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ArQule spins out Boston Biomedical with \$5M research deal

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Woburn-based biotechnology firm ArQule Inc.'s former chief scientific officer Chiang Li has formed a new drug research firm, Boston Biomedical Inc., with a \$5 million research contract from his former employer, for which he plans to remain chairman of the scientific advisory board, officials said.

Li will serve as CEO of Boston Biomedical, where about 26 former ArQule employees will work.

The formation of Boston Biomedical reflects a change at ArQule into a company with greater focus on products in clinical trials, ArQule officials said, and moving early research work to Boston Biomedical is expected to provide cost savings for the company.

Boston Biomedical's \$5 million contract from ArQule will last for eight months and focus on the study of biomarkers for ArQule's lead cancer therapeutics, which are now in clinical trials, according to executives. ArQule, which is not taking an equity stake in Boston Biomedical, retains rights to all intellectual property developed under the contract.

ArQule, focused on the development of small-molecule cancer drugs, reported a 2005 net loss of \$7.5 million on income of \$52.9 million. As of September 2006, the company employed 246 workers.

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