




**ArQule, Inc.****ARQL NASDAQ****Pharmaceuticals - Generic / Specialty**

Market Capitalization USD:

\$271.32 mm**CONCERN LEVEL: AVERAGE**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance. 
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Paolo Pucci**Age: 50****CEO Since: 2008**

	2009	2010	2011
Base Salary	\$450,000	\$461,250	\$483,769
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$202,500	\$313,500	\$261,630
Benefits and Perquisites	\$11,890	\$7,926	\$7,950
TOTAL ANNUAL COMPENSATION	\$664,390	\$782,676	\$753,349
Increase in Post-Retirement Benefits	\$0	\$0	\$0
Stock Option Awards	\$0	\$714,688	\$1,214,070
Stock Awards	\$238,950	\$0	\$0
TOTAL COMPENSATION	\$903,340	\$1,497,364	\$1,967,419
Median of Other Named Executive Officers Total Compensation	\$587,651	\$717,015	\$1,076,099
Value Realized on Exercise of Stock Option	\$0	\$0	\$0
Value Realized on Vesting of Stock	\$341,875	\$59,569	\$114,750
TOTAL REALIZED EQUITY COMPENSATION	\$341,875	\$59,569	\$114,750

Proxy Date: 24 Apr 2012

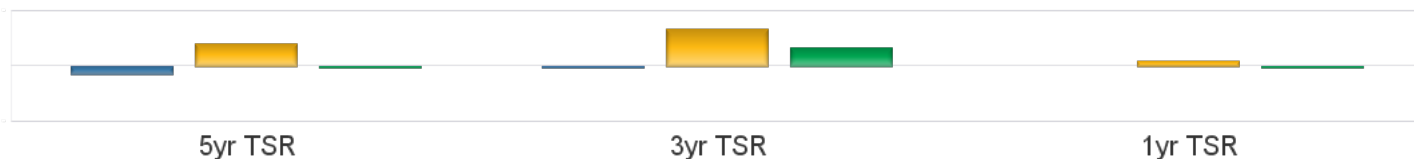
Annual Meeting Date: 24 May 2012

Equity Reserves: 22.07%

Stock Option Run Rate: 2.09%

Performance Comparison

■ S&P500 ■ Industry ■ ARQL



Peer Comparisons (TRBC) =Pharmaceuticals - Generic / Specialty

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
ARQL	ArQule, Inc.	\$903,340	\$1,497,364	\$1,967,419	\$271,322,461
MDCO	Medicines Company (The)	\$2,025,671	\$2,183,168	\$4,078,566	\$803,703,619
VVUS	VIVUS, Inc.	\$2,080,097	\$2,463,084		\$717,101,684
RIGL	Rigel Pharmaceuticals, Inc.	\$1,998,246	\$2,519,766	\$1,443,338	\$524,206,505
SGNT	Sagent Pharmaceuticals, Inc.			\$6,125,691	\$498,236,704
MNKD	MannKind Corporation	\$2,417,682	\$1,931,932	\$2,667,045	\$496,372,665
PBH	Prestige Brands Holdings, Inc.	\$1,304,998	\$5,907,347		\$456,176,725

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

Allos Therapeutics, Inc., Alnylam Pharmaceuticals, Inc., Ariad Pharmaceuticals, Inc., Array BioPharma, Inc., BioCyst Pharmaceuticals, Inc., Cytokinetics Inc., Dyax Corp., Geron Corporation, Infinity Pharmaceuticals, Inc., Maxygen, Inc., Micromet Inc., Novavax, Inc., Rigel Pharmaceuticals, Inc., Sangamo BioSciences, Inc., SuperGen, Inc., Targacept, Inc., VIVUS, INC., XenoPort, Inc.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
William G. Messenger	Chairman	51	Male	7	Outside
Michael D. Lobera	Member	64	Male	5	Outside
Patrick J. Zenner	Member	65	Male	10	Outside