

RULEWSKI NIGEL J
Form 4
July 24, 2008

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
RULEWSKI NIGEL J

(Last) (First) (Middle)
C/O ARQULE, INC., 19
PRESIDENTIAL WAY
(Street)

WOBURN, MA 01801

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ARQULE INC [ARQL]

3. Date of Earliest Transaction
(Month/Day/Year)
07/22/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Former Chief Medical Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Disposed of (D)		Date Exercisable	Expiration Date	Title	A N S
			Code	V	(A)	(D)				
Employee Stock Options	\$ 5.16	07/22/2008	D ⁽¹⁾			150,000	<u>(1)</u>	08/01/2016	Common Stock	1
Employee Stock Options	\$ 5.16	07/22/2008	A		150,000		<u>(1)</u>	02/26/2010	Common Stock	1
Employee Stock Options	\$ 6.16	07/22/2008	D ⁽³⁾			12,500	<u>(3)</u>	01/16/2017	Common Stock	
Employee Stock Options	\$ 6.16	07/22/2008	A ⁽³⁾		12,500		<u>(3)</u>	02/26/2010	Common Stock	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RULEWSKI NIGEL J C/O ARQULE, INC. 19 PRESIDENTIAL WAY WOBURN, MA 01801			Former Chief Medical Officer	

Signatures

Robert J. Connaughton, Jr. By Power of Attorney for Nigel J. Rulewski 07/24/2008

__Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Amendment of outstanding option resulting in deemed cancellation of option and grant of replacement option. The option was originally granted on August 1, 2006 and provides for vesting in four equal installments commencing on August 1, 2007. Pursuant to the Separation

(1) Agreement and the General Release, dated July 22, 2008, by and between the Issuer and the Reporting Person ("Separation Agreement"), options for 50,000 shares which were unvested became vested and exercisable on the Reporting Person's termination date. The amendment will extend the post termination expiration date to February 26, 2010.

(2) Employee stock option grant.

Amendment of outstanding option resulting in deemed cancellation of option and grant of replacement option. The option was originally granted on January 16, 2007 and provides for vesting in four equal annual installments commencing on January 17, 2008. The Separation

(3) Agreement extends the post termination expiration date to February 26, 2010 for options that were exercisable and vested on the date of termination. As a result of the Reporting Person leaving the employ of the Company, the option grant lapsed as to the remaining 37,500 unvested options.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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