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Merck inks $2.7B acquisition deal with ArQule

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Acquisition Further Diversifies Merckâ??s Oncology Pipeline with Expansion into Targeted Therapies That Treat Hematological Malignancies



Merck, known as MSD outside the United States and Canada, and US based ArQule, Inc. have announced that the companies have entered into a definitive agreement under which Merck, through a subsidiary, will acquire ArQule for $20 per

share in cash for an approximate total equity value of $2.7 billion.

ArQule is a publicly traded biopharmaceutical company focused on kinase inhibitor discovery and development for the treatment of patients with cancer and other diseases. ArQule's lead investigational candidate, ARQ 531, is a novel, oral Bruton's tyrosine kinase (BTK) inhibitor currently in a Phase 2 dose expansion study for the treatment of B-cell malignancies.

"ArQule's focus on precision medicine has yielded multiple clinical-stage oral kinase inhibitors that have novel and important properties," said Dr. Roger M. Perlmutter, president, Merck Research Laboratories. "This acquisition strengthens Merck's pipeline with the addition of these strategic assets including, most notably, ARQ 531, a compelling candidate for the treatment of B-cell malignancies."

BTK inhibition has been shown to prevent B-cell receptor signaling that is critical for the survival and proliferation of leukemic cells in many B-cell malignancies. ARQ 531 is a highly selective, reversible inhibitor that blocks both wild-type BTK and the C481S mutant form of the enzyme that is commonly associated with resistance to other BTK inhibitors. In early clinical trials, ARQ 531 demonstrated a manageable safety profile and early signs of anti-tumor activity for the treatment of patients with relapsed or refractory chronic lymphocytic leukemia (CLL) and Richter's Transformation. Final data from the Phase 1 study of ARQ 531 will be presented on Dec. 9, 2019 at the 61st American Society of Hematology (ASH) Annual Meeting & Exposition in Orlando, Florida.

"We are proud that Merck has recognized the contributions that ArQule, together with its scientific collaborators, has made to the field of precision medicine in oncology with ARQ 531 for the treatment of B-cell malignancies and with the rest of our clinical-stage pipeline," said Paolo Pucci, CEO, ArQule. "With this agreement, ArQule's pipeline will benefit from Merck's vast capabilities and determined engagement to benefit the patients who we have always strived to serve."

Under the terms of the acquisition agreement announced today, Merck, through a subsidiary, will initiate a tender offer to acquire all outstanding shares of ArQule. The closing of the tender offer will be subject to certain conditions, including the tender of shares representing at least a majority of the total number of ArQule's outstanding shares, the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and other customary conditions. Upon the successful completion of the tender offer, Merck's acquisition subsidiary will be merged into ArQule, and any remaining shares of common stock of ArQule will be canceled and converted into the right to receive the same $20 per share price payable in the tender offer. The transaction is expected to close early in the first quarter of 2020.