\$ —</u>

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The common stock warrant liability was recorded at fair value determined by using the Black-Scholes option-pricing model. This method of valuation involves using inputs such as the fair value of the Company's common stock, stock price volatility, the contractual term of the warrant, risk-free interest rates and dividend yields. Due to the nature of these inputs, the valuation of the warrants was considered a Level 3 measurement. Upon the closing of the IPO, the warrant was reclassified to additional paid-in capital. See Note 5 for further discussion of the accounting for the Bayer common stock warrant as well as for a summary of the significant inputs and assumptions used to determine the fair value of the warrant. The derivative liability related to the contingent success fee owed under the term loans. Upon the completion of an IPO or upon the occurrence of certain change of control or liquidation events, the Company was required to pay a \$0.2 million success fee. The Company had recorded the success fee as a derivative financial liability. The initial fair value of the derivative of \$0.1 million had been recorded as a debt discount. The term loans were paid in full in October 2015; however, the liability for the success fee survived the repayment of the term loans. Upon completion of the IPO this is no longer accounted for as a derivative, and the success fee of \$0.2 million that was payable in June 2018 was included in other long-term liabilities. The success fee was paid in full in March 2017.

## 7. Prepaid Expenses and Other Current Assets

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	(In thousands)	
Short-term deposits	\$ 2,007	\$ 1,630
Prepaid insurance	504	168
Interest receivable on short-term investments	419	306
Reimbursable costs	438	262
Prepaid clinical supplies	457	461
Other	286	202
Total prepaid expenses and other current assets	<u>\$ 4,111</u>	<u>\$ 3,029</u>

## 8. Stock-Based Compensation

In January 2017, the number of shares of common stock available for issuance under the 2015 Omnibus Incentive Plan ("2015 Plan"), was increased by 728,948 shares due to the automatic increase provision of the 2015 Plan. As of June 30, 2017, the total number of shares of common stock available for issuance under the 2015 Plan was 1,427,340. The Company recognized stock-based compensation expense related to the issuance of stock option awards to employees and non-employees in the condensed consolidated statements of comprehensive loss as follows:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(In thousands)			
Research and development	\$ 347	\$ 256	\$ 630	\$ 479
General and administrative	1,101	523	2,195	2,490
Total	<u>\$ 1,448</u>	<u>\$ 779</u>	<u>\$ 2,825</u>	<u>\$ 2,969</u>

During the six months ended June 30, 2017, the Company granted 842,390 stock options to certain executives and employees. The grant date fair value of these options was \$5.5 million, or \$6.50 per share on a weighted-average basis, and will be recognized as compensation expense over the requisite service period of three to four years.

There were 45,930 options exercised during the six months ended June 30, 2017, resulting in total proceeds of \$0.3 million. The intrinsic value of the options exercised was \$0.2 million. In accordance with the Company's policy, the shares were issued from a pool of shares reserved for issuance under the 2007 and 2015 Plans.

As of June 30, 2017, there was \$10.6 million of unrecognized compensation cost related to employee and non-employee unvested stock options and unvested restricted stock share-based compensation arrangements granted under the 2015 and 2007 Plans, which is expected to be recognized over a weighted-average remaining service period of 2.6 years. Stock compensation costs have not been capitalized by the Company.



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Upon the closing of the IPO on March 8, 2016, the vesting of certain options granted to two of the Company's executives immediately vested, in accordance with their employment agreements. The Company recorded \$0.7 million of additional stock compensation expense related to this accelerated vesting in March 2016.

### 9. Employee Stock Purchase Plan

In January 2017, the number of shares of common stock available for issuance under the 2015 Employee Stock Purchase Plan ("2015 ESPP"), was increased by 182,237 shares as a result of the automatic increase provision of the 2015 ESPP. As of June 30, 2017, the total number of shares of common stock available for issuance under the 2015 ESPP was 432,237. The first offering period has been approved and commences on August 1, 2017 to finish on January 31, 2018.

### 10. Stockholders' Equity

The following table presents the changes in stockholders' equity for the six months ended June 30, 2017:

	Common Stock \$0.0001 Par Value		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
	(In thousands, except share and per share data)					
Balance as of December 31, 2016	18,215,181	\$ 2	\$ 389,374	\$ 56	\$ (305,293)	\$ 84,139
Proceeds from follow-on offering, net of offering costs of \$3,665	3,950,190	—	48,675	—	—	48,675
Proceeds from exercise stock options	45,929	—	269	—	—	269
Vesting of restricted stock	8,543	—	59	—	—	59
Stock-based compensation expense	—	—	2,825	—	—	2,825
Unrealized gain on short-term investments	—	—	—	(20)	—	(20)
Cumulative effect adjustment of adopting ASU 2016-09	—	—	16	—	(16)	—
Net loss	—	—	—	—	(26,610)	(26,610)
Balance as of June 30, 2017	<u>22,219,843</u>	<u>\$ 2</u>	<u>\$ 441,218</u>	<u>\$ 36</u>	<u>\$ (331,919)</u>	<u>\$ 109,337</u>

### 11. Income Taxes

The Company has not recorded any net tax provision for the periods presented due to the losses incurred and the need for a full valuation allowance on net deferred tax assets. The difference between the income tax expense at the U.S. federal statutory rate and the recorded provision is primarily due to the valuation allowance provided on all deferred tax assets.

### 12. Related-Party Transactions

The Company's chief executive officer and member of the board of directors is also a managing director at MPM Asset Management, LLC, which holds an investment in the Company's common stock.

### 13. Subsequent Event

The Company considers events and transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Company has completed an evaluation all subsequent events through the date of this filing of this Quarterly Report on Form 10-Q.

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

*The following information should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q and the audited financial information and the notes thereto included in our Annual Report on Form 10-K that was filed with the Securities and Exchange Commission, or SEC, on March 14, 2017.*

### Overview

We are a clinical stage biopharmaceutical company developing an innovative pipeline of combination therapies in multiple cancer indications. Our lead product candidate, entinostat, is currently being evaluated in a Phase 3 clinical trial for advanced hormone receptor positive, human epidermal growth factor receptor 2 negative breast cancer. The U.S. Food and Drug Administration, or FDA, granted Breakthrough Therapy designation to entinostat when given in combination with exemestane following positive results from the Company's ENCORE 301 Phase 2b clinical trial. Given its potential ability to block the function of immune suppressive cells in

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the tumor microenvironment, we are evaluating entinostat as a combination therapeutic in Phase 1b/2 clinical trials with Merck & Co., Inc., or Merck, for non-small cell lung cancer, or NSCLC, melanoma and microsatellite stable colorectal cancer, or CRC; with Genentech, Inc., or Genentech, for triple negative breast cancer, or TNBC; and with Merck KGaA, Darmstadt, Germany, or Merck KGaA, and Pfizer Inc., or Pfizer, for ovarian cancer. Our second product candidate, SNDX-6352, is a monoclonal antibody that targets the colony stimulating factor-1 receptor to enhance the body's immune response against tumors that have shown sensitivity to immunotherapy. We are evaluating SNDX-6352 in a Phase 1 clinical trial. We plan to continue to leverage the technical and business expertise of our management team and scientific collaborators to license, acquire and develop additional cancer therapies to expand our pipeline.

On February 24, 2016, we effected a 1-for-1.25 reverse stock split of our outstanding common stock and convertible preferred stock. Stockholders entitled to fractional shares as a result of the reverse stock splits received a cash payment in lieu of receiving fractional shares. All of our historical share and per share information shown in the accompanying financial statements and related notes have been retroactively adjusted to give effect to the reverse stock splits.

In March 2016, we completed our IPO, whereby we sold 4,809,475 shares of common stock at the initial public offering price of \$12.00 per share, which included 409,475 shares issued pursuant to the underwriters' partial exercise of their option to purchase additional shares of common stock. We received net proceeds of \$50.5 million from the offering, after deducting underwriting discounts and commissions and other offering costs.

In May 2017, we completed our follow-on public offering whereby we sold 3,950,190 shares of common stock at an offering price of \$13.25 per share, which included 200,190 shares issued pursuant to the underwriters' partial exercise of their option to purchase additional shares of common stock. The aggregate net proceeds we received from the offering were approximately \$48.7 million, net of underwriting discounts and commissions and estimated offering expenses.

We have no products approved for commercial sale and have not generated any product revenues from product sales to date. We continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we are not and have never been profitable and have incurred losses in each period since our inception in 2005. For the six months ended June 30, 2017 and 2016, we reported a net loss of \$26.6 million and \$18.7 million, respectively. As of June 30, 2017, we had an accumulated deficit of \$331.9 million, which included non-cash charges for stock-based compensation, preferred stock accretion and extinguishment charges. As of June 30, 2017, we had cash, cash equivalents and short-term investments of \$130.0 million.

## **Clinical Development**

- ECOG-ACRIN Cancer Research Group, sponsor of E2112, the Phase 3 registration trial of entinostat plus exemestane in advanced HR+, HER2- breast cancer, expects the progression free survival analysis to be available in the first half of 2018 directly following completion of enrollment. As of the end of July, the trial was 78% enrolled.
- A number of patients enrolled in the ENCORE 601 cohort of NSCLC patients naïve to PD-(L)1 therapy remain on drug, with a determination on whether the cohort has satisfied the pre-specified efficacy criteria for advancement to the second stage of the trial expected by year end. The pre-specified objective response threshold to advance this cohort into the second stage of the Phase 2 trial had been revised to  $\geq 4$  responses out of 17 (versus the previous benchmark of  $\geq 3$  responses out of 13) in order to incorporate Phase 1b patients dosed at the recommended, 5 mg dose of entinostat. Similarly, the cohort of PD-(L)1 refractory NSCLC patients, announced in May to have met the pre-specified objective response threshold to advance into the second stage of the Phase 2 trial, used revised criteria requiring  $\geq 3$  responses out of 31 (versus the previous benchmark of  $>2$  responses out of 20) in order to incorporate Phase 1b patients dosed at entinostat 5 mg.
- Enrollment in the second stage of the PD-(L)1 refractory melanoma cohort of ENCORE 601 has completed, and enrollment in the second stage of the PD-(L)1 refractory NSCLC cohort of ENCORE 601 is expected to complete in the fourth quarter. We expect to present data from stage one of the NSCLC cohorts, as well as biomarker data from the melanoma cohort, at the Society of Immunotherapy of Cancer (SITC) Congress in the fall, and the full trial data from both the pretreated NSCLC and melanoma cohorts at a medical congress in the first half of 2018.
- Dosing has been initiated in the first patients in the ENCORE 601 cohort of patients with microsatellite stable CRC. This new cohort, announced in April 2017, employ a Simon two-stage design enrolling 13 patients in the first stage, and requires at least 2 confirmed objective responses to proceed to the second stage. A decision on whether to advance to the second stage of the CRC cohort is expected in the first half of 2018.
- Enrollment is also progressing in the two additional trials aimed at exploring the ability of entinostat to enhance the efficacy of PD-L1 inhibitor therapies, ENCORE 602 and ENCORE 603. ENCORE 602, the Phase 1b/2 clinical trial evaluating the combination of entinostat plus Genentech's PD-L1 inhibitor, *Tecentriq*® (atezolizumab), in patients with TNBC, is expected to complete enrollment in the Phase 2 portion by the end of the fourth quarter. The ENCORE 603 trial is our collaboration with Ares Trading, S.A., a subsidiary of Merck KGaA and Pfizer to evaluate the safety, tolerability and preliminary efficacy of entinostat in combination with the investigational monoclonal antibody targeting PD-L1, avelumab, in a Phase 1b/2 clinical trial of patients with ovarian cancer. This trial recently began enrolling patients into the Phase 2 portion and is expected to complete enrollment in the first half of 2018.
- Enrollment is now complete in the Phase 1 single ascending dose (SAD) clinical trial of SNDX-6352 in healthy volunteers to determine the safety, pharmacokinetics and pharmacodynamics of the anti-CSF-1R monoclonal antibody. We expect to present data from this study at a scientific congress in the fourth quarter of 2017. We also plan to initiate a multiple ascending dose (MAD) trial in cancer patients in the third quarter of 2017.

## Financial Overview

### *Revenue*

To date, we have not generated any product revenues. Our ability to generate revenue and become profitable depends upon our ability to obtain marketing approval of and successfully commercialize our product candidates. Our revenues for the three and six months ended June 30, 2017 and 2016 have been solely derived from our license agreement with Kyowa Hakko Kirin Co., Ltd., or KHK, under which we granted KHK an exclusive license to develop and commercialize entinostat in Japan and Korea, or the KHK license agreement. In 2015, we received a \$25.0 million upfront payment from KHK, inclusive of an equity investment. We allocated \$17.3 million of the upfront payment to the license fee, and such fee is being recognized as revenue ratably over our expected service period (currently expected to be through 2029) commencing on the date of the first delivery of the clinical trial materials, which occurred in June 2015. The balance of the upfront payment of \$7.7 million was allocated to KHK's purchase of shares of our Series B-1 convertible preferred stock.

### *Research and Development*

Since our inception, we have primarily focused on our clinical development programs. Research and development expenses consist primarily of costs incurred for the development of our product candidates and include:

- expenses incurred under agreements related to our clinical trials, including the costs for investigative sites and contract research organizations, or CROs, that conduct our clinical trials;
- employee-related expenses associated with our research and development activities, including salaries, benefits, travel and non-cash stock-based compensation expenses;
- manufacturing process-development, clinical supplies and technology-transfer expenses;
- license fees and milestone payments under our license agreements;
- consulting fees paid to third parties;
- allocated facilities and overhead expenses; and
- costs associated with regulatory operations and regulatory compliance requirements.

Internal and external research and development costs are expensed as they are incurred. Cost-sharing amounts received by us are recorded as reductions to research and development expense. Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations or other information provided to us by our vendors.

Research and development activities are central to our business model. Drug candidates in late stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of late-stage clinical trials. We plan to increase our research and development expenses for the foreseeable future as we continue to advance the development of our product candidates. The amount of research and development expenses allocated to external spending will continue to grow, while we expect our internal spending to grow at a slower and more controlled pace. From inception through June 30, 2017, we have incurred \$122.9 million in research and development expenses.

It is difficult to determine, with certainty, the duration and completion costs of our current or future preclinical programs, clinical studies and clinical trials of our product candidates. The duration, costs and timing of clinical studies and clinical trials of our product candidates will depend on a variety of factors that include, but are not limited to, the following:

- per patient costs;
- the number of patients that participate;
- the number of sites;
- the countries in which the studies and trials are conducted;

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- the length of time required to enroll eligible patients;
- the potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient monitoring;
- the efficacy and safety profile of the product candidates; and
- timing and receipt of any regulatory approvals.

In addition, the probability of success for each drug product candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability. The successful development of our product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing or costs of the efforts that will be necessary to complete the remainder of the development of our product candidates for the period, if any, in which material net cash inflows from these potential product candidates may commence. Clinical development timelines, the probability of success and development costs can differ materially from expectations.

### ***General and Administrative***

General and administrative expenses consist primarily of employee-related expenses, including salaries, benefits, non-cash stock-based compensation and travel expenses, for our employees in executive, finance, business development and support functions. Other general and administrative expenses include facility-related costs not otherwise allocated to research and development expenses and accounting, tax, legal and consulting services. We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research and development and potential commercialization of our product candidates. Additionally, if and when we believe a regulatory approval of the first product candidate appears likely, we anticipate an increase in payroll and related expenses as a result of our preparation for commercial operations, especially as it relates to the sales and marketing of our product candidates.

### ***Interest Income (Expense), Net***

Interest income consists of interest income earned on our cash, cash equivalents and short-term investment balances. Interest expense consists primarily of interest expense on capital leases.

### ***Change in Fair Value of Common Stock Warrant Liability***

The change in fair value of the common stock warrant liability was associated with a warrant to purchase common stock issued in connection with a license agreement and consisted of the calculated change in value based upon the fair value of the underlying security at the end of each reporting period as calculated using the Black-Scholes option pricing model. Gains and losses arising from changes in fair value were recognized in other income (expense) in the consolidated statement of operations. As of the closing of our IPO, the anti-dilution provision of the warrant expired; and the warrant liability was reclassified to additional paid-in capital.

### ***Critical Accounting Policies and Use of Estimates***

Our management's discussion and analysis of financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued research and development expenses and stock-based compensation. We base our estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. In making estimates and judgments, management employs critical accounting policies.

There have been no material changes to our critical accounting policies from those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Company's Annual Report on Form 10-K that was filed with the SEC on March 14, 2017.

## Results of Operations

### Comparison of the three months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Increase (Decrease)	
	2017	2016	\$	%
	(In thousands)			
Revenue:				
License fees	\$ 305	\$ 305	\$ —	0%
Total revenues	305	305	—	0%
Operating expenses:				
Research and development	9,862	6,131	3,731	61%
General and administrative	4,285	2,808	1,477	53%
Total operating expenses	14,147	8,939	5,208	58%
Loss from operations	(13,842)	(8,634)	5,208	60%
Other income (expense):				
Interest income, net	290	276	14	(5)%
Other expense	(87)	—	(87)	NM
Total other income	203	276	(73)	26%
Net loss	\$ (13,639)	\$ (8,358)	\$ 5,281	63%

### License Fees

For the three months ended June 30, 2017 and 2016, we recognized license fees of \$0.3 million derived from the KHK license agreement. In 2015, arrangement consideration of \$17.3 million related to the KHK license agreement was allocated to the license unit of accounting and is being recognized as revenue ratably over our expected service period (currently expected to be through 2029), commencing on the date of the first delivery of the clinical trial materials, which occurred in June 2015.

### Research and Development

For the three months ended June 30, 2017, our total research and development expenses increased \$3.7 million, or 61%, to \$9.9 million from \$6.1 million for the comparable quarter in the prior year due to increases in clinical trial activities of \$2.3 million, employee compensation expense of \$0.8 million, and legal and consultant expenses of \$0.6 million. The increase in clinical trial activities was primarily due to increases in spending related the additional cohorts added to ENCORE 601, increased activities in ENCORE 602 and ENCORE 603, start-up costs related to SNDX-6352, our Phase 1 clinical pharmacology trials and CMC activities. The increase in employee compensation costs was primarily due to increased headcount. We expect our research and development expenses for the foreseeable future to increase as we continue to advance the development of our product candidates. The amount of research and development expenses allocated to external spending will continue to grow, while we expect our internal spending to grow at a slower and more controlled pace.

Research and development expenses consisted of the following:

	Three Months Ended June 30,		Increase (Decrease)	
	2017	2016	\$	%
	(In thousands)			
External research and development expenses	\$ 7,173	\$ 4,352	\$ 2,821	65%
Internal research and development expenses	2,689	1,779	910	51%
Total research and development expenses	\$ 9,862	\$ 6,131	\$ 3,731	61%

### General and Administrative

For the three months ended June 30, 2017, our total general and administrative expenses increased \$1.5 million, or 53%, to \$4.3 million, from \$2.8 million for the comparable period in the prior year. The increase in general and administrative expenses was primarily due to an increase in employee compensation of \$1.0 million combined with increases in consulting expenses of \$0.4 million. The increase in employee compensation of \$1.0 million was primarily due to increases in non-cash stock-based compensation of \$0.6 million, combined with an increase in salary expense of \$0.4 million due to increased headcount.

[Table of Contents](#)**Interest Income, Net**

For the three months ended June 30, 2017, interest income, net, increased \$14,000 from the comparable period in the prior year. The increase was primarily due to interest earned on our cash, cash equivalents and short-term investments, which increased due to the \$48.7 million proceeds received from our follow-on public offering in May 2017.

**Comparison of the six months ended June 30, 2017 and 2016:**

	<b>Six Months Ended June 30,</b>		<b>Increase (Decrease)</b>	
	<b>2017</b>	<b>2016</b>	<b>\$</b>	<b>%</b>
	(In thousands)			
Revenue:				
License fees	\$ 610	\$ 610	\$ —	0%
Total revenues	<u>610</u>	<u>610</u>	<u>—</u>	<u>0%</u>
Operating expenses:				
Research and development	19,414	10,917	8,497	78%
General and administrative	8,215	7,080	1,135	16%
Total operating expenses	<u>27,629</u>	<u>17,997</u>	<u>9,632</u>	<u>54%</u>
Loss from operations	(27,019)	(17,387)	9,632	55%
Other income (expense):				
Interest income, net	549	420	129	(31)%
Change in fair value of common stock warrant liability	—	(1,703)	(1,703)	(100)%
Other expense	(140)	(18)	122	NM
Total other expense	<u>409</u>	<u>(1,301)</u>	<u>(1,710)</u>	<u>(131)%</u>
Net loss	<u>\$ (26,610)</u>	<u>\$ (18,688)</u>	<u>\$ 7,922</u>	<u>42%</u>

**License Fees**

For the six months ended June 30, 2017 and 2016, we recognized license fees of \$0.6 million derived from the KHK license agreement. In 2015, arrangement consideration of \$17.3 million related to the KHK license agreement was allocated to the license unit of accounting and is being recognized as revenue ratably over our expected service period (currently expected to be through 2029), commencing on the date of the first delivery of the clinical trial materials, which occurred in June 2015.

**Research and Development**

For the six months ended June 30, 2017, our total research and development expenses increased \$8.5 million, or 78%, to \$19.4 million from \$10.9 million for the comparable period in the prior year due to increases in clinical trial activities of \$5.7 million, employee compensation expense of \$1.7 million, legal and consultant expenses of \$1.0 million and facility costs of \$0.1 million. The increase in clinical trial activities was primarily due to increases in spending related the additional cohorts added to ENCORE 601, increased activities in ENCORE 602 and ENCORE 603, start-up costs related to SNDX-6352, our Phase 1 clinical pharmacology trials and CMC activities. The increase in employee compensation costs was primarily due to increased headcount. We expect our research and development expenses for the foreseeable future to increase as we continue to advance the development of our product candidates. The amount of research and development expenses allocated to external spending will continue to grow, while we expect our internal spending to grow at a slower and more controlled pace.

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	<u>Six Months Ended June 30,</u>		<u>Increase (Decrease)</u>	
	<u>2017</u>	<u>2016</u>	<u>\$</u>	<u>%</u>
	<b>(In thousands)</b>			
External research and development expenses	\$ 14,437	\$ 7,776	\$ 6,661	86%
Internal research and development expenses	4,977	3,141	1,836	58%
Total research and development expenses	<u>\$ 19,414</u>	<u>\$ 10,917</u>	<u>\$ 8,497</u>	<u>78%</u>

**General and Administrative**

For the six months ended June 30, 2017, our total general and administrative expenses increased \$1.1 million, or 16%, to \$8.2 million, from \$7.1 million for the comparable period in the prior year. The increase in general and administrative expenses was primarily due to an increase in employee compensation of \$0.4 million, increases in legal and consulting expenses of \$0.4 million, increased rent and facilities expenses of \$0.2 million and costs related to D&O insurance and other costs related to being a public company of \$0.1 million. The increase in employee compensation of \$0.4 million was primarily due to an increase in salary expense of \$0.8 million, offset in part by decreases in bonus expense of \$0.1 million and in non-cash stock-based compensation of \$0.3 million.

**Interest Income, Net**

For the six months ended June 30, 2017, interest income, net, increased \$0.1 million from the comparable period in the prior year. The increase was primarily due to interest earned on our cash, cash equivalents and short-term investments, which increased due to the \$48.7 million proceeds received from our follow-on public offering in May 2017.

**Change in Fair Value of Common Stock Warrant Liability**

The change in fair value of common stock warrant liability for the six months ended June 30, 2017 decreased \$1.7 million compared to the comparable period in the prior year. At each period end until the closing of our IPO, the fair value of the outstanding common stock warrant liability was re-measured; and the change in the fair value was recorded in other expense in the condensed consolidated statement of comprehensive loss. Upon the closing of our IPO, the anti-dilution provision of the warrant expired; and the warrant liability was reclassified to additional paid-in capital. Just prior to the reclassification, the warrant was re-measured using current assumptions on that date, and the change in fair value was recorded in other expense.

**Liquidity and Capital Resources**

In April 2017, we entered into a sales agreement with Cowen and Company, LLC (“Cowen”) under which we may issue and sell shares of our common stock having aggregate sales proceeds of up to \$50.0 million from time to time through Cowen, acting as agent, in a series of one or more at the market equity offerings. Cowen is not required to sell any specific amount, but acts as our sales agent using commercially reasonable efforts consistent with its normal trading and sales practices. Shares sold pursuant to the sales agreement will be sold pursuant to a shelf registration statement, which became effective on April 20, 2017. Our common stock will be sold at prevailing market prices at the time of the sale; and as a result, prices may vary. We will pay Cowen up to 3% of the gross proceeds from any common stock sold through the sales agreement. The proceeds from the offerings, if any, will be used for general corporate purposes, including expenditures for research and development of the Company’s drug products. There were no sales under this facility through August 10, 2017.

In March 2016, we completed our IPO whereby we sold 4,809,475 shares of our common stock at \$12.00 per share, resulting in total net proceeds of \$50.5 million, after deducting underwriting discounts and commissions and offering expenses. In May 2017, we completed our follow-on offering whereby we sold 3,950,120 shares of our common stock at \$13.25 per share, resulting in total net proceeds of \$48.6 million, after deducting underwriting discounts and commissions and offering expenses. Since our inception and through June 30, 2017, our operations have been financed primarily by net proceeds from our IPO, our follow-on stock offering, sale of convertible preferred stock and convertible debt securities and proceeds from our license agreements. As of June 30, 2017, our cash, cash equivalents and short-term investments were \$130.0 million. We believe that our existing cash, cash equivalents and short-term investments will fund our projected operating expenses and capital expenditure requirements for at least the next 12 months.

**Future Funding Requirements**

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, clinical costs, legal and other regulatory expenses and general overhead costs. We have based our estimates on assumptions that may prove to be incorrect, and we could use our capital resources sooner than we currently expect. Additionally, the process of testing drug candidates in clinical trials is costly, and the timing of progress in these trials is uncertain. We

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cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our drug candidates or whether, or when, we may achieve profitability. Our future capital requirements will depend on many factors, including:

- the initiation, progress, timing, costs and results of clinical trials for our drug candidates;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities, including the potential for such authorities to require that we perform more trials than we currently expect;
- the cost to establish, maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- market acceptance of our drug candidates;
- the cost and timing of selecting, auditing and developing manufacturing capabilities, and potentially validating manufacturing sites for commercial-scale manufacturing;
- the cost and timing for obtaining pricing and reimbursement, which may require additional trials to address pharmacoeconomic benefit;
- the cost of establishing sales, marketing and distribution capabilities for our drug candidates if either candidate receives regulatory approval and we determine to commercialize it ourselves;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the effect of competing technological and market developments; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems, as we become a public company.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings and additional funding from license and collaboration arrangements. Except for any obligations of our collaborators to reimburse us for research and development expenses or to make milestone payments under our agreements with them, we will not have any committed external source of liquidity.

We have incurred losses and cumulative negative cash flows from operations since our inception; and as of June 30, 2017, we had an accumulated deficit of \$331.9 million. We anticipate that we will continue to incur significant losses for at least the next several years. We expect that our research and development and general and administrative expenses will continue to increase. As a result, we will need additional capital to fund our operations, which we may raise through a combination of the sale of equity, debt financings, or other sources, including potential collaborations. To the extent that we raise additional capital through the future sale of equity or debt, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. If we raise additional funds through collaboration arrangements in the future, we may have to relinquish valuable rights to our technologies, future revenue streams or drug candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market drug candidates that we would otherwise prefer to develop and market ourselves.

### **Cash Flows**

The following is a summary of cash flows:

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(In thousands)</b>	
Net cash used in operating activities	\$ (24,468)	\$ (13,293)
Net cash used in investing activities	(25,492)	(47,761)
Net cash provided by financing activities	49,104	52,316
Net decrease in cash and cash equivalents	<u>\$ (856)</u>	<u>\$ (8,738)</u>

### **Net Cash Used in Operating Activities**

Net cash used in operating activities for the six months ended June 30, 2017 was \$24.5 million and primarily consisted of our net loss of \$26.6 million adjusted for non-cash items including stock-based compensation of \$2.8 million and a net decrease in



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operating assets and liabilities of \$0.8 million. The increase in our net loss was primarily due to the increase in our clinical trial activities and increase in headcount. The significant items in the increase in operating assets and liabilities included an increase in prepaid expenses and other assets of \$1.1 million and a decrease in deferred revenue of \$0.6 million partially offset by an increase in accounts payable of \$0.8 million.

Net cash used in operating activities for the six months ended June 30, 2016 was \$13.3 million and primarily consisted of our net loss of \$18.7 million adjusted for non-cash items including stock-based compensation of \$3.0 million and the change in the fair value of the warrant of \$1.7 million. Changes in operating assets and liabilities included an increase in prepaid expenses and other current assets of \$0.4 million and an increase in accounts payable of \$0.1 million and a decrease in deferred revenue of \$0.6 million that were offset by an increase in accrued expenses and other current liabilities of \$1.7 million.

***Net Cash Used in Investing Activities***

Net cash used in investing activities for the six months ended June 30, 2017 was \$25.5 million and was primarily due to the \$62.4 million of proceeds from the maturities of available-for-sale securities partially offset by the purchase of \$88.0 million of available-for-sale marketable securities.

Net cash used in investing activities for the six months ended June 30, 2016 was \$47.8 million and was primarily due to the purchase of \$110.0 million of available-for-sale marketable securities partially offset by \$62.4 million of proceeds from the maturities of available-for-sale securities and purchases of property and equipment of \$0.2 million.

***Net Cash Provided by Financing Activities***

Net cash provided by financing activities for the six months ended June 30, 2017 of \$49.1 million was primarily due to proceeds from our follow-on offering, net of underwriting discounts and commissions of \$48.8 million and the exercise of stock options of \$0.3 million.

Net cash provided by financing activities for the six months ended June 30, 2016 of \$52.3 million came in full from the proceeds from our IPO, net of underwriting discounts and commissions.

**Contractual Obligations and Commitments**

There have been no material changes to our contractual obligations from those described in our Annual Report on Form 10-K that was filed with the SEC on March 14, 2017.

**Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

**JOBS Act**

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of June 30, 2017, we had cash equivalents of \$23.0 million, consisting of overnight investments, interest-bearing money market funds and highly rated corporate bonds, and short-term investments of \$107.0 million, consisting of commercial paper and highly rated corporate bonds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. The primary objectives of our investment activities are to ensure liquidity and to preserve principal while at the same time maximizing the income we receive from our marketable securities without significantly increasing risk. We have established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity. Due to the short-term maturities of our cash equivalents and the low risk profile of our short-term investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and short-term investments. We do not believe that inflation and changing prices had a significant impact on our results of operations for any periods presented herein.

#### **Item 4. Controls and Procedures**

##### ***Management's Evaluation of our Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities and Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of June 30, 2017, our management, with the participation of 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 and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of June 30, 2017, our disclosure controls and procedures were effective at the reasonable assurance level.

##### ***Changes in Internal Control over Financial Reporting***

There was no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

#### **Item 1. Legal Proceedings**

In the ordinary course of business, we are from time to time involved in lawsuits, claims, investigations, proceedings, and threats of litigation relating to intellectual property, commercial arrangements and other matters. While the outcome of these proceedings and claims cannot be predicted with certainty, as of June 30, 2017, we were not party to any legal or arbitration proceedings that may have, or have had in the recent past, significant effects on our financial position or profitability. No governmental proceedings are pending or, to our knowledge, contemplated against us. We are not a party to any material proceedings in which any director, member of senior management or affiliate of ours is either a party adverse to us or our subsidiaries or has a material interest adverse to us or our subsidiaries.

#### **Item 1A. Risk Factors**

*An investment in shares of our common stock involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this Quarterly Report on Form 10-Q, including our financial statements and related notes hereto, before deciding to invest in our common stock. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. In these circumstances, the market price of our common stock could decline; and you may lose all or part of your investment. We cannot assure you that any of the events discussed below will not occur.*

#### **Risks Related to Our Financial Position and Capital Needs**

***We have incurred net losses since our inception and anticipate that we will continue to incur net losses for the foreseeable future.***

Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval or be commercially viable. We are a clinical stage biopharmaceutical company with limited operating history. We have no products approved for commercial sale and have not generated any product revenues to date, and we continue to incur significant research and development and other expenses related to our ongoing operations and clinical development of entinostat. As a result, we are not and have never been profitable and have incurred losses in each period since our inception in 2005.

For the six months ended June 30, 2017, we reported a net loss of \$26.6 million; and as of June 30, 2017, we had an accumulated deficit of \$332.0 million, which included non-cash charges for stock-based compensation, preferred stock accretion and extinguishment charges. We expect to continue to incur significant losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidates. We may also

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encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenues, if any. Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital.

***We currently have no source of product revenue and may never achieve or maintain profitability.***

Our ability to generate product revenue and become profitable depends upon our ability to successfully commercialize our two product candidates, entinostat and SNDX-6352. We do not anticipate generating revenue from the sale of our product candidates for the foreseeable future. Our ability to generate future product revenue also depends on a number of additional factors, including, but not limited to, our ability to:

- successfully complete the research and clinical development of, and receive regulatory approval for, our product candidates;
- launch, commercialize and achieve market acceptance of our product candidates, and if launched independently, successfully establish a sales, marketing and distribution infrastructure;
- continue to build a portfolio of product candidates through the acquisition or in-license of products, product candidates or technologies;
- initiate preclinical and clinical trials for any additional product candidates that we may pursue in the future;
- establish and maintain supplier and manufacturing relationships with third parties, and ensure adequate and legally compliant manufacturing of bulk drug substances and drug products to maintain that supply;
- obtain coverage and adequate product reimbursement from third-party payors, including government payors;
- establish, maintain, expand and protect our intellectual property rights; and
- attract, hire and retain additional qualified personnel. In addition, because of the numerous risks and uncertainties associated with drug development, we are unable to predict the timing or amount of increased expenses, and if or when we will achieve or maintain profitability. In addition, our expenses could increase beyond expectations if we decide to or are required by the FDA or foreign regulatory authorities to perform studies or trials in addition to those that we currently anticipate. Even if we complete the development and regulatory processes described above, we anticipate incurring significant costs associated with launching and commercializing entinostat or SNDX-6352 and any other product candidates we may develop.

Even if we generate revenues from the sale of our product candidates, we may not become profitable and may need to obtain additional funding to continue operations or acquire additional products that will require additional funding to develop them. If we fail to become profitable or do not sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce our operations or even shut down.

***We will require additional capital to finance our planned operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of, or obtain regulatory approval for, entinostat or SNDX-6352 or develop new product candidates.***

Our operations have consumed substantial amounts of cash since our inception, primarily due to our research and development efforts. We expect our research and development expenses to increase substantially in connection with our ongoing and planned activities. We believe that our existing cash, cash equivalents and short-term investments will fund our projected operating expenses and capital expenditure requirements for at least the next 12 months. Unexpected circumstances may cause us to consume capital more rapidly than we currently anticipate. For example, we may discover that we need to conduct additional activities that exceed our current budget to achieve appropriate rates of patient enrollment, which would increase our development costs.

In any event, we will require additional capital to continue the development of, obtain regulatory approval for, and to commercialize entinostat and SNDX-6352 and any future product candidates. Any efforts to secure additional financing may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize entinostat and SNDX-6352. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we do not raise additional capital when required or on acceptable terms, we may need to:

- delay, scale back or discontinue the development or commercialization of our product candidates or cease operations altogether;
- seek strategic alliances for entinostat or SNDX-6352 on terms less favorable than might otherwise be available; or
- relinquish, or license on unfavorable terms, our rights to technologies or any future product candidates that we otherwise would seek to develop or commercialize ourselves.

If we need to conduct additional fundraising activities and we do not raise additional capital in sufficient amounts or on terms acceptable to us, we may be prevented from pursuing development and commercialization efforts, which will harm our business, operating results and prospects.

Our future funding requirements, both short- and long-term, will depend on many factors, including:

- the initiation, progress, timing, costs and results of clinical trials of our product candidates;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities, including the potential for such authorities to require that we perform more trials than we currently expect;
- the cost to establish, maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;
- market acceptance of our product candidates;
- the cost and timing of selecting, auditing and developing manufacturing capabilities, and potentially validating manufacturing sites for commercial-scale manufacturing;
- the cost and timing for obtaining pricing and reimbursement, which may require additional trials to address pharmacoeconomic benefit;
- the cost of establishing sales, marketing and distribution capabilities for our product candidates if either candidate receives regulatory approval and we determine to commercialize it ourselves;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the effect of competing technological and market developments; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems, as we grow our company.

If we cannot expand our operations or otherwise capitalize on our business opportunities because we cannot secure sufficient capital, our business, financial condition and results of operations could be materially adversely affected.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

We have incurred substantial losses during our history. We do not expect to become profitable in the near future, and we may never achieve profitability. Unused losses generally are available to be carried forward to offset future taxable income, if any, until such unused losses expire. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an “ownership change,” generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards, or NOLs, and other pre-change tax attributes (such as research tax credits) to offset its post-change taxable income or taxes may be limited. We completed an analysis through April 30, 2016 and determined that on March 30, 2007 and August 21, 2015 ownership changes had occurred. We may have experienced an ownership change subsequent to April 30, 2016; and we may also experience ownership changes in the future as a result of shifts in our stock ownership, some of which may be outside of our control. As a result, our ability to use our pre-change NOLs to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

**Risks Related to Our Business and Industry**

***Entinostat and SNDX-6352 are currently our only product candidates. If we are unable to successfully complete clinical development of, obtain regulatory approval for and commercialize entinostat or SNDX-6352, our business prospects will be significantly harmed.***

Entinostat and SNDX-6352 are currently our only product candidates. Our financial success will depend substantially on our ability to effectively and profitably commercialize entinostat or SNDX-6352. In order to commercialize entinostat and SNDX-6352, we will be required to obtain regulatory approvals by establishing that each of them is sufficiently safe and effective. The clinical and commercial success of entinostat and SNDX-6352 will depend on a number of factors, including the following:

- timely commencement and completion of the planned Phase 1b/2 clinical trials of entinostat in combination with *Keytruda*, *Tecentriq* and *Bavencio*® (avelumab) and the Phase 1 clinical trial of SNDX-6352;
- timely patient enrollment and completion of the Phase 3 clinical trial in advanced HR+, HER2- breast cancer, which may be significantly slower than we currently anticipate and will depend substantially upon the satisfactory performance of ECOG-ACRIN and the NCI and other third-party contractors for entinostat;
- whether we are required by the FDA or foreign regulatory authorities to conduct additional clinical trials;
- the prevalence and severity of adverse side effects in any of our clinical trials;
- the ability to demonstrate safety and efficacy of entinostat and SNDX-6352 for their proposed indications and the timely receipt of necessary marketing approvals from the FDA and foreign regulatory authorities;
- achieving and maintaining compliance with all applicable regulatory requirements;
- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- the effectiveness of our own or our potential strategic collaborators’ marketing, sales and distribution strategy and operations in the United States and abroad;
- the ability of our third-party contract manufacturers to produce trial supplies of entinostat and SNDX-6352, and to develop, validate and maintain a commercially viable manufacturing process that is compliant with current Good Manufacturing Practice regulations, or cGMP;
- the availability of commercial supplies of therapeutics, including *exemestane*, *Keytruda*, *Tecentriq* and *Bavencio*, and clinical supplies of investigational drugs, to support the development and marketing of the entinostat therapy as a component of a combination drug regimen for entinostat;
- our ability to successfully commercialize our product candidates in the United States and abroad, whether alone or in collaboration with others; and
- our ability to enforce our intellectual property rights in and to entinostat and SNDX-6352.

If we fail to obtain regulatory approval for our product candidates, we will not be able to generate product sales, which will have a material adverse effect on our business and our prospects.

***Our strategy of combining entinostat with immune checkpoint inhibitors is clinically untested and we may fail to show that the combination is safe and well tolerated and demonstrates additional clinical benefit from the combination.***

Preclinical studies conducted by us and others suggest a strong rationale for combining entinostat with immune checkpoint inhibitors to enhance the immune system's ability to detect and eliminate tumor cells. Our approach is to conduct Phase 1 and 2 clinical trials in patients with tumors that are known to be responsive to immune checkpoint inhibitors and assess both the safety and efficacy, including durability of response, of the combination of entinostat plus a checkpoint inhibitor. However, we have not yet demonstrated the safety or the benefit of this combination in humans and we may be unable to establish a clinically meaningful benefit for patients without added toxicity.

***Although the NCI has entered into a SPA, agreement with the FDA relating to the pivotal Phase 3 clinical trial of entinostat for advanced HR+, HER2- breast cancer, this agreement does not guarantee any particular outcome with respect to regulatory review of the trial or any associated NDA for entinostat.***

The protocol for the pivotal Phase 3 trial of entinostat in combination with exemestane in advanced HR+, HER2- breast cancer was reviewed and agreed upon by the FDA under an SPA agreement with the NCI. The SPA agreement allows for FDA evaluation of whether a clinical trial protocol could form the primary basis of an efficacy claim in support of an NDA. The SPA is an agreement that a Phase 3 clinical trial's design, clinical endpoints, patient population and statistical analyses are sufficient to support the efficacy claim. Agreement on the SPA is not a guarantee of approval; and there is no assurance that the design of, or data collected from, the trial will be adequate to obtain the requisite regulatory approval. Further, obtaining clinical trial data meeting the clinical endpoints in satisfaction of the SPA does not guarantee approval. The SPA is not binding on the FDA if public health concerns unrecognized at the time the SPA was entered into become evident or other new scientific concerns regarding product safety or efficacy arise. In addition, upon written agreement of both the FDA and the NCI, the SPA may be changed, and the FDA retains significant latitude and discretion in interpreting the terms of the SPA and any resulting trial data. As a result, we do not know how the FDA will interpret the parties' respective commitments under the SPA, how it will interpret the data and results from the pivotal Phase 3 clinical trial, whether the FDA will require that we conduct or complete one or more additional clinical trials to support potential approval or whether entinostat will receive any regulatory approvals. ECOG-ACRIN, with sponsorship and funding support from the NCI, is conducting the pivotal Phase 3 clinical trial, which began enrollment in the second quarter of 2014.

***If the Phase 3 clinical trial of entinostat in combination with exemestane in advanced HR+, HER2- breast cancer patients fails to demonstrate safety and efficacy to the satisfaction of regulatory authorities or does not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of entinostat.***

Before obtaining marketing approval from regulatory authorities for the sale of entinostat, we or our collaborators must conduct extensive trials to demonstrate the safety and efficacy of entinostat in humans. We have entered into an arrangement with ECOG-ACRIN to conduct the Phase 3 clinical trial of entinostat in combination with exemestane in advanced HR+, HER2- breast cancer patients. The trial will measure two primary endpoints of progression free survival, or PFS, and overall survival. Based on information received from ECOG-ACRIN to date, PFS data is expected in the first half of 2018 and overall survival data no sooner than the second half of 2019. If the Phase 3 clinical trial meets the PFS endpoint and the interim analysis of overall survival demonstrates a favorable trend, we expect to submit an NDA based on this data in 2018. However, if the trial does not meet the PFS endpoint, we will not be able to submit an NDA unless and until we receive data demonstrating that the primary endpoint for overall survival has been achieved. In addition, based on scientific advice from the European Medicines Agency, the current Phase 3 clinical trial is not likely to be sufficient to receive regulatory approval in Europe for entinostat to treat advanced HR+, HER2- breast cancer, and it is unclear whether we would be able to complete an alternate clinical trial that would be sufficient.

Despite the results reported in our Phase 2b clinical trial for entinostat in advanced estrogen receptor positive, or ER+, breast cancer, we do not know whether the Phase 3 clinical trial in advanced HR+, HER2- breast cancer will demonstrate adequate efficacy and safety to result in regulatory approval to market entinostat in any particular cancer indications or jurisdiction. Additionally, while we do not expect that there will be overlapping toxicities between entinostat and exemestane, we cannot be certain that we will not observe these toxicities or unexpected side effects in the Phase 3 clinical trial.

Clinical testing is expensive and difficult to design and implement, can take many years to complete and is inherently uncertain as to the outcome. A failure of one or more trials can occur at any stage of testing. The outcome of preclinical studies and early clinical trials may not accurately predict the success of later trials, and interim results of a trial do not necessarily predict final results. For example, with the emergence of the new therapies such as *Kisqali* and *Ibrance*, patients enrolled in the Phase 3 clinical trial may be different than those enrolled in our previous Phase 2b clinical trial in that they may have received *Kisqali* and *Ibrance* prior to our trial and therefore may respond differently to treatment with entinostat. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced trials due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier trials.

***The failure of ECOG-ACRIN or the NCI to adequately perform its obligations and responsibilities in the conduct of the Phase 3 clinical trial or to meet expected deadlines could substantially harm our business because we may not obtain regulatory approval for entinostat in a timely manner, or at all.***

We have entered into an arrangement with ECOG-ACRIN, pursuant to which it, with sponsorship and funding support by the NCI, is conducting the Phase 3 clinical trial of entinostat in combination with exemestane in advanced HR+, HER2- breast cancer patients. While we provide operational and logistical support for the trial, we have limited control of their activities. We cannot control whether or not ECOG-ACRIN will devote sufficient time and resources to the trial, including as a result of any reduction or delay in government funding or sponsorship of the activities of ECOG-ACRIN or the NCI. If ECOG-ACRIN or the NCI does not successfully carry out its obligations and responsibilities or meet expected deadlines or if the quality or accuracy of the clinical data that ECOG-ACRIN obtains is compromised due to the failure to adhere to cGMPs, clinical protocols, regulatory requirements or for other reasons, the Phase 3 clinical trial may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize, entinostat. As a result, our results of operations and the commercial prospects for entinostat would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Although the Phase 3 clinical trial is being conducted by ECOG-ACRIN, we are responsible for ensuring that each of our trials is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on ECOG-ACRIN does not relieve us of our regulatory responsibilities. We are required to comply with Good Clinical Practice, or GCP, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area and foreign regulatory authorities for any product in clinical development. Regulatory authorities enforce GCP through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If we fail to comply with applicable GCP, the clinical data generated in our trials may be deemed unreliable and the FDA or foreign regulatory authorities may require us to perform additional trials before approving our marketing applications. We cannot assure that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our trials comply with GCP requirements. In addition, we must conduct our trials with products produced under cGMP requirements. Failure to comply with any of these regulations may require us to repeat preclinical and clinical trials, which would delay the regulatory development process.

***If there are delays in completing the Phase 3 clinical trial for entinostat in advanced HR+, HER2- breast cancer, we will be delayed in commercializing entinostat, our development costs may increase and our business may be harmed.***

The Phase 3 clinical trial of entinostat in combination with exemestane in advanced HR+, HER2- breast cancer commenced in the second quarter of 2014, and ECOG-ACRIN expects to have PFS data from this trial in the first half of 2018. However, to date, ECOG-ACRIN's enrollment of patients in this trial has been slower than expected. We do not know whether this trial will need to be restructured, or will be completed on schedule or at all. Our product development costs will increase if we experience delays in clinical testing. Significant trial delays also could shorten any periods during which we may have the exclusive right to commercialize entinostat or allow our competitors to bring products to market before we do, which would impair our ability to successfully capitalize on entinostat and may harm our business, results of operations and prospects. Events which may result in a delay or unsuccessful completion of clinical development of entinostat include, among other things:

- failure of ECOG-ACRIN to timely identify and enroll patients in the Phase 3 clinical trial;
- feedback from the FDA and foreign regulatory authorities, institutional review boards, or IRBs, or the data safety monitoring board, or results from clinical trials that might require modification to a clinical trial protocol;
- imposition of a clinical hold by the FDA or other regulatory authorities, a decision by the FDA, other regulatory authorities, IRBs or the company, or a recommendation by a data safety monitoring board to suspend or terminate trials at any time for safety issues or for any other reason;
- deviations from the trial protocol by clinical trial sites and investigators or failure to conduct the trial in accordance with regulatory requirements;
- failure of third parties, such as ECOG-ACRIN or contract research organizations, or CROs, to satisfy their contractual duties or meet expected deadlines;
- withdrawal of sponsorship of the NCI because of a failure of ECOG-ACRIN to meet certain performance metrics in the clinical trial;
- delays in the testing, validation, manufacturing and delivery of entinostat to the clinical trial sites;
- unexpectedly high rate of patients withdrawing consent or being lost to follow-up;
- delays caused by patients dropping out of a trial due to side effects or disease progression;
- unacceptable risk-benefit profile or unforeseen safety issues or adverse side effects;
- failure to demonstrate the efficacy of entinostat in this clinical trial;

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- inability to identify and maintain a sufficient number of clinical trial sites, many of which may already be engaged in other clinical trial programs, including some that may be for the same indication;
- withdrawal of clinical trial sites from our clinical trials as a result of changing standards of care or the ineligibility of a site to participate in our trials; or
- changes in government regulations or administrative actions or lack of adequate funding to continue the trials.

An inability by us to timely complete clinical development could result in additional costs to us or impair our ability to generate product revenues or development, regulatory, commercialization and sales milestone payments and royalties on product sales.

***If we are or our collaborators are unable to enroll patients in clinical trials, these clinical trials may not be completed on a timely basis or at all.***

The timely completion of clinical trials largely depends on patient enrollment. Many factors affect patient enrollment, including:

- perception about the relative efficacy of our product candidates versus other compounds in clinical development or commercially available;
- evolving standard of care in treating cancer patients with immuno-oncology agents;
- the size and nature of the patient population;
- the number and location of clinical trial sites enrolled;
- competition with other organizations or our own clinical trials for clinical trial sites or patients;
- the eligibility and exclusion criteria for the trial;
- the design of the trial;
- ability to obtain and maintain patient consents; and
- risk that enrolled subjects will drop out before completion.

As a result of the above factors, there is a risk that our or our collaborators' clinical trials may not be completed on a timely basis or at all.

***We are dependent on Merck, Genentech, Merck KGaA and Pfizer and any future collaborators to perform satisfactorily under our agreements.***

Under the agreements with Merck, Genentech, Merck KGaA and Pfizer and any future collaborations, we will be dependent on our collaborators' performance of their responsibilities and their cooperation with us. Our collaborators may not perform their obligations under our agreements with them or otherwise cooperate with us. We cannot control whether our collaborators will devote the necessary resources to the activities contemplated by our collaborative agreements, nor can we control the timing of their performance. Our collaborators may choose to pursue existing or alternative technologies in preference to those being developed in collaboration with us. Disputes may arise between us and our collaborators that delay the development and commercialization of our product candidates, disputes that may be difficult and costly to resolve, or may not be resolved. In addition, a collaborator for the potential product may have the right to terminate the collaboration at its discretion and, for example, Merck has the right to terminate the Merck agreement for any reason after a specified advance notice period. Any termination may require us to seek a new collaborator, which we may not be able to do on a timely basis, if at all, or may require us to delay or scale back the commercialization efforts or spend additional money to complete the clinical trial. The occurrence of any of these events could adversely affect the commercialization of entinostat and materially harm our business.

If we are unable to enter into additional clinical collaborations with developers of immune checkpoint inhibitors or other combination therapies to explore the same or additional indications, the commercial potential of entinostat could be limited. Such collaborations are complex, and any potential discussions may not result in a definitive agreement for many reasons. For example, whether we reach a definitive agreement for a clinical collaboration will depend, among other things, upon our respective assessments of the other party's resources and expertise, the terms and conditions of the proposed collaboration, and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of our clinical trials, the potential market for the combination therapy, the costs and complexities of manufacturing and delivering the potential product to patients, the potential of competing products, and industry and market conditions generally.

***The actions of KHK and any other current or future sublicensees could adversely affect our business.***

We currently sublicense entinostat to third parties for development and commercialization in certain foreign jurisdictions. Specifically, we have a sublicense agreement with KHK under which we granted KHK an exclusive sublicense to develop and commercialize entinostat in Japan and Korea. It is possible that any clinical trials conducted by KHK and other current or future sublicensees in their respective jurisdictions could have negative results, which in turn could have a material adverse effect on the development of entinostat for development and commercialization in the United States and the rest of the world.



***We are dependent on UCB to comply with the terms of our license agreement for SNDX-6352.***

Our commercial success also depends upon our ability to develop, manufacture, market and sell SNDX-6352. In July 2016, we entered into the UCB license agreement pursuant to which we obtained a worldwide, sublicenseable, exclusive license to SNDX-6352, an IND-ready anti-CSF-1R monoclonal antibody. Under the UCB license agreement, we are dependent on UCB's performance of its responsibilities and its cooperation with us. UCB may not perform its obligations under the UCB license agreement or otherwise cooperate with us. We cannot control whether UCB will devote the necessary resources to its obligations under the UCB license agreement, nor can we control the timing of its performance. For example, under the UCB license agreement, UCB is transferring to us certain data and materials, providing limited technical assistance and certain transitional services, and manufacturing and supplying us with a preliminary supply of SNDX-6352, which we expect will assist us with the development, manufacture and commercialization of SNDX-6352. If UCB fails to complete such technology transfer or to supply us with sufficient quantities of SNDX-6352, our efforts to develop and commercialization SNDX-6352 may be delayed or may fail. Additionally, certain of the rights licensed to us under the UCB license agreement are in-licensed by UCB from third parties. We are dependent on UCB maintaining the applicable third-party license agreements in full force and effect, which may include activities and performance obligations that are not within our control. If any of these third-party license agreements is terminated, certain of our rights to develop, manufacture, commercialize or sell SNDX-6352 may be terminated as well. The occurrence of any of these events could adversely affect the development and commercialization of SNDX-6352, and materially harm our business.

***We may be required to relinquish important rights to and control over the development and commercialization of our product candidates to our current or future collaborators.***

Our collaborations, including any future strategic collaborations we enter into, could subject us to a number of risks, including:

- we may be required to undertake the expenditure of substantial operational, financial and management resources;
- we may be required to issue equity securities that would dilute our existing stockholders' percentage of ownership;
- we may be required to assume substantial actual or contingent liabilities;
- we may not be able to control the amount and timing of resources that our strategic collaborators devote to the development or commercialization of our product candidates;
- strategic collaborators may delay clinical trials, provide insufficient funding, terminate a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new version of a product candidate for clinical testing;
- strategic collaborators may not pursue further development and commercialization of products resulting from the strategic collaboration arrangement or may elect to discontinue research and development programs;
- strategic collaborators may not commit adequate resources to the marketing and distribution of our product candidates, limiting our potential revenues from these products;
- disputes may arise between us and our strategic collaborators that result in the delay or termination of the research, development or commercialization of our product candidates or that result in costly litigation or arbitration that diverts management's attention and consumes resources;
- strategic collaborators may experience financial difficulties;
- strategic collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in a manner that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- business combinations or significant changes in a strategic collaborator's business strategy may also adversely affect a strategic collaborator's willingness or ability to complete its obligations under any arrangement;
- strategic collaborators could decide to move forward with a competing product candidate developed either independently or in collaboration with others, including our competitors; and
- strategic collaborators could terminate the arrangement or allow it to expire, which would delay the development and may increase the cost of developing, our product candidates.

***We may explore strategic collaborations that may never materialize or may fail.***

We may periodically explore a variety of possible strategic collaborations in an effort to gain access to additional product candidates or resources. At the current time, we cannot predict what form such a strategic collaboration might take. We are likely to face significant competition in seeking appropriate strategic collaborators, and strategic collaborations can be complicated and time consuming to negotiate and document. We may not be able to negotiate strategic collaborations on acceptable terms, or at all. We are unable to predict when, if ever, we will enter into any additional strategic collaborations because of the numerous risks and uncertainties associated with establishing them.

***The regulatory approval processes of the FDA and foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable. Our inability to obtain regulatory approval for our product candidates could harm our business.***

The time required to obtain approval by the FDA and foreign regulatory authorities is unpredictable, but typically takes many years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any of our product candidates, and it is possible that we will never obtain regulatory approval for our existing product candidates or any future product candidates.

Our product candidates could fail to receive regulatory approval from the FDA or foreign regulatory authorities for many reasons, including but not limited to:

- failure to demonstrate that our product candidates are safe and effective;
- failure of clinical trials to meet the primary endpoints or level of statistical significance required for approval;
- failure to demonstrate that the clinical and other benefits of a product candidate outweigh any of its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- disagreement with the design or implementation of our or our collaborators' trials;
- the insufficiency of data collected from trials of our product candidates to support the submission and filing of an NDA or other submission or to obtain regulatory approval;
- failure to obtain approval of the manufacturing and testing processes or facilities of third-party manufacturers with whom we contract for clinical and commercial supplies;
- receipt of a negative opinion from an advisory committee due to a change in the standard of care regardless of the outcome of the clinical trials; or
- changes in the approval policies or regulations that render our preclinical and clinical data insufficient for approval.

The FDA or foreign regulatory authorities may require more information, including additional preclinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans, or may cause us to decide to abandon our development program. Even if we were to obtain approval, regulatory authorities may approve entinostat and/or SNDX-6352 for a more limited patient population than we request, may grant approval contingent on the performance of costly post-marketing trials, may impose a risk evaluation and mitigation strategy ("REMS") or foreign regulatory authorities may require the establishment or modification of a similar strategy that may, for instance, restrict distribution of entinostat and impose burdensome implementation requirements on us, or may approve it with a label that does not include the labeling claims necessary or desirable for the successful commercialization of entinostat, all of which could limit our ability to successfully commercialize our product candidates.

***We are not developing entinostat as a monotherapy. A shortage in the supply of exemestane, Keytruda, Tecentriq, Bavencio or other drugs used in combination with entinostat or cessation of development efforts for investigational agents being studied with entinostat could increase our development costs and adversely affect our ability to commercialize entinostat, and any unexpected adverse events with any of the drugs used in combination with entinostat could halt or delay development of entinostat.***

Cancer drugs have from time to time been in short supply and, because many or all of these cancer drugs are also widely used in cancer treatment currently, we will compete with a broad range of healthcare providers and other companies for availability of those drugs. Any shortage of exemestane, Keytruda, Tecentriq, Bavencio or other drugs that we are testing in combination with entinostat could adversely affect our ability to timely conduct the Phase 3 clinical trial in advanced HR+, HER2- breast cancer and the Phase 1b/2 clinical trials in NSCLC, melanoma, microsatellite stable colorectal cancer, ovarian cancer, and TNBC, and if entinostat receives regulatory approval, to commercialize entinostat for treatment of advanced HR+, HER2- breast cancer, NSCLC, melanoma, microsatellite stable colorectal cancer, ovarian cancer, or TNBC. A shortage of supply may also result in an increase, which could be significant, in our costs of procuring exemestane.

Additionally, because entinostat is being developed for use in combination with other cancer treatments, the development of entinostat may be delayed or halted if unexpected adverse events occurring in patients are attributed to entinostat. Likewise, new adverse events emerging from commercialized or development stage drugs being administered with entinostat may limit or halt the potential of such combinations.

***Our product candidates may not achieve adequate market acceptance among physicians, patients, healthcare payors and others in the medical community to be commercially successful.***

Even if our product candidates receive regulatory approval, they may not gain sufficient market acceptance among physicians, patients, healthcare payors and others in the medical community. Our commercial success also depends on coverage and adequate reimbursement by third-party payors, including government payors, which may be difficult or time-consuming to obtain, may be limited in scope and may not be obtained in all jurisdictions in which we may seek to market our product candidates. The degree of market acceptance will depend on a number of factors, including:

- the efficacy, including durability of response, and safety profile as demonstrated in trials;
- the timing of market introduction as well as competitive products;
- the clinical indications for which the product candidate is approved;
- acceptance of the product candidate as a safe and effective treatment by physicians, clinics and patients;
- the potential and perceived advantages of our product candidates over alternative treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement and pricing by third parties and government authorities;
- relative convenience and ease of administration;
- the frequency and severity of adverse events;
- the effectiveness of sales and marketing efforts; and
- unfavorable publicity relating to our product candidates.

If our product candidates are approved but do not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we may not generate sufficient revenue to become or remain profitable.

***We rely on third-party suppliers to manufacture and distribute our clinical drug supplies for our product candidates, we intend to rely on third parties for commercial manufacturing and distribution of our product candidates and we expect to rely on third parties for manufacturing and distribution of preclinical, clinical and commercial supplies of any future product candidates.***

We do not currently have, nor do we plan to acquire, the infrastructure or capability to manufacture or distribute preclinical, clinical or commercial quantities of drug substance or drug product, including entinostat and SNDX-6352. While we expect to continue to depend on third-party manufacturers for the foreseeable future, we do not have direct control over the ability of these manufacturers to maintain adequate manufacturing capacity and capabilities to serve our needs, including quality control, quality assurance and qualified personnel. We are dependent on our third-party manufacturers for compliance with cGMPs and for manufacture of both active drug substances and finished drug products. Facilities used by our third-party manufacturers to manufacture drug substance and drug product for commercial sale must be approved by the FDA or other relevant foreign regulatory agencies pursuant to inspections that will be conducted after we submit our NDA or relevant foreign regulatory submission to the applicable regulatory agency. If our third-party manufacturers cannot successfully manufacture materials that conform to our specifications and/or the strict regulatory requirements of the FDA or foreign regulatory agencies, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. Furthermore, these third-party manufacturers are engaged with other companies to supply and/or manufacture materials or products for such companies, which also exposes our third-party manufacturers to regulatory risks for the production of such materials and products. As a result, failure to meet the regulatory requirements for the production of those materials and products may also affect the regulatory clearance of a third-party manufacturers' facility. If the FDA or a foreign regulatory agency does not approve these facilities for the manufacture of our product candidates, or if it withdraws its approval in the future, we may need to find alternative manufacturing facilities, which would impede or delay our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

***A breakthrough therapy designation by the FDA for entinostat may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that entinostat will receive marketing approval.***

We have received breakthrough therapy designation from the FDA for entinostat when used in combination with exemestane based on the overall survival results from our completed Phase 2b clinical trial in advanced HR+, HER2- breast cancer. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. The Phase 2b trial showed statistically significant improvements in PFS, the primary endpoint, and OS, an exploratory endpoint. Receipt of a breakthrough therapy designation for a drug candidate may not result in a faster development process or review compared to drugs considered for approval under

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conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, the FDA may later decide that entinostat no longer meets the conditions for qualification or decide that the time period for FDA review will not be shortened. For instance, if results from the Phase 3 clinical trial do not confirm the improvements in PFS or overall survival observed in our Phase 2b clinical trial, the FDA may rescind our breakthrough therapy designation.

### ***Even if our product candidates receive regulatory approval, they may still face future development and regulatory difficulties.***

Even if we obtain regulatory approval for our product candidates, they would be subject to ongoing requirements by the FDA and foreign regulatory authorities governing the manufacture, quality control, further development, labeling, packaging, storage, distribution, safety surveillance, import, export, advertising, promotion, recordkeeping and reporting of safety and other post-market information. The FDA and foreign regulatory authorities will continue to closely monitor the safety profile of any product even after approval. If the FDA or foreign regulatory authorities become aware of new safety information after approval of a product candidate, they may require labeling changes or establishment of a REMS or similar strategy, impose significant restrictions on its indicated uses or marketing, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance.

In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP regulations and standards. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including withdrawal of the product from the market or suspension of manufacturing, or we may recall the product from distribution. If we, or our third-party manufacturers, fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters or untitled letters;
- mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners;
- require us to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements to applications filed by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, or refuse to permit the import or export of products.

The occurrence of any event or penalty described above may inhibit our ability to commercialize and generate revenue from the sale of our product candidates.

Advertising and promotion of any product candidate that obtains approval in the United States will be heavily scrutinized by the FDA, the Department of Justice, the Department of Health and Human Services' Office of Inspector General, state attorneys general, members of Congress, other government agencies and the public. Violations, including promotion of our products for unapproved (or off-label) uses, may be subject to enforcement letters, inquiries and investigations, and civil and criminal sanctions by the government. Additionally, foreign regulatory authorities will heavily scrutinize advertising and promotion of any product candidate that obtains approval in their respective jurisdictions.

In the United States, engaging in the impermissible promotion of our products for off-label uses can also subject us to false claims litigation under federal and state statutes, which can lead to administrative, civil and criminal penalties, damages, monetary fines, disgorgement, individual imprisonment, exclusion from participation in Medicare, Medicaid and other federal healthcare programs, curtailment or restructuring of our operations and agreements that materially restrict the manner in which a company promotes or distributes drug products. These false claims statutes include, but are not limited to, the federal civil False Claims Act, which allows any individual to bring a lawsuit against an individual or entity, including a pharmaceutical or biopharmaceutical company on behalf of the federal government alleging the knowing submission of false or fraudulent claims, or causing to present such false or fraudulent claims, for payment or approval by a federal program such as Medicare or Medicaid. These False Claims Act lawsuits against pharmaceutical and biopharmaceutical companies have increased significantly in number and breadth, leading to several substantial civil and criminal settlements regarding certain sales practices, including promoting off-label drug uses involving fines in excess of \$1.0 billion. This growth in litigation has increased the risk that a pharmaceutical company will have to defend a false claim action, pay settlement fines or restitution, agree to comply with burdensome reporting and compliance obligations, and be excluded from participation in Medicare, Medicaid and other federal and state healthcare programs. If we, or any partner that we may engage, do not lawfully promote our approved products, we may become subject to such litigation, which have a material adverse effect on our business, financial condition and results of operations.

***Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial scope of their approved use, or result in significant negative consequences following any marketing approval.***

Undesirable side effects caused by our product candidates could cause the interruption, delay or halting of the trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other foreign regulatory authorities. In our Phase 2b clinical trial of entinostat in advanced HR+, HER2- breast cancer, the most significant adverse events were fatigue, gastrointestinal disturbances and hematologic toxicities, all of which occurred in higher numbers than in the placebo group. Results of the clinical trials may reveal a high and unacceptable severity and prevalence of side effects or other unexpected characteristics. In such event, the trials could be suspended or terminated, or the FDA or foreign regulatory authorities could deny approval of our product candidates for any or all targeted indications. Drug-related side effects could affect patient recruitment or the ability of enrolled subjects to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects.

Additionally, if our product candidates receive marketing approval, and we or others later identify undesirable side effects, a number of potentially significant negative consequences could result, including:

- we may suspend marketing of, or withdraw or recall, the product;
- regulatory authorities may withdraw approvals;
- regulatory authorities may require additional warnings on the product labels;
- the FDA or other regulatory authorities may issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings about the product;
- the FDA may require the establishment or modification of a REMS or foreign regulatory authorities may require the establishment or modification of a similar strategy that may, for instance, restrict distribution of the product and impose burdensome implementation requirements on us;
- regulatory authorities may require that we conduct post-marketing studies;
- we could be sued and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of our product candidates for use in targeted indications or otherwise materially harm its commercial prospects, if approved, and could harm our business, results of operations and prospects.

***Our failure to obtain regulatory approval in international jurisdictions would prevent us from marketing our product candidates outside the United States.***

In order to market and sell our product candidates in other jurisdictions, we must obtain separate marketing approvals for those jurisdictions and comply with their numerous and varying regulatory requirements. We may not obtain foreign regulatory approvals on a timely basis, or at all. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, product reimbursement approvals must be secured before regulatory authorities will approve the product for sale in that country. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our product candidates in certain countries. Further, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries and regulatory approval in one country does not ensure approval in any other country, while a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory approval process in others. For example, based on scientific advice from the European Medicines Agency, the current Phase 3 clinical trial is likely to be insufficient to receive regulatory approval in Europe for entinostat to treat advanced HR+, HER2- breast cancer. Our failure to obtain approval of our product candidates by foreign regulatory authorities may negatively impact the commercial prospects of such product candidates and our business prospects could decline. Also, if regulatory approval for our product candidates is granted, it may be later withdrawn. If we fail to comply with the regulatory requirements in international jurisdictions and receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential for our product candidates will be harmed and our business may be adversely affected.

***We face significant competition from other biotechnology and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.***

The pharmacologic treatment of NSCLC, melanoma, microsatellite stable colorectal cancer, ovarian cancer, TNBC patients includes chemotherapies and therapies targeting specific gene mutations. More recently, immune checkpoint inhibitors have been approved for NSCLC, melanoma and ovarian cancer and are under investigation for TNBC and microsatellite stable colorectal cancer. Currently there are few approved combination immuno-oncology therapies although numerous drugs are undergoing active clinical investigation. We believe that if entinostat in combination with either *Keytruda*, *Tecentriq* or *Bavencio* were approved for the treatment of NSCLC, melanoma, microsatellite stable colorectal cancer, ovarian cancer or TNBC, it would face competition from standard-of-care approaches and other investigational drugs being tested in combination with any of these approaches.

If entinostat in combination with exemestane were approved for treatment of advanced HR+, HER2- breast cancer, it could face competition from other therapies recently approved for use in combination with hormone therapy in this population, including *Ibrance*, *Kisqali*, *Afinitor*, and other therapies currently in Phase 3 clinical development such as abemaciclib, being developed by Eli Lilly and Company.

Many of our existing or potential competitors have substantially greater financial, technical and human resources than we do and significantly greater experience in the discovery and development of product candidates, obtaining FDA and other regulatory approvals of products and the commercialization of those products. Our competitors may be more successful than us in obtaining FDA approval for drugs and achieving widespread market acceptance. Our competitors' drugs may be more effective or more effectively marketed and sold than any drug we may commercialize and may render our product candidates obsolete or non-competitive before we can recover the expenses of developing and commercializing any of our product candidates. Our competitors may also obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

We believe that our ability to successfully compete will depend on, among other things:

- the efficacy and safety profile of our product candidates relative to marketed products and product candidates in development by third parties;
- the time it takes for our product candidates to complete clinical development and receive marketing approval;
- our ability to commercialize our product candidates if they receive regulatory approval;
- the price of our product candidates, including in comparison to branded or generic competitors;
- whether coverage and adequate levels of reimbursement are available under private and governmental health insurance plans, including Medicare;
- our ability to manufacture commercial quantities of our product candidates if they receive regulatory approval; and
- acceptance of entinostat in combination with exemestane, *Keytruda*, *Tecentriq*, *Bavencio* and other drugs by physicians and other healthcare providers.

Even if we obtain regulatory approval of our product candidates, the availability and price of our competitors' products could limit the demand and the price we are able to charge. We may not be able to implement our business plan if the acceptance of our product candidates is inhibited by price competition or the reluctance of physicians to switch from existing methods of treatment, or if physicians switch to other new drug or biologic products or choose to reserve our drugs for use in limited circumstances.

***Adverse events in the field of immuno-oncology could damage public perception of our product candidates and negatively affect our business.***

The commercial success of our product candidates will depend in part on public acceptance of the use of cancer immunotherapies. Adverse events in clinical trials of our product candidates or in clinical trials of others developing similar products and the resulting publicity, as well as any other adverse events in the field of immuno-oncology that may occur in the future, could result in a decrease in demand for any products that we may develop. If public perception is influenced by claims that the use of cancer immunotherapies is unsafe, our product candidates may not be accepted by the general public or the medical community.

Future adverse events in immuno-oncology or the biopharmaceutical industry could also result in greater governmental regulation, stricter labeling requirements and potential regulatory delays in the testing or approvals of our products. Any increased scrutiny could delay or increase the costs of obtaining regulatory approval for our product candidates.

***We must attract and retain additional highly skilled employees in order to succeed.***

To succeed, we must recruit, retain, manage and motivate qualified clinical, scientific, technical and management personnel and we face significant competition for experienced personnel. If we do not succeed in attracting and retaining qualified personnel, particularly at the management level, it could adversely affect our ability to execute our business plan and harm our operating results. In particular, the loss of one or more of our executive officers could be detrimental to us if we cannot recruit suitable replacements in a timely manner. The competition for qualified personnel in the pharmaceutical industry is intense and as a result, we may be unable to continue to attract and retain qualified personnel necessary for the development of our business or to recruit suitable replacement personnel.

Many of the other pharmaceutical companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can discover and develop product candidates and our business will be limited.

***Even if we commercialize our product candidates, they or any other product candidates that we develop, may become subject to unfavorable pricing regulations or third-party coverage or reimbursement practices, which could harm our business.***

Our ability to successfully commercialize entinostat, or any other product candidates that we develop, will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government healthcare programs, private health insurers, managed care plans and other organizations. Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, determine which medications they will cover and establish reimbursement levels. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products.

We cannot be sure that coverage and reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Limitation on coverage and reimbursement may impact the demand for, or the price of, and our ability to successfully commercialize entinostat or any other product candidates that we develop.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the indications for which the drug is approved by the FDA or foreign regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may only be temporary. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States.

Private payors often follow the Centers for Medicare and Medicaid Services decisions regarding coverage and reimbursement to a substantial degree. However, one payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage for the drug product. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Our inability to promptly obtain coverage and adequate reimbursement rates from both government-funded and private payors for any approved products that we develop could have an adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

The regulations that govern marketing approvals, coverage and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we may obtain marketing approval for our product candidates in a particular country, but be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, which could negatively impact the revenues we generate from the sale of the product in that particular country. Adverse pricing limitations may hinder our ability to recoup our investment even if our product candidates obtain marketing approval.

There can be no assurance that our product candidates, if they are approved for sale in the United States or in other countries, will be considered medically reasonable and necessary for a specific indication, that it will be considered cost effective by third-party payors, that coverage and an adequate level of reimbursement will be available, or that third-party payors' reimbursement policies will not adversely affect our ability to sell our product candidates profitably.

***We do not currently have any sales, marketing or distribution experience or infrastructure.***

In order to market any approved product candidate in the future, we must build our sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, as we do not presently have such capabilities. To develop our internal sales, distribution and marketing capabilities, we would have to invest significant amounts of financial and management resources in the future. For drugs where we decide to perform sales, marketing and distribution functions ourselves, we could face a number of challenges, including that:

- we may not be able to attract and build a significant marketing or sales force;
- the cost of establishing, training and providing regulatory oversight for a marketing or sales force may not be justifiable in light of the revenues generated by any particular product;
- our direct or indirect sales and marketing efforts may not be successful; and
- there are significant legal and regulatory risks in drug marketing and sales that we have never faced, and any failure to comply with all legal and regulatory requirements for sales, marketing and distribution could result in enforcement action by the FDA or other authorities that could jeopardize our ability to market the product or could subject us to substantial liability.

Alternatively, we may rely on third parties to launch and market our product candidates, if approved. We may have limited or no control over the sales, marketing and distribution activities of these third parties and our future revenue may depend on the success of these third parties. Additionally, if these third parties fail to comply with all applicable legal or regulatory requirements, the FDA or another governmental agency could take enforcement action that could jeopardize our ability to market the product candidate.

***Current and future legislation may increase the difficulty and cost for us to commercialize our product candidates and affect the prices we may obtain.***

The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product candidate for which we obtain marketing approval. For example, then President Obama signed into law the Affordable Care Act. Among other cost containment measures, the Affordable Care Act established an annual, nondeductible fee on any entity that manufactures or imports branded prescription drugs and biologic agents, a Medicare Part D coverage gap discount program, and a formula that increased the rebates a manufacturer must pay under the Medicaid Drug Rebate Program. There have been judicial and Congressional challenges to certain aspects of the Affordable Care Act, and we expect there will be additional challenges and amendments in the future. Some of the provisions of the Affordable Care Act have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the Affordable Care Act. In January 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the Affordable Care Act to waive, defer, grant exemptions from, or delay the implementation of any provision of the Affordable Care Act that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. The U.S. House of Representatives passed legislation known as the American Health Care Act of 2017 in May 2017. More recently, the Senate Republicans introduced and then updated a bill to replace the Affordable Care Act known as the Better Care Reconciliation Act of 2017. The Senate Republicans also introduced legislation to repeal the Affordable Care Act without companion legislation to replace it, and a "skinny" version of the Better Care Reconciliation Act of 2017. Each of these measures was rejected by the full Senate. Congress will likely consider other legislation to replace elements of the Affordable Care Act. We continue to evaluate the effect that the ACA and its possible repeal and replacement has on our business.

Other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. For example, in August 2011, then President Obama signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not agree upon a targeted deficit reduction of at least \$1.2 trillion for fiscal years 2012 through 2021, triggering the Affordable Care Act's automatic reduction to several government programs. This included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, effective as of 2013. Further legislation has extended the 2% reduction to 2025. In January 2013, then President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Further, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs.



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We expect that the Affordable Care Act, as well as other current or future healthcare reform measures may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. This could seriously harm our future revenues. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our products.

### ***Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of our product candidates.***

We face an inherent risk of product liability exposure related to the testing of our product candidates in human trials and will face an even greater risk if we commercially sell any products that we may develop. Product liability claims may be brought against us by subjects enrolled in our trials, patients, healthcare providers or others using, administering or selling our products. If we cannot successfully defend ourselves against claims that our product candidates or other products that we may develop caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- termination of clinical trial sites or entire trial programs;
- injury to our reputation and significant negative media attention;
- withdrawal of trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial subjects or patients;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize any products that we may develop.

While we currently hold trial liability insurance coverage consistent with industry standards, this may not adequately cover all liabilities that we may incur. We also may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise in the future. We intend to expand our insurance coverage for products to include the sale of commercial products if we obtain marketing approval for our product candidates, but we may be unable to obtain commercially reasonable product liability insurance. A successful product liability claim or series of claims brought against us, particularly if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business and financial condition.

### ***Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse, transparency and other healthcare laws and regulations as well as privacy and data security laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, fines, exclusion from participation in government healthcare programs, curtailments or restrictions of our operations, administrative burdens and diminished profits and future earnings.***

Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with physicians, third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we conduct clinical research and market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include, but are not limited to, the following:

- the federal Anti-Kickback Statute prohibits persons from, among other things, knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, the referral of an individual for the furnishing or arranging for the furnishing, or the purchase, lease or order, or arranging for or recommending purchase, lease or order, or any good or service for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- the federal false claims and civil monetary penalties laws, including the federal civil False Claims Act, imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations, or HIPAA, imposes civil and criminal liability for, among other things, knowingly and willfully executing a scheme to defraud any healthcare benefit program, knowingly and willfully embezzling or stealing any money or other assets of a health care benefit program,

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willfully obstructing a criminal investigation of a health care fraud offense, knowingly and willfully making false statements relating to healthcare matters, or knowingly obtaining or disclosing individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA;

- HIPAA also imposes obligations on certain covered entity health care providers, health plans and health care clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal Open Payments program, created as part of the Physician Payments Sunshine Act under Section 6002 of the Affordable Care Act and its implementing regulations, requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program to report annually to the U.S. Department of Health and Human Services information related to "payments or other transfers of value" made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals and applicable manufacturers and applicable group purchasing organizations to report annually to the U.S. Department of Health and Human Services ownership and investment interests held by physicians (as defined above) and their immediate family members; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; state and foreign laws that govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts; and federal, state, and foreign laws that govern the privacy and security of other personal information, including federal and state consumer protection laws, state data security laws, and data breach notification laws (a data breach affecting sensitive personal information, including health information, could result in significant legal and financial exposure and reputational damages).

Efforts to ensure that our business arrangements with third parties and our business generally, will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, individual imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, contractual damages, reputational harm, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations. Defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. Further, if any physician or other healthcare provider or entity with whom we expect to do business is found not to be in compliance with applicable laws, that person or entity may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs.

### **Risks Related to Intellectual Property**

*If we are unable to obtain or protect intellectual property rights, we may not be able to compete effectively in our market.*

Our success depends in significant part on our and our licensors' and licensees' ability to establish, maintain and protect patents and other intellectual property rights and operate without infringing the intellectual property rights of others. We have filed patent applications both in the United States and in foreign jurisdictions to obtain patent rights to inventions we have discovered. We have also licensed from third parties rights to patent portfolios. Some of these licenses give us the right to prepare, file and prosecute patent applications and maintain and enforce patents we have licensed, and other licenses may not give us such rights.

The patent prosecution process is expensive and time-consuming, and we and our current or future licensors and licensees may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our licensors or licensees will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from or license to third parties and are reliant on our licensors or licensees. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our current or future licensors or licensees fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors or licensees are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised.

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The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors' or licensees' patent rights are highly uncertain. Our and our licensors' or licensees' pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. The patent examination process may require us or our licensors or licensees to narrow the scope of the claims of our or our licensors' or licensees' pending and future patent applications, which may limit the scope of patent protection that may be obtained. It is possible that third parties with products that are very similar to ours will circumvent our or our licensors' or licensees' patents by means of alternate designs or processes. We cannot be certain that we are the first to invent the inventions covered by pending patent applications and, if we are not, we may be subject to priority disputes. We may be required to disclaim part or all of the term of certain patents or all of the term of certain patent applications. There may be prior art of which we are not aware that may affect the validity or enforceability of a patent claim. There also may be prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim. No assurance can be given that if challenged, our patents would be declared by a court to be valid or enforceable or that even if found valid and enforceable, a competitor's technology or product would be found by a court to infringe our patents. We may analyze patents or patent applications of our competitors that we believe are relevant to our activities, and consider that we are free to operate in relation to our product candidate, but our competitors may achieve issued claims, including in patents we consider to be unrelated, which block our efforts or may potentially result in our product candidate or our activities infringing such claims. The possibility exists that others will develop products which have the same effect as our products on an independent basis which do not infringe our patents or other intellectual property rights, or will design around the claims of patents that we have had issued that cover our products. Our and our licensors' or licensees' patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover the technology.

Furthermore, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Entinostat composition of matter U.S. Patent RE39,754, which we licensed from Bayer, covers the chemical entity of entinostat and any crystalline or non-crystalline form of entinostat and expires in September 2017. We expect to seek extensions of patent terms where these are available in any countries where we are prosecuting patents. This includes in the United States under the Drug Price Competition and Patent Term Restoration Act of 1984, which permits a patent term extension of up to five years beyond the expiration of the patent. However, the applicable authorities, including the FDA in the United States, and any equivalent regulatory authorities in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. If this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

The portfolio we licensed from Bayer also includes U.S. Patent 7,973,166, or the '166 patent, which covers a crystalline polymorph of entinostat which is referred to as crystalline polymorph B, the crystalline polymorph used in the clinical development of entinostat. Many compounds can exist in different crystalline forms. A compound which in the solid state may exhibit multiple different crystalline forms is called polymorphic, and each crystalline form of the same chemical compound is termed a polymorph. A new crystalline form of a compound may arise, for example, due to a change in the chemical process or the introduction of an impurity. Such new crystalline forms may be patented. The '166 patent expires in 2029. On March 7, 2014, our licensor Bayer applied for reissue of the '166 patent. The reissue application seeks to add three inventors not originally listed on the '166 patent. The reissue application does not seek to amend the claims issued in the '166 patent. On April 28, 2015, the USPTO re-issued the '166 patent as U.S. patent RE45,499. RE45,499 reissued with the same claims originally issued in the '166 patent and the list of inventors on RE45,499 now lists the additional three inventors that were not included on the '166 patent. The '166 patent has now been surrendered in favor of RE45,499. RE45,499 has the same term as the initial term of the '166 patent, which expires in August 2029. After expiry of RE39,754 in September 2017, a competitor may develop a competing polymorphic form other than based on polymorph B, which could compete with polymorph B.

In spite of our efforts and efforts of our licensor, we may not be successful in defending the validity of the claims of the RE45,499 reissue patent or any of its foreign counterparts. If the claims of the '166 patent or any of its counterparts are found to be invalid by a competent court, we may not be able to effectively block entry of generic versions of our entinostat crystalline polymorph B candidate products into markets where the crystalline polymorph B patent claims are found to be invalid. Additionally, even if we submit an NDA before the expiration of U.S. Patent RE45,499 and are successful in obtaining an extension of the term of U.S. Patent RE45,499 based on FDA regulatory delays, such extension will only extend the term of RE45,499 for a few additional years (up to a maximum of five additional years for patent claims covering a new chemical entity).

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The portfolio we licensed from UCB includes patent applications with pending claims directed to the composition of matter of SNDX-6352 (a humanized, full-length IgG4 (kappa light chain) antibody with high affinity for the CSF-1R) as well as claims directed to methods of use of SNDX-6352. There is no guarantee that any patents will be granted based on the pending applications we licensed from UCB or even if one or more patents are granted that the claims issued in those patents would cover SNDX-6352 or methods of using SNDX-6352. Based on the priority date and filing date of the applications in the portfolio we licensed from UCB, we expect that a patent, if any, granted based on the currently pending applications would expire in 2034. The actual term of any patents granted based on the pending applications we licensed from UCB can only be determined after such patents are actually granted.

### ***We may not be able to protect our intellectual property rights throughout the world.***

Filing, prosecuting, enforcing and defending patents on product candidates in all countries throughout the world is prohibitively expensive, and our or our licensors' intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we and our licensors may not be able to prevent third parties from practicing our and our licensors' inventions in countries outside the United States, or from selling or importing products made using our and our licensors' inventions in and into the United States or other jurisdictions. Competitors may use our and our licensors' technologies in jurisdictions where we have not obtained patent protection to develop their own products and may export otherwise infringing products to territories where we and our licensors have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our product candidates and our and our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us and our licensors to stop the infringement of our and our licensors' patents or marketing of competing products in violation of our and our licensors' proprietary rights generally. Proceedings to enforce our and our licensors' patent rights in foreign jurisdictions could result in substantial costs and divert our attention from other aspects of our business, could put our and our licensors' patents at risk of being invalidated or interpreted narrowly and our and our licensors' patent applications at risk of not issuing and could provoke third parties to assert claims against us or our licensors. We or our licensors may not prevail in any lawsuits that we or our licensors initiate and the damages or other remedies awarded, if any, may not be commercially meaningful.

The requirements for patentability may differ in certain countries, particularly developing countries. For example, unlike other countries, China has a heightened requirement for patentability, and specifically requires a detailed description of medical uses of a claimed drug. In India, unlike the United States, there is no link between regulatory approval of a drug and its patent status. Furthermore, generic drug manufacturers or other competitors may challenge the scope, validity or enforceability of our or our licensors' patents, requiring us or our licensors to engage in complex, lengthy and costly litigation or other proceedings. Generic drug manufacturers may develop, seek approval for, and launch generic versions of our products. In addition to India, certain countries in Europe and developing countries, including China, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our and our licensors' efforts to enforce intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

### ***If we breach our license agreement with Bayer related to entinostat or if the license agreement is otherwise terminated, we could lose the ability to continue the development and commercialization of entinostat.***

Our commercial success depends upon our ability to develop, manufacture, market and sell entinostat. In March 2007, we entered into a license, development and commercialization agreement, or the Bayer license agreement, with Bayer pursuant to which we obtained a worldwide, exclusive license to develop and commercialize entinostat and any other products containing the same active ingredient. The Bayer license agreement, as amended, permits us to use entinostat or other licensed products under the Bayer license agreement for the treatment of any human disease, and we are obligated to use commercially reasonable efforts to develop, manufacture and commercialize licensed products for all commercially reasonable indications.

We are obligated to pay Bayer up to approximately \$50.0 million in the aggregate upon obtaining certain milestones in the development and marketing approval of entinostat, assuming that we pursue at least two different indications for entinostat or any other licensed product under the Bayer license agreement. We are also obligated to pay Bayer \$100.0 million in aggregate sales milestones, and a tiered, single-digit royalty on net sales by us, our affiliates and sublicensees of entinostat and any other licensed products under the Bayer license agreement. We are obligated to pay Bayer these royalties on a country-by-country basis for the life of the relevant licensed patents covering such product or 15 years after the first commercial sale of such product in such country, whichever is longer. We cannot determine the date on which our royalty payment obligations to Bayer would expire because no commercial sales of entinostat have occurred and the last-to-expire relevant patent covering entinostat in a given country may change in the future.

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The Bayer license agreement will remain in effect until the expiration of our royalty obligations under the agreement in all countries. Either party may terminate the Bayer license agreement in its entirety or with respect to certain countries in the event of an uncured material breach by the other party. Either party may terminate the Bayer license agreement if voluntary or involuntary bankruptcy proceedings are instituted against the other party, if the other party makes an assignment for the benefit of creditors, or upon the occurrence of other specific events relating to the insolvency or dissolution of the other party. Bayer may terminate the Bayer license agreement if we seek to revoke or challenge the validity of any patent licensed to us by Bayer under the Bayer license agreement or if we procure or assist a third party to take any such action.

If the Bayer license agreement is terminated, we would not be able to develop, manufacture, market or sell entinostat and would need to negotiate a new or reinstated agreement, which may not be available to us on equally favorable terms, or at all.

***If we breach the UCB license agreement related to SNDX-6352 or if the UCB license agreement is otherwise terminated, we could lose the ability to continue the development and commercialization of SNDX-6352.***

Our commercial success depends upon our ability to develop, manufacture, market and sell SNDX-6352. Subject to the achievement of certain milestone events, we may be required to pay UCB up to \$119.5 million in one-time development and regulatory milestone payments over the term of the UCB license agreement. In the event that we or any of our affiliates or sublicensees commercializes SNDX-6352, we will also be obligated to pay UCB low double-digit royalties on sales, subject to reduction in certain circumstances, as well as up to an aggregate of \$250 million in potential one-time sales-based milestone payments based on achievement of certain annual sales thresholds. Under certain circumstances, we may be required to share a percentage of non-royalty income from sublicensees, subject to certain deductions, with UCB.

Either party may terminate the UCB license agreement in its entirety or with respect to certain countries in the event of an uncured material breach by the other party. Either party may terminate the UCB license agreement if voluntary or involuntary bankruptcy proceedings are instituted against the other party, if the other party makes an assignment for the benefit of creditors, or upon the occurrence of other specific events relating to the insolvency or dissolution of the other party. UCB may terminate the UCB license agreement if we seek to revoke or challenge the validity of any patent licensed to us by UCB under the UCB license agreement or if we procure or assist a third party to take any such action.

Unless terminated earlier in accordance with its terms, the UCB license agreement will continue on a country-by-country and product-by-product basis until the later of: (i) the expiration of all of the licensed patent rights in such country; (ii) the expiration of all regulatory exclusivity applicable to the product in such country; and (iii) 10 years from the date of the first commercial sale of the product in such country. We cannot determine the date on which our royalty payment obligations to UCB would expire because no commercial sales of SNDX-6352 have occurred and the last-to-expire relevant patent covering SNDX-6352 in a given country may change in the future.

If the UCB license agreement is terminated, we would not be able to develop, manufacture, market or sell SNDX-6352 and would need to negotiate a new or reinstated agreement, which may not be available to us on equally favorable terms, or at all.

***Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.***

As is the case with other biotechnology and pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming, and inherently uncertain. The Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by Congress, the federal courts, and the U.S. Patent and Trademark Office, or USPTO, the laws and regulations governing patents could change in unpredictable ways that may weaken our and our licensors' ability to obtain new patents or to enforce existing patents and patents we and our licensors or collaborators may obtain in the future. In view of recent developments in U.S. patent laws, in spite of our efforts and the efforts of our licensors, we may face difficulties in obtaining allowance of our biomarker based patient selection patent claims or if we are successful in obtaining allowance of our biomarker based patient selection claims, we or our licensor may be unsuccessful in defending the validity of such claims if challenged before a competent court.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors' patent applications and the enforcement or defense of our or our licensors' issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the America Invents Act, was signed into law. The America Invents Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent

litigation. The USPTO recently developed new regulations and procedures to govern administration of the America Invents Act, and many of the substantive changes to patent law associated with the America Invents Act and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the America Invents Act will have on the operation of our business. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' patent applications and the enforcement or defense of our or our licensors' issued patents, all of which could harm our business and financial condition.

***Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which would harm our business.

***We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and have an adverse effect on the success of our business and on our stock price.***

Third parties may infringe our or our licensors' patents or misappropriate or otherwise violate our or our licensors' intellectual property rights. In the future, we or our licensors may initiate legal proceedings to enforce or defend our or our licensors' intellectual property rights, to protect our or our licensors' trade secrets or to determine the validity or scope of intellectual property rights we own or control. Also, third parties may initiate legal proceedings against us or our licensors to challenge the validity or scope of intellectual property rights we own or control. The proceedings can be expensive and time-consuming and many of our or our licensors' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors can. Accordingly, despite our or our licensors' efforts, we or our licensors may not be able to prevent third parties from infringing upon or misappropriating intellectual property rights we own or control, particularly in countries where the laws may not protect our rights as fully as in the United States. Litigation could result in substantial costs and diversion of management resources, which could harm our business and financial results. In addition, in an infringement proceeding, a court may decide that a patent owned by or licensed to us is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our or our licensors' patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our or our licensors' patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Third-party preissuance submission of prior art to the USPTO, or opposition, derivation, reexamination, *inter partes* review or interference proceedings, or other preissuance or post-grant proceedings in the United States or other jurisdictions provoked by third parties or brought by us or our licensors or collaborators may be necessary to determine the priority of inventions with respect to our or our licensors' patents or patent applications. An unfavorable outcome could require us or our licensors to cease using the related technology and commercializing our product candidates, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our licensors a license on commercially reasonable terms or at all. Even if we or our licensors obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors. In addition, if the breadth or strength of protection provided by our or our licensors' patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Even if we successfully defend such litigation or proceeding, we may incur substantial costs and it may distract our management and other employees. We could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this process. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a downward effect on the price of shares of our common stock.

***Third parties may initiate legal proceedings against us alleging that we infringe their intellectual property rights or we may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, the outcome of which would be uncertain and could have an adverse effect on the success of our business.***

Third parties may initiate legal proceedings against us or our licensors or collaborators alleging that we or our licensors or collaborators infringe their intellectual property rights or we or our licensors or collaborators may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, including in oppositions, interferences, reexaminations, *inter partes* reviews or derivation proceedings before the United States or other jurisdictions. These proceedings can be expensive and time-consuming and many of our or our licensors' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors or collaborators can.

An unfavorable outcome could require us or our licensors or collaborators to cease using the related technology or developing or commercializing our product candidates, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our licensors or collaborators a license on commercially reasonable terms or at all. Even if we or our licensors or collaborators obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors or collaborators. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business.

***We may be subject to claims by third parties asserting that we or our employees have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.***

Many of our employees, including our senior management, were previously employed at universities or at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

In addition, for some of our in-licensed patents and patent applications, we do not have access to any patent assignments or employee agreements demonstrating that all inventors have assigned their rights to the inventions or related patents. As a result, we may be subject to claims of ownership by such inventors.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

***Our inability to protect our confidential information and trade secrets would harm our business and competitive position.***

In addition to seeking patents for some of our technology and products, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, third-party manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts both within and outside the United States may be less willing or unwilling to protect trade secrets. If a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position.

*We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively.*

Despite the implementation of security measures, our internal computer systems and those of third parties with which we contract are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. System failures, accidents or security breaches could cause interruptions in our operations, and could result in a material disruption of our clinical and commercialization activities and business operations, in addition to possibly requiring substantial expenditures of resources to remedy. The loss of clinical trial data could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and our product research, development and commercialization efforts could be delayed.

### **Risks Related to Ownership of Our Common Stock**

*The market price of our stock may be volatile and you could lose all or part of your investment.*

The trading price of our common stock is highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this report, these factors include:

- the success of competitive products or technologies;
- regulatory actions with respect to our products or our competitors’ products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- results of trials of our product candidates or those of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to our product candidates or clinical development programs;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other stockholders;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors; and
- general economic, industry, political and market conditions.

In addition, the stock market in general, and the NASDAQ Global Select Market and biopharmaceutical companies in particular, frequently experiences extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this “Risk Factors” section, could have a dramatic and negative impact on the market price of our common stock.



***We may sell additional equity or debt securities or enter into other arrangements to fund our operations, which may result in dilution to our stockholders and impose restrictions or limitations on our business.***

Until we can generate a sufficient amount of revenue from our products, if ever, we expect to finance future cash needs through public or private equity or debt offerings. In April 2017, we filed a shelf registration statement on Form S-3 (Registration No. 333-217172) that allows us to sell up to an aggregate of \$200 million of our common stock, which includes up to \$50.0 million designated in the prospectus supplement for an at-the-market offering program. We may also seek additional funding through government or other third-party funding and other collaborations, strategic alliances and licensing arrangements. These financing activities may have an adverse impact on our stockholders' rights as well as on our operations, and such additional funding may not be available on reasonable terms, if at all. If we raise additional funds through the issuance of additional debt or equity securities, it may result in dilution to our existing stockholders and/or increased fixed payment obligations. Furthermore, these securities may have rights senior to those of our common stock and could contain covenants that would restrict our operations and potentially impair our competitiveness, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Additionally, if we seek funds through arrangements with collaborative partners, these arrangements may require us to relinquish rights to some of our technologies or product candidates or otherwise agree to terms unfavorable to us. Any of these events could significantly harm our business, financial condition and prospects.

***If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.***

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If no or few securities or industry analysts commence coverage of us, the trading price for our stock could be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our trials or operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.***

As of June 30, 2017, our executive officers, directors, holders of 5% or more of our capital stock and their respective affiliates beneficially own approximately 58% of our outstanding voting stock. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. The interests of this group of stockholders may not always coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock.

***We are an "emerging growth company" as defined in the JOBS Act and will be able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our common stock less attractive to investors and adversely affect the market price of our common stock.***

For so long as we remain an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain exemptions from various requirements applicable to public companies that are not "emerging growth companies" including:

- the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting;
- the "say on pay" provisions (requiring a non-binding stockholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding stockholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Act and some of the disclosure requirements of the Dodd-Frank Act relating to compensation of our chief executive officer;

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- the requirement to provide detailed compensation discussion and analysis in proxy statements and reports filed under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and instead provide a reduced level of disclosure concerning executive compensation; and
- any rules that the Public Company Accounting Oversight Board may adopt requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

We may take advantage of these exemptions until we are no longer an “emerging growth company.” We would cease to be an “emerging growth company” upon the earliest of: (i) the first fiscal year following the fifth anniversary of our IPO; (ii) the first fiscal year after our annual gross revenues are \$1.0 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (iv) as of the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded \$700 million as of the end of the second quarter of that fiscal year.

We currently intend to take advantage of some, but not all, of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an “emerging growth company.” For example, we have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act. Our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an “emerging growth company,” which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an “emerging growth company,” we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the Securities and Exchange Commission, or SEC, which may make it more difficult for investors and securities analysts to evaluate our company. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline.

***We will continue to incur significant costs as a result of operating as a public company, and our management will devote substantial time to compliance initiatives.***

We completed our initial public offering on March 8, 2016. As a newly public company, we incur significant legal, accounting and other expenses that we did not incur as a private company, and these expenses may increase even more after we are no longer an “emerging growth company.” We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Protection Act, as well as rules adopted, and to be adopted, by the SEC and the NASDAQ Global Select Market. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. The increased costs will increase our net loss. For example, these rules and regulations have made it more difficult and more expensive for us to obtain director and officer liability insurance and we were required to incur substantial costs to maintain the sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

***Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.***

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock.

Some of the holders of our securities have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act except for shares held by our affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

***We may be subject to securities litigation, which is expensive and could divert management attention.***

The market price of our common stock may be volatile, and in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

***If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately report our financial condition, results of operations or cash flows, which may adversely affect investor confidence in us and, as a result, the value of our common stock.***

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. Commencing after the filing of our initial annual report on Form 10-K, we will be required, under Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Section 404 of the Sarbanes-Oxley Act also generally requires an attestation from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, for as long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of the exemption permitting us not to comply with the independent registered public accounting firm attestation requirement.

Our compliance with Section 404 will require that we incur substantial expense and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting once that firm begins its Section 404 reviews, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the NASDAQ Global Select Market, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

***Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would benefit our stockholders and may prevent attempts by our stockholders to replace or remove our current management.***

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which we may establish and shares of which we may issue without stockholder approval;
- prohibiting cumulative voting in the election of directors, which would otherwise allow for less than a majority of stockholders to elect director candidates;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, who are responsible for appointing the

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members of our management. Because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, or the DGCL, which may discourage, delay or prevent someone from acquiring us or merging with us whether or not it is desired by or beneficial to our stockholders. Under the DGCL, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change of control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

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

*Recent Sales of Unregistered Equity Securities*

None.

*Use of Proceeds from Initial Public Offering of Common Stock*

On March 8, 2016, we completed our IPO and sold 4,400,000 shares of common stock at the initial public offering price of \$12.00 per share. On March 11, 2016, we sold an additional 409,475 shares of our common stock at the initial public offering price of \$12.00 per share as a result of the partial exercise by the underwriters of their option purchase additional shares of common stock. We received net proceeds from the IPO of approximately \$50.5 million, after deducting underwriting discounts, commissions and offering expenses. None of these expenses consisted of payments made by us to directors, officers or persons owning 10% or more of our common stock or to their associates, or to our affiliates. The offer and sale of the shares in our IPO were registered pursuant to our Registration Statement on Form S-1 (File No. 333-208861), which was declared effective by the SEC on March 2, 2016. Morgan Stanley and Citigroup acted as joint book-running managers for the offering, and JMP Securities and Oppenheimer & Co. acted as co-managers for the offering. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC on March 3, 2016, pursuant to Rule 424. We invested the funds received in cash equivalents and other short-term investments in accordance with our investment policy. As of June 30, 2017, we have not used any of the proceeds from the IPO and as such, the entire amount of the net proceeds is included as cash, cash equivalents and short-term investments.

**Item 6. Exhibits**

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: August 10, 2017

By: /s/ Briggs W. Morrison, M.D.

Briggs W. Morrison, M.D.  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Richard P. Shea

Richard P. Shea  
Chief Financial Officer and Treasurer  
(Principal Executive Officer and Principal Accounting Officer)

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-37708), as filed with the SEC on March 8, 2016).
3.2	Amended and Restated Bylaws of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-37708), as filed with the SEC on March 8, 2016).
4.1	Specimen Common Stock Certificate of the Company (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A (File No. 333-208861), as filed with the SEC on February 10, 2016).
4.2	Form of Warrant to purchase Common Stock issued pursuant to the Warrant Agreement by and between the Company and Bayer Schering Pharma AG, dated March 26, 2007 (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 (File No. 333-208861), as filed with the SEC on January 4, 2016).
10.1	Executive Employment Agreement by and between the Company and Richard P. Shea, dated as of February 9, 2017.
10.2†	Amendment #1 to Clinical Trial Collaboration and Supply Agreement by and between the Company, Merck Sharp & Dohme B.V., and MSD International GmbH, dated as of April 26, 2017.
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial statements from the Quarterly Report on Form 10-Q of Syndax Pharmaceuticals, Inc. for the quarter ended June 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Comprehensive Loss; (iii) the Condensed Consolidated Statements of Cash Flows; and (iv) Notes to Condensed Consolidated Financial Statements.

\* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

† Confidential treatment has been requested for certain portions of this exhibit. These portions have been omitted and filed separately with the SEC.

**EXECUTIVE EMPLOYMENT AGREEMENT**

This **EXECUTIVE EMPLOYMENT AGREEMENT** (this “*Agreement*”) is entered into as of the 8th day of February, 2017 (the “*Execution Date*”), between **RICHARD P. SHEA** (“*Executive*”) and **SYNDAX PHARMACEUTICALS, INC.** (the “*Company*”). Certain capitalized terms used in this Agreement are defined in Article 7.

**RECITALS**

- A.** The Company is a biopharmaceutical company.
- B.** The Company desires to employ Executive in the position set forth below, and Executive wishes to be employed by the Company in such position, upon the terms and conditions set forth in this Agreement.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, the Company and Executive agree as follows:

**ARTICLE 1****PRELIMINARY MATTERS**

- 1.1 Effectiveness of Agreement.** This Agreement shall be effective on the Execution Date.

**ARTICLE 2****TERMS OF EMPLOYMENT**

**2.1 Appointment.** Executive’s start date with the Company is February 13, 2017 or such other date as mutually agreed upon by the Company and Executive (the “*Start Date*”). Executive shall serve as Chief Financial Officer, reporting to the President and Chief Operating Officer. As Chief Financial Officer, Executive will have such duties and responsibilities typically associated with such officer plus other reasonable duties as may from time to time be assigned to Executive. During Executive’s employment with the Company, Executive shall (i) devote approximately eighty percent (80%) of Executive’s business efforts to the Company, provided, however, that Executive may (a) serve as a consultant to Momenta Pharmaceuticals, Inc., (b) participate in charitable, civic, educational, professional, community or industry affairs, (c) manage Executive’s passive personal investments, and (d) serve as a board member, advisor or a similar position, of up to two other companies, so long as such service does not conflict with or is not detrimental to the Company’s best interests, as determined in good faith by the Board, and (ii) faithfully and to the best of Executive’s abilities and experience, and in accordance with the standards and ethics of the business in which the Company is engaged, perform all duties that may be required of Executive by this Agreement, the Company’s policies and procedures, and such other duties and responsibilities as may be assigned to Executive from time to time, as well as the directives of the Board. During Executive’s employment with the Company, Executive shall not engage in any activity that conflicts with or is detrimental to the Company’s best interests, as determined by the Board. Executive and the Company acknowledge that Executive’s primary office will be located at the Company’s Waltham, MA headquarters, but that Executive may be required to spend a certain amount of time each month at the Company’s New York, NY office.

**2.2 Employment Term** . Executive will be employed by the Company on an “at-will” basis. This means that either the Company or Executive may terminate Executive’s employment at any time, for any reason, with or without Cause, and with or without advance notice (provided that Resignation for Good Reason (as defined below) requires certain advanced notice by Executive. It also means that Executive’s job title, duties, responsibilities, reporting level, compensation and benefits, as well as the Company’s personnel policies and procedures, may be changed with or without notice at any time in the Company’s sole discretion. This at-will employment relationship shall not be modified by any conflicting actions or representations of any Company employee or other party before or during the term of Executive’s employment.

**2.3 Compensation** .

a) **Annual Base Salary** . Executive’s annual base salary shall be \$325,000 per year (“*Annual Base Salary*”), payable in equal installments, less applicable deductions and withholdings, in accordance with the Company’s standard payroll practices. Executive’s Annual Base Salary shall be subject to review by the Company’s compensation committee and may be increased or decreased from time to time, but shall not be reduced unless, and only to the extent that, the base salaries of all other similarly situated executives of the Company are proportionately reduced.

b) **Benefits** . Executive will be entitled to participate in all of the employee benefits and benefit plans that the Company generally makes available to its full-time employees and executives and for which Executive is eligible in accordance with the Company’s policies as in effect from time to time. These benefits are subject to the terms, conditions, and eligibility requirements that govern or apply to them.

c) **Bonus** . In addition to Annual Base Salary, Executive shall be eligible to earn an annual performance bonus of up to thirty-five percent (35%) of Executive’s Annual Base Salary, which bonus shall be earned upon Executive’s attainment of objectives to be determined by the Board (or the compensation committee thereof, as such determination may be delegated by the Board to the compensation committee) and continued employment with the Company as described below (the “*Target Performance Bonus*”). The amount of and Executive’s eligibility for the Target Performance Bonus shall be determined in the sole discretion of the Board (or the compensation committee thereof, as such determination may be delegated by the Board to the compensation committee). If earned, any Target Performance Bonus shall be paid to Executive, less authorized deductions and applicable withholdings, on or before the February 15th following the applicable bonus year. For the 2017 calendar year, if earned, the Target Performance Bonus will be pro-rated from the Start Date. Except as provided in Sections 3.2 and 4.2, Executive shall be eligible to earn the Target Performance Bonus only if Executive is actively employed and in good standing with the Company on both the determination and payment dates for the Target Performance Bonus.

**2.4 Reimbursement of Expenses** . Subject to Section 5.10(c), the Company shall reimburse Executive for Executive’s necessary and reasonable business expenses incurred in connection with Executive’s duties in accordance with the Company’s generally applicable policies.

**2.5 Grant of Stock Option** . Subject to the approval of the Board or the compensation committee of the Board, approximately upon the Start Date Executive will be issued an option to purchase 125,000 shares of the Company’s common stock (the “*Option*”). The Option will be evidenced by a stock option agreement and be subject to the terms and conditions of the Company’s 2015 Equity



Incentive Plan, as amended (the “ *Equity Plan* ”). Subject to the terms and conditions of the Equity Plan, the Option will have a term of ten (10) years from the Option’s grant date. The exercise price per share of the Option will be equal to the per share fair market value of the Company’s common stock on the date the Option is granted, as determined by the Board. The vesting schedule of the Option will be as follows: twenty-five percent (25%) of the shares of the Company’s common stock subject to the Option will vest upon the one year anniversary of the Start Date, and one thirty-sixth (1/36th) of the remaining shares of the Company’s common stock subject to the Option will vest each month thereafter on the last day of each month, so long as Executive remains an employee, consultant, director or officer of the Company, and subject to the terms and conditions of the stock option agreement and the Equity Plan.

## ARTICLE 3

### CHANGE IN CONTROL SEVERANCE BENEFITS

**3.1 Severance Benefits** . Upon a Change in Control Termination, and subject to the limitations and conditions set forth in this Agreement, Executive shall be eligible to receive the benefits set forth in this Article 3. The receipt of any severance payments or benefits pursuant to this Agreement is subject to Executive signing and not revoking a separation agreement and general release of claims (the “ *Release* ”), in substantially the form attached hereto and incorporated herein as **Exhibit A** , **Exhibit B** or **Exhibit C** , as appropriate, which Release must become effective and irrevocable no later than the sixtieth (60<sup>th</sup>) day following Executive’s termination of employment (the “ *Release Deadline Date* ”). If the Release does not become effective and irrevocable by the Release Deadline Date, Executive will forfeit any right to any severance payments or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release actually becomes effective and irrevocable

**3.2 Salary and Pro-Rata Bonus Payment** . In consideration of Executive’s execution and non-revocation of the Release by the Release Deadline Date in a form provided by the Company and in accordance with Article 4, the Company shall pay Executive a severance payment equal to (a) the sum of Executive’s Monthly Base Salary and Pro-Rata Bonus multiplied by (b) the number of months in the Change in Control Severance Period, less applicable withholdings. The severance payment shall be payable (except as set forth in Article 5) in a lump sum on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date.

### **3.3 Health Continuation Coverage.**

a) Provided that Executive is eligible and has made the necessary elections for continuation coverage pursuant to COBRA under a health, dental or vision plan sponsored by the Company, the Company shall pay the applicable premiums (inclusive of premiums for Executive’s dependents for such health, dental or vision plan coverage as in effect immediately prior to the date of the Change in Control Termination) for such continued health, dental or vision plan coverage following the date of the Change in Control Termination for up to the number of months equal to the Change in Control Benefits Period (but in no event after such time as Executive is eligible for coverage under a health, dental or vision insurance plan of a subsequent employer or as Executive and Executive’s dependents are no longer eligible for COBRA coverage); provided that if continued payment by the Company of the applicable premiums would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code of 1986, as amended, or any statute or regulation of similar effect (including, without limitation, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of providing such continued payment, the Company will instead pay Executive on the first day of each month a fully taxable cash payment equal to the applicable premiums for that month, subject to applicable tax withholdings, for the remainder of the Change in Control Benefits Period. Such coverage shall be counted as coverage pursuant to COBRA.

The Company shall have no obligation in respect of any premium payments (or any other payments in respect of health, dental or vision coverage from the Company) following the effective date of Executive's coverage by a health, dental or vision insurance plan of a subsequent employer. Executive shall be required to notify the Company immediately if Executive becomes covered by a health, dental or vision insurance plan of a subsequent employer. If Executive and Executive's dependents continue coverage pursuant to COBRA following the conclusion of the Change in Control Benefits Period, Executive will be responsible for the entire payment of such premiums required under COBRA for the duration of the COBRA period.

b) For purposes of this Section 3.3, (i) references to COBRA shall be deemed to refer also to analogous provisions of state law, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by Executive under a Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Executive.

**3.4 Stock Awards** . Upon a Change in Control Termination, (a) the vesting and exercisability of all outstanding options to purchase the Company's common stock (or stock appreciation rights or other rights with respect to the stock of the Company issued pursuant to any equity incentive plan of the Company) that are held by Executive on the Termination Date shall be accelerated in full, (b) any reacquisition or repurchase rights held by the Company with respect to common stock issued or issuable (or with respect to other rights with respect to the stock of the Company issued or issuable) pursuant to any other stock award granted to Executive pursuant to any equity incentive plan of the Company shall lapse and (c) the time period that Executive has to exercise any outstanding options to purchase the Company's common stock that are held by Executive on the Termination Date shall be extended for a period equal to the shorter of (i) twelve (12) months or (ii) the remaining term of the outstanding option.

## ARTICLE 4

### COVERED TERMINATION SEVERANCE BENEFITS

**4.1 Severance Benefits** . Upon a Covered Termination, and subject to the limitations and conditions set forth in this Agreement, Executive shall be eligible to receive the benefits set forth in this Article 4. The receipt of any severance payments or benefits pursuant to this Agreement is subject to Executive signing and not revoking the appropriate Release, which Release must become effective and irrevocable no later than the Release Deadline Date. If the Release does not become effective and irrevocable by the Release Deadline Date, Executive will forfeit any right to any severance payments or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release actually becomes effective and irrevocable.

**4.2 Salary Payment** . In consideration of Executive's timely execution and non-revocation of the Release by the Release Deadline Date, the Company shall pay Executive a severance payment equal to Executive's Monthly Base Salary multiplied by the number of months in the Covered Termination Severance Period, less applicable withholdings. The severance payment shall be payable (except as set forth in Article 5) in a lump sum on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date.

### **4.3 Health Continuation Coverage** .

a) Provided that Executive is eligible and has made the necessary elections for continuation coverage pursuant to COBRA under a health, dental or vision plan sponsored by the Company, the Company shall pay for the applicable premiums (inclusive of premiums for Executive's

dependents for such health, dental or vision plan coverage as in effect immediately prior to the date of the Covered Termination) for such continued health, dental or vision plan coverage following the date of the Covered Termination for up to the number of months equal to the Covered Termination Benefits Period (but in no event after such time as Executive is eligible for coverage under a health, dental or vision insurance plan of a subsequent employer or as Executive and Executive's dependents are no longer eligible for COBRA coverage); provided that if continued payment by the Company of the applicable premiums would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code of 1986, as amended, or any statute or regulation of similar effect (including, without limitation, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of providing such continued payment, the Company will instead pay Executive on the first day of each month a fully taxable cash payment equal to the applicable premiums for that month, subject to applicable tax withholdings, for the remainder of the Covered Termination Benefits Period. Such coverage shall be counted as coverage pursuant to COBRA. The Company shall have no obligation in respect of any premium payments (or any other payments in respect of health, dental or vision coverage from the Company) following the effective date of Executive's coverage by a health, dental or vision insurance plan of a subsequent employer. Executive shall be required to notify the Company immediately if Executive becomes covered by a health, dental or vision insurance plan of a subsequent employer. If Executive and Executive's dependents continue coverage pursuant to COBRA following the conclusion of the Covered Termination Benefits Period, Executive will be responsible for the entire payment of such premiums required under COBRA for the duration of the COBRA period.

b) For purposes of this Section 4.3, (i) references to COBRA shall be deemed to refer also to analogous provisions of state law, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by Executive under a Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Executive.

#### **4.4 Stock Awards .** Upon a Covered Termination:

a) the vesting and exercisability of all outstanding options to purchase the Company's common stock (or stock appreciation rights or other rights with respect to the stock of the Company issued pursuant to any equity incentive plan of the Company) that are held by Executive on the Termination Date shall be accelerated as to the number of shares of common stock issuable upon exercise of such option ("*Option Shares*") as equals the number of Option Shares as would otherwise vest during the twelve (12) month period following the Termination Date in accordance with the applicable options' vesting schedule were the Executive to remain an employee of the Company during such twelve (12) month period (disregarding any other basis for acceleration of vesting of Option Shares during such twelve (12) month period);

b) any reacquisition or repurchase rights held by the Company with respect to common stock issued or issuable (or with respect to other rights with respect to the stock of the Company issued or issuable) pursuant to any option to purchase the Company's common stock (or stock appreciation rights or other rights with respect to the stock of the Company) ("*Restricted Shares*") held by the Executive as of the Termination Date shall lapse as to the number of Restricted Shares as equals the number of Restricted Shares as to which such reacquisition or repurchase rights would otherwise lapse during the twelve (12) month period following the Termination Date in accordance with the option's vesting schedule were the Executive to remain an employee of the Company during such twelve (12) month period (disregarding any other basis for acceleration of the lapsing of such reacquisition or repurchase rights on Restricted Shares during such twelve (12) month period); and

c) the time period that Executive has to exercise any outstanding options to purchase the Company's common stock that are held by Executive on the Termination Date shall be extended for a period equal to the shorter of (i) twelve (12) months or (ii) the remaining term of the outstanding option.

## ARTICLE 5

### LIMITATIONS AND CONDITIONS ON BENEFITS

**5.1 Rights Conditioned on Compliance** . Executive's rights to receive all severance benefits described in Article 3 and Article 4 shall be conditioned upon and subject to Executive's compliance with the limitations and conditions on benefits as described in this Article 5.

**5.2 Continuation of Service Until Date of Termination** . Executive shall continue to provide service to the Company in good faith until the Termination Date, unless such performance is otherwise excused in writing by the Company.

**5.3 Release Prior to Payment of Benefits** . Upon the occurrence of a Change in Control Termination or a Covered Termination, as applicable, and prior to Executive earning any entitlement to any severance or separation benefits under this Agreement on account of such Change in Control Termination or Covered Termination, as applicable, Executive must execute the appropriate Release, and such Release must become effective in accordance with its terms, but in no event later than the Release Deadline Date. No amount shall be paid prior to such date. Instead, on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date, the Company will pay Executive the severance amount that Executive would otherwise have received on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of the severance amount being paid as originally scheduled. The Company may modify the Release in its discretion to comply with changes in applicable law at any time prior to Executive's execution of such Release. Such Release shall specifically relate to all of Executive's rights and claims in existence at the time of such execution and shall confirm Executive's obligations under the Confidentiality Agreement and any similar obligations under applicable law. It is understood that, as specified in the applicable Release, Executive has a certain number of calendar days to consider whether to execute such Release. If Executive does not execute and deliver such Release within the applicable period, no benefits shall be provided or payable under this Agreement, and Executive shall have no further rights, title or interests in or to any severance benefits or payments pursuant to this Agreement. It is further understood that if Executive is age 40 or older at the time of a Change in Control Termination or a Covered Termination, as applicable, Executive may revoke the applicable Release within seven (7) calendar days after its execution by Executive. If Executive revokes such Release within such subsequent seven (7) day period, no benefits shall be provided or payable under this Agreement pursuant to such Change in Control Termination or Covered Termination, as applicable.

**5.4 Return of Company Property** . Not later than the Termination Date, Executive shall return to the Company all documents (and all copies thereof) and other property belonging to the Company that Executive has in his or her possession or control. The documents and property to be returned include, but are not limited to, all files, correspondence, email, memoranda, notes, notebooks, records, plans, forecasts, reports, studies, analyses, compilations of data, proposals, agreements, financial information, research and development information, marketing information, operational and personnel information, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones and servers), credit cards, entry cards, identification badges and keys, and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof in whole or in part). Executive

agrees to make a diligent search to locate any such documents, property and information. If Executive has used any personally owned computer, server or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, then within ten (10) business days after the Termination Date, Executive shall provide the Company with a computer-useable copy of all such information and then permanently delete and expunge such confidential or proprietary information from those systems. Executive agrees to provide the Company access to Executive's system as requested to verify that the necessary copying and/or deletion is done.

#### **5.5 Cooperation and Continued Compliance with Restrictive Covenants .**

a) From and after the Termination Date, Executive shall cooperate fully with the Company in connection with its actual or contemplated defense, prosecution or investigation of any existing or future litigation, arbitrations, mediations, claims, demands, audits, government or regulatory inquiries, or other matters arising from events, acts or failures to act that occurred during the time period in which Executive was employed by the Company (including any period of employment with an entity acquired by the Company). Such cooperation includes, without limitation, being available upon reasonable notice, without subpoena, to provide accurate and complete advice, assistance and information to the Company, including offering and explaining evidence, providing truthful and accurate sworn statements, and participating in discovery and trial preparation and testimony. Executive also agrees to promptly send the Company copies of all correspondence (for example, but not limited to, subpoenas) received by Executive in connection with any such legal proceedings, unless Executive is expressly prohibited by law from so doing. The Company will reimburse Executive for reasonable out-of-pocket expenses incurred in connection with any such cooperation (excluding foregone wages, salary or other compensation) within thirty (30) days of Executive's timely presentation of appropriate documentation thereof, in accordance with the Company's standard reimbursement policies and procedures, and will make reasonable efforts to accommodate Executive's scheduling needs.

b) From and after the Termination Date, Executive shall continue to abide by all of the terms and provisions of the Confidentiality Agreement (and any other comparable agreement signed by Executive), in accordance with its terms.

c) Executive acknowledges and agrees that Executive's obligations under this Section 5.5 are an essential part of the consideration Executive is providing hereunder in exchange for which and in reliance upon which the Company has agreed to provide the payments and benefits under this Agreement. Executive further acknowledges and agrees that Executive's violation of this Section 5.5 inevitably would involve use or disclosure of the Company's proprietary and confidential information. Accordingly, Executive agrees that Executive will forfeit, effective as of the date of any breach, any right, entitlement, claim or interest in or to any unpaid portion of the severance payments or benefits provided in Article 3 or Article 4. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 5.5 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

#### **5.6 Parachute Payments .**

a) **Parachute Payment Limitation** . If any payment or benefit (including payments and benefits pursuant to this Agreement) Executive would receive in connection with a Change in Control from the Company or otherwise ("**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this paragraph, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following two alternative forms of

payment shall be paid to Executive: (A) payment in full of the entire amount of the Payment (a “ **Full Payment** ”), or (B) payment of only a part of the Payment so that Executive receives the largest payment possible without the imposition of the Excise Tax (a “ **Reduced Payment** ”). A Full Payment shall be made in the event that the amount received by Executive on a net after-tax basis is greater than what would be received by Executive on a net after-tax basis if the Reduced Payment were made, otherwise a Reduced Payment shall be made. If a Reduced Payment is made, (i) the Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the Payment, and (ii) reduction in payments and/or benefits shall occur in the following order: (A) reduction of cash payments; (B) cancellation of accelerated vesting of equity awards other than stock options; (C) cancellation of accelerated vesting of stock options; and (D) reduction of other benefits paid to Executive. In the event that acceleration of compensation from Executive’s equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant.

b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall make all determinations required to be made under this Section 5.6. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

c) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which Executive’s right to a Payment is triggered (if requested at that time by the Company or Executive) or such other time as requested by the Company or Executive. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

**5.7 Certain Reductions and Offsets** . To the extent that any federal, state or local laws, including, without limitation, the Worker Adjustment and Retraining Notification Act or any other so-called “plant closing” laws, require the Company to give advance notice or make a payment of any kind to Executive because of Executive’s involuntary termination due to a layoff, reduction in force, plant or facility closing, sale of business, change in control or any other similar event or reason, the benefits payable under this Agreement shall be correspondingly reduced. The benefits provided under this Agreement are intended to satisfy any and all statutory obligations that may arise out of Executive’s involuntary termination of employment for the foregoing reasons, and the parties shall construe and enforce the terms of this Agreement accordingly.

**5.8 Mitigation** . Except as otherwise specifically provided herein, Executive shall not be required to mitigate damages or the amount of any payment provided under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer or by any retirement benefits received by Executive after the date of a Change in Control Termination or Covered Termination (except as expressly provided in Sections 3.3 and 4.3 above).

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**5.9 Indebtedness of Executive** . If Executive is indebted to the Company on the effective date of a Change in Control Termination or Covered Termination, the Company reserves the right to offset any severance payments and benefits under this Agreement by the amount of such indebtedness.

**5.10 Application of Section 409A** .

a) **Separation from Service** . Notwithstanding any provision to the contrary in this Agreement, no amount deemed deferred compensation subject to Section 409A of the Code shall be payable pursuant to Article 3 or Article 4 unless Executive's termination of employment constitutes a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury Regulations and other guidance promulgated thereunder and, except as provided under Section 5.10(b) hereof, any such amount shall not be paid, or in the case of installments, commence payment, until the first regularly-scheduled payroll date occurring on or after the sixtieth (60<sup>th</sup>) day following Executive's separation from service. Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence shall be paid to Executive on the first regularly-scheduled payroll date occurring on or after the sixtieth (60<sup>th</sup>) day after Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

b) **Specified Executive** . Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of his or her separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" with the Company (as such term is defined in the Treasury Regulations issued under Section 409A of the Code) or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 5.10(b) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

c) **Expense Reimbursements** . To the extent that any reimbursement payable pursuant to this Agreement is subject to the provisions of Section 409A of the Code, any such reimbursement payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred; the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

d) **Installments** . For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

**5.11 Tax Withholding** . All payments under this Agreement shall be subject to applicable withholding for federal, state and local income and employment taxes.

**5.12 No Duplication of Severance Benefits**. The severance and other benefits provided in Article 3 and Article 4 are mutually exclusive of each other, and in no event shall Executive receive any severance or other benefits pursuant to both Article 3 and Article 4.

## ARTICLE 6

### TERMINATION WITH CAUSE OR BY VOLUNTARY RESIGNATION; OTHER RIGHTS AND BENEFITS

**6.1 Termination for Cause by the Company** . If the Company shall terminate the Executive's employment with the Company for Cause, then upon such termination, the Company shall have no further obligation to Executive hereunder except for the payment or provision, as applicable, of (a) the portion of the Annual Base Salary for the period prior to the effective date of termination earned but unpaid (if any), (b) all unreimbursed expenses (if any), subject to Sections 2.4 and 5.10(c), and (c) other payments, entitlements or benefits, if any, in accordance with terms of the applicable plans, programs, arrangements or other agreements of the Company (other than any severance plan or policy) as to which the Executive held rights to such payments, entitlements or benefits, whether as a participant, beneficiary or otherwise on the date of termination (" **Other Benefits** "). For the avoidance of doubt, Executive shall have no right to receive (and Other Benefits shall not include) any amounts under any Company severance plan or policy or pursuant to Article 3 or Article 4 upon Executive's termination for Cause.

**6.2 Termination by Voluntary Resignation by the Executive (other than Resignation for Good Reason)** . Upon any voluntary resignation by Executive that is not a Resignation for Good Reason, the Company shall have no further obligation to the Executive hereunder except for the payment of (a) the portion of the Annual Base Salary for the period prior to the effective date of termination earned but unpaid (if any), (b) all unreimbursed expenses (if any), subject to Sections 2.4 and 5.10(c), and (c) the payment or provision of any Other Benefits. For the avoidance of doubt, Executive shall have no right to receive (and Other Benefits shall not include) any amounts under any Company severance plan or policy or pursuant to Article 3 or Article 4 upon any voluntary resignation by Executive that is not a Resignation for Good Reason.

**6.3 Other Rights and Benefits.** Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Company and for which Executive may otherwise qualify, nor shall anything herein limit or otherwise affect such rights as Executive may have under other agreements with the Company except as provided in Article 2, Article 5, Section 6.1 and Section 6.2 above. Except as otherwise expressly provided herein, amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company at or subsequent to the date of a Change in Control shall be payable in accordance with such plan, policy, practice or program.

## ARTICLE 7

### DEFINITIONS

Unless otherwise provided, for purposes of this Agreement, the following definitions shall apply:

**7.1 "Board"** means the Board of Directors of the Company.

**7.2 "Cause"** means, upon a reasonable determination by the Company, Executive's: (a) dishonest statements or acts with respect to the Company, any subsidiary or any affiliate of the Company or any subsidiary; (b) commission by or indictment for (i) a felony or (ii) any misdemeanor (excluding minor traffic violations) involving moral turpitude, deceit, dishonesty or fraud ("indictment," for these purposes, meaning an indictment, probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offense is made);



(c) gross negligence, willful misconduct or insubordination with respect to the Company, any subsidiary or any affiliate of the Company or any subsidiary; (d) material breach of any of Executive's obligations under any agreement to which Executive and the Company or any subsidiary are a party; or (e) death or disability. With respect to clause (d), Executive will be given notice and a 30-day period in which to cure such breach, only to the extent such breach can be reasonably expected to be able to be cured within such period. Executive agrees that the breach of any confidentiality obligation to the Company or any subsidiary shall not be curable to any extent.

7.3 “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

a) Any natural person, entity or group within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (“**Exchange Act Person**”), becomes the owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (i) on account of the acquisition of securities of the Company by any institutional investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions that are primarily a private financing transaction for the Company or (ii) solely because the level of ownership held by any Exchange Act Person (the “**Subject Person**”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

b) There is consummated a merger, consolidation or similar transaction involving, directly or indirectly, the Company if, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either (i) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (ii) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction;

c) The stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur; or

d) There is consummated a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportion as their ownership of the Company immediately prior to such sale, lease, license or other disposition.

The term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company. Notwithstanding the foregoing or any other provision of this Agreement, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any affiliate and the participant shall

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supersede the foregoing definition with respect to stock awards subject to such agreement (it being understood, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply).

7.4 “ **Change in Control Benefits Period** ” means the period of twelve (12) months commencing on the Termination Date.

7.5 “ **Change in Control Severance Period** ” means the period of twelve (12) months commencing on the Termination Date.

7.6 “ **Change in Control Termination** ” means an “ **Involuntary Termination Without Cause** ” or “ **Resignation for Good Reason** , ” either of which occurs on, or within three (3) months prior to, or within twelve (12) months following, the effective date of a Change in Control, provided that any such termination is a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h). Death and disability shall not be deemed Change in Control Terminations.

7.7 “ **COBRA** ” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

7.8 “ **Code** ” means the Internal Revenue Code of 1986, as amended.

7.9 “ **Company** ” means Syndax Pharmaceuticals, Inc. or, following a Change in Control, the surviving entity resulting from such transaction, or any subsequent surviving entity resulting from any subsequent Change in Control.

7.10 “ **Confidentiality Agreement** ” means Executive’s Assignment of Developments, Non-Disclosure, and Non-Solicitation Agreement with the Company (or any successor agreement thereto).

7.11 “ **Covered Termination** ” means an “ **Involuntary Termination Without Cause** ” or “ **Resignation for Good Reason** , ” provided that any such termination is a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h). Death and disability shall not be deemed Covered Terminations. If an Involuntary Termination Without Cause or Resignation for Good Reason qualifies as a Change in Control Termination, it shall not constitute a Covered Termination.

7.12 “ **Covered Termination Benefits Period** ” means the period of twelve (12) months commencing on the Termination Date.

7.13 “ **Covered Termination Severance Period** ” means the period of six (6) months commencing on the Termination Date.

7.14 “ **Involuntary Termination Without Cause** ” means Executive’s dismissal or discharge by the Company for reasons other than Cause and other than as a result of death or disability.

7.15 “ **Monthly Base Salary** ” means 1/12<sup>th</sup> of the greater of (i) Executive’s annual base salary (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation) as in effect on the date of a Change in Control Termination or a Covered Termination, as applicable, or (ii) in the case of a Change in Control Termination, Executive’s annual base salary (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation) as in effect on the date of a Change in Control.

**7.16** “ *Pro-Rata Bonus* ” means 1/12<sup>th</sup> of the greater of (i) the average Target Performance Bonus paid to Executive for the three years preceding the date of a Change in Control Termination (or such lesser number of years during which Executive has been employed by the Company), or (ii) the Target Performance Bonus, as in effect on the date of a Change in Control Termination.

**7.17** “ *Resignation for Good Reason* ” means Executive’s resignation from all employee positions Executive then holds with the Company within sixty (60) days following any of the following events taken without Executive’s consent, provided Executive has given the Company written notice of such event within thirty (30) days after the first occurrence of such event and the Company has not cured such event within thirty (30) days thereafter:

a) A decrease in Executive’s total target cash compensation (base and bonus) of more than 10% (i.e., a material reduction in Executive’s base compensation and a material breach by the Company of Executive’s employment terms with the Company), other than in connection with a comparable decrease in compensation for all comparable executives of the Company;

b) Executive’s duties or responsibilities are materially diminished (not simply a change in title or reporting relationships); provided, that Executive shall not be deemed to have a “ *Resignation for Good Reason* ” if the Company survives as a separate legal entity or business unit following the Change in Control and Executive holds materially the same position in such legal entity or business unit as Executive held before the Change in Control;

c) Either (i) Executive is required to establish residence in a location more than fifty (50) miles from Executive’s current principal personal residence or (ii) there is an increase in Executive’s round-trip driving distance of more than fifty (50) miles from Executive’s current principal personal residence to the principal office or business location at which Executive is required to perform services (except for required business travel to the extent consistent with Executive’s prior business travel obligations) (“ *Executive’s Principal Place of Business* ”) as a result of a change in location by the Company of Executive’s Principal Place of Business; or

d) The failure of the Company to obtain a satisfactory agreement from any successor to materially assume and materially agree to perform under the terms of this Agreement.

**7.18** “ *Termination Date* ” means the effective date of the Change in Control Termination, the Covered Termination or a termination for Cause, as applicable.

## ARTICLE 8

### GENERAL PROVISIONS

**8.1 Employment Status** . This Agreement does not constitute a contract of employment or impose upon Executive any obligation to remain as an employee, or impose on the Company any obligation (i) to retain Executive as an employee, (ii) to change the status of Executive as an at-will employee or (iii) to change the Company’s policies regarding termination of employment.

**8.2 Notices** . Any notices provided hereunder must be in writing, and such notices or any other written communication shall be deemed effective upon the earlier of personal delivery (including personal delivery by facsimile) or the third day after mailing by first class mail, to the Company at its primary office location and to Executive at Executive’s address as listed in the Company’s payroll records. Any payments made by the Company to Executive under the terms of this Agreement shall be delivered to Executive either in person or at the address as listed in the Company’s payroll records.

**8.3 Severability** . Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provisions had never been contained herein.

**8.4 Waiver** . If either party should waive any breach of any provisions of this Agreement, he, she or it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

**8.5 Complete Agreement** . This Agreement, including **Exhibit A** , **Exhibit B** and **Exhibit C** , and the Confidentiality Agreement constitute the entire agreement between Executive and the Company and is the complete, final and exclusive embodiment of their agreement with regard to this subject matter, wholly superseding all written and oral agreements with respect to payments and benefits to Executive in the event of employment termination. It is entered into without reliance on any promise or representation other than those expressly contained herein.

**8.6 Amendment or Termination of Agreement; Continuation of Agreement** . This Agreement may be changed or terminated only upon the mutual written consent of the Company and Executive. The written consent of the Company to a change or termination of this Agreement must be signed by an executive officer of the Company (other than Executive) after such change or termination has been approved by the Board. Unless so terminated, this Agreement shall continue in effect for as long as Executive continues to be employed by the Company or by any surviving entity following any Change in Control. In other words, if, following a Change in Control, Executive continues to be employed by the surviving entity without a Change in Control Termination and the surviving entity then undergoes a Change in Control, following which Executive is terminated by the subsequent surviving entity in a Change in Control Termination, then Executive shall receive the benefits described in Article 3 hereof.

**8.7 Counterparts** . This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

**8.8 Headings** . The headings of the Articles and Sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

**8.9 Successors and Assigns** . This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, and the Company, and any surviving entity resulting from a Change in Control and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company, and their respective successors, assigns, heirs, executors and administrators, without regard to whether or not such person actively assumes any rights or duties hereunder; provided, however, that Executive may not assign any duties hereunder and may not assign any rights hereunder without the written consent of the Company, which consent shall not be withheld unreasonably.

**8.10 Choice of Law** . Because of the Company's and Executive's interests in ensuring that disputes regarding this Agreement are resolved on a uniform basis, the parties agree that all questions concerning the construction, validity and interpretation of this Agreement will be governed by the law of the State of New York, without regard for any conflict of law principles. Further, the parties consent to the jurisdiction of the state and federal courts of the State of New York for all purposes in connection with this Agreement. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which Executive or the Company may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute.

**8.11 Arbitration.** To ensure the rapid and economical resolution of any disputes that may arise under or relate to this Agreement or Executive's employment relationship, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the performance, enforcement, execution, or interpretation of this Agreement, Executive's employment with the Company, or the termination of Executive's employment (collectively, "**Claims**"), shall be resolved to the fullest extent permitted by law, by final, binding, and (to the extent permitted by law) confidential arbitration before a single arbitrator in the state where Executive is employed. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1 *et seq.*, as amended, and shall be administered by the Judicial Arbitration & Mediation Services, Inc. ("**JAMS**"), in accordance with its then-current Employment Arbitration Rules & Procedures (the "**JAMS Rules**"). The JAMS Rules are also available online at <http://www.jamsadr.com/rules-employment-arbitration/>. The parties or their representatives may also call JAMS at 800.352.5267 if they have questions about the arbitration process. If the JAMS Rules are inconsistent with the terms of this Agreement, the terms of this Agreement shall govern. Notwithstanding the foregoing, this provision shall exclude Claims that by law are not subject to arbitration. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of all Claims and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The Company shall pay all JAMS fees in excess of the amount of filing and other court-related fees Executive would have been required to pay if the Claims were asserted in a court of law. EXECUTIVE AND THE COMPANY UNDERSTAND AND FULLY AGREE THAT BY ENTERING INTO THIS AGREEMENT, BOTH EXECUTIVE AND THE COMPANY ARE GIVING UP THE CONSTITUTIONAL RIGHT TO HAVE A TRIAL BY JURY, AND ARE GIVING UP THE NORMAL RIGHTS OF APPEAL FOLLOWING THE RENDERING OF A DECISION, EXCEPT AS THE FEDERAL ARBITRATION ACT AND APPLICABLE FEDERAL LAW ALLOW FOR JUDICIAL REVIEW OF ARBITRATION PROCEEDINGS. Nothing in this Agreement shall prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or final orders in such arbitrations may be entered and enforced as judgments or orders in the federal and state courts of any competent jurisdiction in compliance with Section 8.11 of this Agreement.

**8.12 Construction of Agreement.** In the event of a conflict between the text of this Agreement and any summary, description or other information regarding this Agreement, the text of this Agreement shall control.

**8.13 Circular 230 Disclaimer.** THE FOLLOWING DISCLAIMER IS PROVIDED IN ACCORDANCE WITH THE INTERNAL REVENUE SERVICE'S CIRCULAR 230 (21 C.F.R. PART 10). ANY TAX ADVICE CONTAINED IN THIS AGREEMENT IS INTENDED TO BE PRELIMINARY, FOR DISCUSSION PURPOSES ONLY AND NOT FINAL. ANY SUCH ADVICE IS NOT INTENDED TO BE USED FOR MARKETING, PROMOTING OR RECOMMENDING ANY TRANSACTION OR FOR THE USE OF ANY PERSON IN CONNECTION WITH THE PREPARATION OF ANY TAX RETURN. ACCORDINGLY, THIS ADVICE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the dates below.

**SYNDAX PHARMACEUTICALS, INC.**

By: /s/ Briggs W. Morrison, M.D.  
Name: Briggs W. Morrison, M.D.  
Title: Chief Executive Officer  
Date: February 8, 2017

**EXECUTIVE**

By: /s/ Richard P. Shea  
Name: Richard P. Shea  
Date: February 8, 2017

Exhibit A: Release (Individual Termination – Age 40 or Older)

Exhibit B: Release (Individual and Group Termination – Under Age 40)

Exhibit C: Release (Group Termination – Age 40 or Older)

**EXHIBIT A**

**RELEASE**

**(INDIVIDUAL TERMINATION – AGE 40 OR OLDER)**

Certain capitalized terms used in this Release are defined in the Executive Employment Agreement (the “*Agreement*”) which I have executed and of which this Release is a part.

I hereby confirm my obligations under the Confidentiality Agreement (or other comparable agreement that I have signed, if any).

Except as otherwise set forth in this Release, I hereby release, acquit and forever discharge the Company, its parents and subsidiaries, and their officers, directors, agents, servants, employees, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys’ fees, damages, indemnities and obligations of every kind and nature, in law, equity or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed (other than any claim for indemnification I may have as a result of any third party action against me based on my employment with the Company), arising out of or in any way related to agreements, events, acts or conduct at any time prior to the date I execute this Release, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment, including, but not limited to, claims of intentional and negligent infliction of emotional distress, any and all tort claims for personal injury, claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; and claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended, the federal Age Discrimination in Employment Act of 1967, as amended (“*ADEA*”), the federal Employee Retirement Income Security Act of 1974, as amended, the federal Americans with Disabilities Act of 1990, the California Fair Employment and Housing Act, as amended, the New York City Human Rights Law, as amended, the Massachusetts Fair Employment Practices Law, as amended, the South Carolina Human Affairs Law, as amended, tort law, contract law, wrongful discharge, discrimination, fraud, defamation, emotional distress, and breach of the implied covenant of good faith and fair dealing; provided, however, that nothing in this paragraph shall be construed in any way to (1) release the Company from its obligation to indemnify me pursuant to the Company’s indemnification obligation pursuant to written agreement or applicable law; (2) release any claim by me against the Company relating to the validity or enforceability of this release or the Agreement; (3) prohibit me from exercising any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (“*EEOC*”), the National Labor Relations Board (“*NLRB*”), or any other government agency (provided, however, that I shall not be entitled to recover any monetary damages or to obtain non-monetary relief if the agency were to pursue any claims relating to my employment with the Company).

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have to assert claims for age discrimination under applicable law, including under the ADEA. I also acknowledge that the consideration given under the Agreement for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise on or after the date I execute this Release; (B) I have the right to consult with an attorney prior to executing this Release; (C) I have twenty-one (21) days to consider this Release (although I may choose to voluntarily execute this Release earlier); (D) I have seven (7) days following my execution of this Release to revoke the Release by providing a written notice

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of revocation to the Company's Chief Executive Officer; and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth (8th) day after I execute this Release (provided that I do not revoke it).

I hereby represent that I have been paid all compensation owed and for all hours worked, I have received all the leave and leave benefits and protections for which I am eligible, pursuant to the federal Family and Medical Leave Act, any Company policy or applicable law, and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I agree that I will not make any disparaging statements regarding the Company or its officers, directors, shareholders, members, agents or products jointly or severally. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

**EXECUTIVE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Date: \_\_\_\_\_  
\_\_\_\_\_



**EXHIBIT B**

**RELEASE**

**(INDIVIDUAL AND GROUP TERMINATION – UNDER AGE 40)**

Certain capitalized terms used in this Release are defined in the Executive Employment Agreement (the “*Agreement*”) which I have executed and of which this Release is a part.

I hereby confirm my obligations under the Confidentiality Agreement (or other comparable agreement that I have signed, if any).

Except as otherwise set forth in this Release, I hereby release, acquit and forever discharge the Company, its parents and subsidiaries, and their officers, directors, agents, servants, employees, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys’ fees, damages, indemnities and obligations of every kind and nature, in law, equity or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed (other than any claim for indemnification I may have as a result of any third party action against me based on my employment with the Company), arising out of or in any way related to agreements, events, acts or conduct at any time prior to the date I execute this Release, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment, including, but not limited to, claims of intentional and negligent infliction of emotional distress, any and all tort claims for personal injury, claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; and claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended, the federal Employee Retirement Income Security Act of 1974, as amended, the federal Americans with Disabilities Act of 1990, the California Fair Employment and Housing Act, as amended, the New York City Human Rights Law, as amended, the Massachusetts Fair Employment Practices Law, as amended, the South Carolina Human Affairs Law, as amended, tort law, contract law, wrongful discharge, discrimination, fraud, defamation, emotional distress, and breach of the implied covenant of good faith and fair dealing; provided, however, that nothing in this paragraph shall be construed in any way to (1) release the Company from its obligation to indemnify me pursuant to the Company’s indemnification obligation pursuant to written agreement or applicable law; (2) release any claim by me against the Company relating to the validity or enforceability of this release or the Agreement; (3) prohibit me from exercising any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (“*EEOC*”), the National Labor Relations Board (“*NLRB*”), or any other government agency (provided, however, that I shall not be entitled to recover any monetary damages or to obtain non-monetary relief if the agency were to pursue any claims relating to my employment with the Company).

I acknowledge that the consideration given under the Agreement for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing that: (A) my waiver and release do not apply to any rights or claims that may arise on or after the date I execute this Release; (B) I have the right to consult with an attorney prior to executing this Release; and (C) I have twenty-one (21) days to consider this Release (although I may choose to voluntarily execute this Release earlier).

I hereby represent that I have been paid all compensation owed and for all hours worked, I have received all the leave and leave benefits and protections for which I am eligible, pursuant to the federal Family and Medical Leave Act, any Company policy or applicable law, and I have not suffered any on-the-job injury or illness for which I have not already filed a workers’ compensation claim.

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I agree that I will not make any disparaging statements regarding the Company or its officers, directors, shareholders, members, agents or products jointly or severally. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

**EXECUTIVE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Date: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT C**

**RELEASE**

**(GROUP TERMINATION – AGE 40 OR OLDER)**

Certain capitalized terms used in this Release are defined in the Executive Employment Agreement (the “*Agreement*”) which I have executed and of which this Release is a part.

I hereby confirm my obligations under the Confidentiality Agreement (or other comparable agreement that I have signed, if any).

Except as otherwise set forth in this Release, I hereby release, acquit and forever discharge the Company, its parents and subsidiaries, and their officers, directors, agents, servants, employees, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys’ fees, damages, indemnities and obligations of every kind and nature, in law, equity or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed (other than any claim for indemnification I may have as a result of any third party action against me based on my employment with the Company), arising out of or in any way related to agreements, events, acts or conduct at any time prior to the date I execute this Release, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with my employment with the Company or the termination of that employment, including, but not limited to, claims of intentional and negligent infliction of emotional distress, any and all tort claims for personal injury, claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; and claims pursuant to any federal, state or local law or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended, the federal Age Discrimination in Employment Act of 1967, as amended (“*ADEA*”), the federal Employee Retirement Income Security Act of 1974, as amended, the federal Americans with Disabilities Act of 1990, the California Fair Employment and Housing Act, as amended, the New York City Human Rights Law, as amended, the Massachusetts Fair Employment Practices Law, as amended, the South Carolina Human Affairs Law, as amended, tort law, contract law, wrongful discharge, discrimination, fraud, defamation, emotional distress, and breach of the implied covenant of good faith and fair dealing; provided, however, that nothing in this paragraph shall be construed in any way to (1) release the Company from its obligation to indemnify me pursuant to the Company’s indemnification obligation pursuant to written agreement or applicable law; (2) release any claim by me against the Company relating to the validity or enforceability of this release or the Agreement; (3) prohibit me from exercising any non-waivable right to file a charge with the United States Equal Employment Opportunity Commission (“*EEOC*”), the National Labor Relations Board (“*NLRB*”), or any other government agency (provided, however, that I shall not be entitled to recover any monetary damages or to obtain non-monetary relief if the agency were to pursue any claims relating to my employment with the Company).

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have to assert claims for age discrimination under applicable law, including under the ADEA. I also acknowledge that the consideration given under the Agreement for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise on or after the date I execute this Release; (B) I have the right to consult with an attorney prior to executing this Release; (C) I have forty-five (45) days to consider this Release (although I may choose to voluntarily execute this Release earlier); (D) I have seven (7) days following my execution of this Release to revoke the Release by providing a written notice of

revocation to the Company's Chief Executive Officer; (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day (8th) after I execute this Release; and (F) I have received with this Release the required written disclosure for a "group termination" under the ADEA, including a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

I hereby represent that I have been paid all compensation owed and for all hours worked, I have received all the leave and leave benefits and protections for which I am eligible, pursuant to the federal Family and Medical Leave Act, any Company policy or applicable law, and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I agree that I will not engage in any conduct that is injurious to the reputation of the Company or its parents, subsidiaries and affiliates, including but not limited to disparagement of the Company, its officers, Board members, employees and shareholders. The foregoing shall not be violated by a statement made in a deposition, trial or administrative proceeding in response to legal process; by any statement made to a government agency; or whenever I make any statement to a court, administrative tribunal or government agency as required by law.

**EXECUTIVE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date: \_\_\_\_\_

\*\*\* INDICATES MATERIAL THAT WAS OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT WAS REQUESTED. ALL SUCH OMITTED MATERIAL WAS FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

**AMENDMENT NO. 1 TO CLINICAL TRIAL COLLABORATION  
AND SUPPLY AGREEMENT**

(FOR NON-SMALL CELL LUNG CANCER STUDY WITH EXPANSION COHORTS  
IN NON-SMALL CELL LUNG CANCER, MELANOMA, AND COLORECTAL CANCER)

This Amendment No. 1 to the CLINICAL TRIAL COLLABORATION AND SUPPLY AGREEMENT (this “ **Amendment No. 1** ”), made as of April 26, 2017 (the “ **Amendment Effective Date** ”), is entered into by and between Merck Sharp & Dohme B.V., having a place of business at Waarderweg 39, 2031 BN Haarlem, Netherlands, and MSD International GmbH, having a place of business at Weyrstrasse 20, 6000 Luzern 6, Switzerland (together, “ **Merck** ”), and Syndax Pharmaceuticals, Inc., having a place of business at 35 Gatehouse Drive, Building D, Floor 3, Waltham, MA 02451 (“ **Syndax** ”). Merck and Syndax are each referred to herein individually as a “ **Party** ” and collectively as the “ **Parties** ”.

WHEREAS, the Parties entered into a Clinical Trial Collaboration and Supply Agreement dated as of March 27, 2015, covering a Phase 1b/2, open-label, dose escalation study of the Syndax Compound in combination with the Merck Compound in patients with non-small cell lung cancer, with expansion cohorts in patients with non-small cell lung cancer and melanoma (the “ **Agreement** ”); and

WHEREAS, the Parties desire to add an additional expansion cohort to the study contemplated by the Agreement and to make certain amendments to the Agreement in connection therewith, all on the terms and conditions set forth in this Amendment No. 1.

NOW, THEREFORE, the Parties hereby agree as follows:

- 1 Certain Definitions. Capitalized terms used in this Amendment No. 1 and not defined herein shall have the meanings given to them in the Agreement.
- 2 Amendments to the Agreement.
  - 2.1 Section 1.50 of the Agreement is hereby deleted in its entirety and replaced with the following:
 

“1.50 ‘ **Study** ’ means a Phase 1b/2, open-label, dose escalation study of the Syndax Compound in combination with the Merck Compound in patients with non-small cell lung cancer, with expansion cohorts in patients with non-small cell lung cancer, melanoma, and mismatch repair-proficient colorectal cancer.”

2.2 Section 4.1 of the Agreement is hereby amended by deleting the first sentence thereof and replacing it with the following:

“A Protocol, entitled ‘A Phase 1b/2, Open-Label, Dose Escalation Study of Eninostat in Combination with Pembrolizumab in Patients with Non-Small Cell Lung Cancer, with Expansion Cohorts in Patients with Non-Small Cell Lung Cancer, Melanoma, and Mismatch Repair-Proficient Colorectal Cancer’ has been agreed to by the Parties as of April 13, 2017, the synopsis of which is attached as Appendix A.”

2.3 A new Section 4.4 is hereby added to the Agreement as follows:

“4.4 Transparency Reporting.

4.4.1. With respect to any annual reporting period in which Company is not an entity that is required to make a Transparency Report under Applicable Law, Company will: (a) notify Merck, in writing, within \*\*\* after the commencement of such reporting period that Company is not so required; and (b) during such reporting period Company will track and provide to Merck data regarding “indirect” payments or other transfers of value by Company to such health care professionals to the extent such payments or other transfers of value were required, instructed, directed or otherwise caused by Merck pursuant to this Agreement in the format requested by Merck and provided on a basis to be agreed upon by both Parties. Company represents and warrants that any data provided by Company to Merck pursuant to Section 4.4.1(b) above will be complete and accurate to the best of Company’s knowledge.

4.4.2. With respect to any annual reporting period in which Company is required to make a Transparency Report under Applicable Law, Company will provide to Merck, in writing, Company’s point of contact for purposes of receiving information from Merck pursuant to this Section 4.4, along with such contact’s full name, email address, and telephone number. Company may update such contact from time to time by notifying Merck in writing pursuant to Section 22 (Notices). Where applicable, Merck will provide to such Company contact all information regarding the value of the Merck Compound provided for use in the Study required for such reporting. In the event that the value of the Merck Compound provided pursuant to this Section 4.4.2 changes, Merck shall notify Company of such revised value and the effective date thereof.

4.4.3. For purposes of this Section 4.4, “ **Transparency Report** ” means a transparency report in connection with reporting payments and other transfers of value made to health care professionals, including, without limitation, investigators, steering committee members, data monitoring committee members, and consultants in connection with the Study in accordance with reporting requirements under Applicable Law,



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including, without limitation, the Physician Payment Sunshine Act and state gift laws, and the European Federation of Pharmaceutical Industries and Associations Disclosure Code, or a Party's applicable policies.”

2.4 Section 22 of the Agreement is hereby deleted in its entirety and replaced with the following:

“22. Notices.

All notices or other communications that are required or permitted hereunder shall be in writing and delivered personally, sent by facsimile (and promptly confirmed by personal delivery or overnight courier), or sent by internationally-recognized overnight courier addressed as follows:

If to Merck, to:

MSD International GmbH  
Weystrasse 20  
6000 Luzern  
Switzerland  
Attention: Director  
Facsimile: \*\*\*

-and-

Merck Sharp & Dohme B.V.  
Waarderweg 39  
2031 BN Haarlem  
Netherlands  
Attention: Director  
Facsimile: \*\*\*

With a copy (which shall not constitute notice) to:

Merck Sharp & Dohme Corp.  
One Merck Drive  
P.O. Box 100  
Whitehouse Station, NJ 08889-0100  
Attention: Office of Secretary  
Facsimile No.: \*\*\*



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If to Syndax, to:

Syndax Pharmaceuticals, Inc.  
35 Gatehouse Drive  
Building D, Floor 3  
Waltham, MA 02451  
Facsimile No.: (781) 419-1420

- 2.5 Appendix A of the Agreement is hereby deleted in its entirety and replaced with the new Appendix A attached to this Amendment No. 1 as Schedule 1.
- 2.6 Appendix B of the Agreement is hereby deleted in its entirety and replaced with the new Appendix B attached to this Amendment No. 1 as Schedule 2.
- 3 Press Release. On or immediately after the Amendment Effective Date, Syndax will issue a press release in the form attached hereto as Schedule 3.
- 4 General. Except as specifically modified or amended by this Amendment No. 1, the terms and conditions of the Agreement remain unchanged and in full force and effect. All references in the Agreement to the "Agreement" shall mean the Agreement as modified by this Amendment No. 1. This Amendment No. 1 shall be governed by and construed in accordance with the substantive laws of the State of New York, without giving effect to its choice of law principles. This Amendment No. 1 may be executed in two (2) or more counterparts (including by way of facsimile or electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For clarity, facsimile signatures and signatures transmitted via PDF shall be treated as original signatures.

*[Remainder of page intentionally left blank.]*



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IN WITNESS WHEREOF, the respective authorized representatives of the Parties have executed this Amendment No. 1 as of the Amendment Effective Date.

**Syndax Pharmaceuticals, Inc.**

By: /s/ Michael A. Metzger

Michael A. Metzger

Name

President & Chief Operating Officer

Title

**MSD International GmbH**

By: \*\*\*

\*\*\*

Name

\*\*\*

Title

**Merck Sharp & Dohme B.V.**

By: \*\*\*

\*\*\*

Name

\*\*\*

Title

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Schedule 1

Appendix A

PROTOCOL SYNOPSIS

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**\*\*\* INDICATES 18 PAGES OF MATERIAL THAT WAS OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT WAS REQUESTED. ALL SUCH OMITTED MATERIAL WAS FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**

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Schedule 2

Appendix B

SUPPLY OF COMPOUND

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**\*\*\* INDICATES 1 PAGE OF MATERIAL THAT WAS OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT WAS REQUESTED. ALL SUCH OMITTED MATERIAL WAS FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**

**Syndax Announces Expansion of Immuno-Oncology Collaboration Evaluating Entinostat in Combination with KEYTRUDA® (pembrolizumab) for the Treatment of Colorectal Cancer**

*Encore 601 cohort to begin enrolling patients with microsatellite stable colorectal cancer*

**WALTHAM, Mass., April [XX], 2017** – Syndax Pharmaceuticals, Inc. (NASDAQ:SNDX), today announced the expansion of ENCORE 601/KEYNOTE 142, the ongoing Phase 2 clinical collaboration with a subsidiary of Merck, known as MSD outside the United States and Canada, to include a cohort of patients with microsatellite stable colorectal cancer. This trial is designed to evaluate the safety, tolerability and efficacy of Syndax’s entinostat, an oral, small molecule that targets immune regulatory cells, in combination with KEYTRUDA® (pembrolizumab), Merck’s anti-PD-1 (programmed death receptor-1) therapy.

“Microsatellite stable colorectal cancers comprise approximately 85% of colorectal cancers, have limited treatment options once the disease advances, and have been unresponsive to anti-PD-1 monotherapy,” said Briggs W. Morrison, M.D., Chief Executive Officer of Syndax. “This expansion of ENCORE 601/KEYNOTE 142 is based in part on the previously communicated clinical responses we observed for the entinostat-KEYTRUDA combination in advanced melanoma patients that had progressed on prior anti-PD-1 therapy.”

ENCORE 601 continues to evaluate the combination of entinostat and KEYTRUDA in patients with advanced melanoma or non-small cell lung cancer (NSCLC) who have experienced disease progression following treatment with an anti-PD-1 therapy, and patients with NSCLC who are naïve to treatment with a PD-1 or PD-L1 antagonist. In March 2017, Syndax announced that the melanoma cohort achieved the pre-specified criteria required to advance to the second stage of the trial, and re-opened enrollment of that cohort. The Company will present results from the first stage of the melanoma cohort at the upcoming American Society of Clinical Oncology Annual Meeting in June. A decision on whether the two NSCLC cohorts can proceed to the second stage of the trial is expected in 2Q17.

Financial and other terms of the initial agreement, as well as the amendment covering the expanded collaboration between Syndax and Merck, were not disclosed.



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## About Syndax Pharmaceuticals, Inc.

Syndax is a clinical stage biopharmaceutical company developing an innovative pipeline of cancer therapies. Our lead product candidate, entinostat, which was granted Breakthrough Therapy designation by the FDA following positive results from our Phase 2b clinical trial, ENCORE 301, is currently being evaluated in a Phase 3 clinical trial for advanced hormone receptor positive, human epidermal growth factor receptor 2 negative breast cancer. Given its potential ability to block the function of immune suppressive cells in the tumor microenvironment, entinostat is also being evaluated in combination with approved PD-1 antagonists. Ongoing Phase 1b/2 clinical trials combine entinostat with KEYTRUDA from Merck & Co., Inc. for non-small cell lung cancer and melanoma; with TECENTRIQ from Genentech, Inc. for TNBC; and with BAVENCIO from Pfizer Inc. and Merck KGaA, Darmstadt, Germany, for ovarian cancer. Our second product candidate, SNDX-6352, is a monoclonal antibody that blocks the CSF-1 receptor and may also block the function of immune suppressive cells in the tumor microenvironment. SNDX-6352 is being evaluated in a single ascending dose Phase 1 clinical trial and is expected to be developed to treat a variety of cancers.

## Syndax's Cautionary Note on Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “will,” “expect,” “plan,” “anticipate,” “estimate,” “intend,” “believe” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These forward-looking statements are based on Syndax's expectations and assumptions as of the date of this press release. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from these forward-looking statements. Forward-looking statements contained in this press release include, but are not limited to, statements about the progress, timing, clinical development and scope of clinical trials and the reporting of clinical data for Syndax's product candidates, and the potential use of our product candidates to treat various cancer indications. Many factors may cause differences between current expectations and actual results including unexpected safety or efficacy data observed during preclinical or clinical studies, clinical trial site activation or enrollment rates that are lower than expected, changes in expected or existing competition, changes in the regulatory environment, failure of Syndax's collaborators to support or advance collaborations or product candidates and unexpected litigation or other disputes. Other factors that may cause Syndax's actual results to differ from those expressed or implied in the forward-looking statements in this press release are discussed in Syndax's filings with the U.S. Securities and Exchange Commission, including the “Risk Factors” sections contained therein. Except as required by law, Syndax assumes no obligation to update any forward-looking statements contained herein to reflect any change in expectations, even as new information becomes available.

KEYTRUDA® is a registered trademark of Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc.



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## CERTIFICATIONS

I, Briggs W. Morrison, M.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Syndax Pharmaceuticals, Inc.;
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.

Date: August 10, 2017

By: /s/ Briggs W. Morrison, M.D.  
Briggs W. Morrison, M.D.  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATIONS

I, Richard P. Shea, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Syndax Pharmaceuticals, Inc.;
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.

Date: August 10, 2017

By: /s/ Richard P. Shea  
Richard P. Shea  
Chief Financial Officer and Treasurer  
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Syndax Pharmaceuticals, Inc. (the "Company") for the period ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his or her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2017

By /s/ Briggs W. Morrison, M.D.  
Briggs W. Morrison, M.D.  
Chief Executive Officer

Date: August 10, 2017

By /s/ Richard P. Shea  
Richard P. Shea  
Chief Financial Officer and Treasurer