

ARENA PHARMACEUTICALS INC

FORM 8-K

(Current report filing)

Filed 06/20/12 for the Period Ending 06/15/12

Address	6166 NANCY RIDGE DR SAN DIEGO, CA 92121
Telephone	8584537200
CIK	0001080709
Symbol	ARNA
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 15, 2012

Arena Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdiction
of incorporation)**

000-31161
**(Commission
File Number)**

23-2908305
**(I.R.S. Employer
Identification No.)**

6166 Nancy Ridge Drive, San Diego, California 92121
(Address of principal executive offices) (Zip Code)

858.453.7200
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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In this report, “Arena Pharmaceuticals,” “Arena,” “Company,” “we,” “us” and “our” refer to Arena Pharmaceuticals, Inc., unless the context otherwise provides.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Principal Accounting Officer

On June 15, 2012, our Board of Directors appointed our Vice President, Finance and Chief Financial Officer and principal financial officer, Robert E. Hoffman, as also our principal accounting officer, effective immediately. Also effective as of June 15, 2012, our Senior Director, Accounting and Controller, Jennifer K. Bielasz, will no longer serve as our principal accounting officer.

Mr. Hoffman, 46, has served as our Vice President, Finance and Chief Financial Officer since August 2011 and previously from December 2005 to March 2011. Mr. Hoffman served as our Vice President, Finance and Chief Accounting Officer from June 2004 to December 2005, as our Vice President, Finance from April 2000 to June 2004, and as our Controller from August 1997 to April 2000. From March 2011 to August 2011, Mr. Hoffman served as Chief Financial Officer for Polaris Group, a biopharmaceutical drug company. Mr. Hoffman serves as a member of the Financial Accounting Standards Board’s Small Business Advisory Committee and the steering committee of the Association of Bioscience Financial Officers. Mr. Hoffman is also a member and a former director and President of the San Diego Chapter of Financial Executives International. Mr. Hoffman holds a B.B.A. from St. Bonaventure University, and is licensed as a C.P.A. (inactive) in the State of California.

2012 Long-Term Incentive Plan and 2009 Employee Stock Purchase Plan, as Amended

On June 15, 2012, we held our 2012 Annual Meeting of Stockholders. At the annual meeting, along with other items discussed in Item 5.07 below, our stockholders approved (i) our 2012 Long-Term Incentive Plan, or 2012 LTIP, and (ii) our 2009 Employee Stock Purchase Plan, as amended, or 2009 ESPP.

2012 LTIP

The 2012 LTIP provides for the grant of a total of 18.0 million shares of Arena common stock (or “common stock”), as (i) decreased for grants made under the Prior Plans (as defined below) between December 31, 2011, and the approval of the 2012 LTIP and (ii) increased by the number of shares subject to any stock awards under the Prior Plans that, between December 31, 2011, and the approval of the 2012 LTIP, are forfeited, expire or settled for cash and as otherwise provided in the 2012 LTIP. As of the stockholder approval of the 2012 LTIP, there were 15,384,713 shares available for issuance thereunder. The shares may be granted as incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and performance awards.

When we adopted our 2009 Long-Term Incentive Plan (the “2009 LTIP”) in June 2009, our 2006 Long-Term Incentive Plan, as amended, our Amended and Restated 1998 Equity Compensation Plan, Amended and Restated 2000 Equity Compensation Plan, and 2002 Equity Compensation Plan were terminated (together with the 2009 LTIP, the “Prior Plans”). Upon stockholder approval of the 2012 LTIP, the 2009 LTIP was also terminated. However, notwithstanding such termination of the Prior Plans, all outstanding awards under the Prior Plans will continue to be governed under the terms of the Prior Plans. The number of shares of common stock authorized for issuance under the 2012 LTIP may be increased by the number of shares subject to any stock awards under the Prior Plans that are forfeited, expire or otherwise terminate without the issuance of such shares and would otherwise be returned to the share reserve under the Prior Plans but for their termination and as otherwise provided in the 2012 LTIP.

Some key features of the 2012 LTIP are summarized below.

Shares Available for Awards. There were 15,384,713 shares available for awards under the 2012 LTIP when it was approved by our stockholders. Stock options and stock appreciation rights granted under the 2012 LTIP reduce the available number of shares by 1 share for every share issued while awards other than stock options and stock

appreciation rights granted under the 2012 LTIP reduce the available number of shares by 1.2 shares for every share issued. In addition, shares that are released from awards granted under the Prior Plans or the 2012 LTIP because the awards expire, are forfeited or are settled for cash will increase the number of shares available under the 2012 LTIP by 1 share for each share released from a stock option or stock appreciation right and by 1.2 shares for each share released from a restricted stock award or restricted stock unit award. In the event that withholding tax liabilities arising from an award other than a stock option or stock appreciation right, or an award other than an option or stock appreciation right under the Prior Plans, are satisfied by the tendering of common stock (either actually or by attestation) or by our withholding of common stock, then the common stock so tendered or withheld shall again be available for awards under the 2012 LTIP. The following shares will not become available for issuance: (i) shares tendered or withheld in payment of the purchase price of an option, or to satisfy any tax withholding obligation with respect to an option or stock appreciation right, (ii) shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right on exercise thereof, and (iii) shares reacquired on the open market or otherwise using cash proceeds from the exercise of options or options granted under the Prior Plans. Shares issued under awards granted in assumption of or in substitution for awards previously granted by a company acquired by us or with which we or any subsidiary combines, will not reduce the shares authorized for issuance under the 2012 LTIP.

Eligibility; Awards to be Granted to Certain Individuals and Groups. Awards may be granted under the 2012 LTIP to any employee, non-employee member of our Board of Directors, consultant or advisor who provides us service, except for incentive stock options, which may be granted only to our employees or employees of our subsidiaries.

Certain Limits on Shares Subject to Awards. The 2012 LTIP provides that, subject to adjustment as provided in the plan, no participant may be granted (i) options or stock appreciation rights during any 12-month period with respect to more than 3 million shares of common stock or (ii) more than 1,000,000 shares of common stock for each 12 months in the vesting period or performance period with respect to restricted stock, performance awards and/or restricted stock unit awards that are denominated in shares of common stock and are intended to comply with the performance-based exception under Internal Revenue Code (the "Code") Section 162(m). Shares subject to a cancelled award continue to count against the applicable limit. In addition, the maximum dollar value that may be granted to any participant for each 12 months in a performance period with respect to performance-based awards that are intended to comply with the performance-based exception under Section 162(m) of the Code and are denominated in cash is \$5,000,000. The dollar value of a cancelled award will continue to count against the \$5,000,000 limit.

Administration. The 2012 LTIP will be administered by the Compensation Committee of our Board of Directors. The Compensation Committee has the authority to select the participants who will receive awards under the 2012 LTIP, to determine the type and terms of the awards, and to interpret and administer the 2012 LTIP. The Compensation Committee may delegate the right to make grants and otherwise take action on the Compensation Committee's behalf under the 2012 LTIP to a committee of one or more directors and, to the extent permitted by law and NASDAQ Stock Market rules and regulation, to an executive officer or a committee of executive officers the right to grant awards to employees who are not our executive officers.

Exercise and Grant Price; No Repricing. Neither the exercise price of an option nor the grant price of a stock appreciation right may be less than 100% of the fair market value of the common stock on the date such option is granted, except in specified situations. The 2012 LTIP prohibits option and stock appreciation right repricings (other than to reflect stock splits, spin-offs or other corporate events described under "Adjustments upon Changes in Capitalization" below) unless stockholder approval is obtained.

Adjustments upon Changes in Capitalization. In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in our corporate structure affecting our common stock or the value thereof, appropriate adjustments shall be made, in the discretion of the Compensation Committee, in the number and class of shares of stock subject to the 2012 LTIP, the number and class of shares of awards outstanding under the 2012 LTIP, the limits on the number of awards that any person may receive and the exercise price of any outstanding option or stock appreciation right.

Change in Control. The Compensation Committee may, in its discretion, determine that, upon our “change in control” (as defined in the 2012 LTIP or otherwise defined in the agreement evidencing an award), options and stock appreciation rights outstanding as of the date of the change in control shall be cancelled and terminated without payment therefor if the fair market value of one share of our common stock as of the date of the change in control is less than the per share option exercise price or stock appreciation right grant price.

To the extent provided in an award agreement, in the event of a change in control in which the successor company assumes or substitutes for an option, stock appreciation right, restricted stock award or restricted stock unit award (or in which we are the ultimate parent corporation and continue the award), if a participant’s employment with such successor company (or us) or a subsidiary thereof terminates within the period following such change in control set forth in the award agreement (or prior if applicable) under the circumstances set forth in the award agreement, each award held by such participant at the time of such termination of employment will be fully vested, and options and stock appreciation rights may be exercised during the period following such termination set forth in the award agreement. If the successor company does not assume or substitute for such outstanding awards held by participants at the time of the change in control, then unless otherwise provided in the award agreement, the awards will become fully vested immediately prior to the change in control and will terminate immediately after the change in control.

The Compensation Committee, in its discretion, may also determine that, upon the occurrence of a change in control, each option and stock appreciation right outstanding shall terminate within a specified number of days after notice to the participant, and/or that each participant shall receive, with respect to each share of common stock subject to such option or stock appreciation right, an amount equal to the excess, if any, of the fair market value of such share immediately prior to the occurrence of such change in control over the exercise price per share of such option and/or stock appreciation right.

Amendment and Termination of the 2012 LTIP. Our Board of Directors may alter, amend, suspend or terminate the 2012 LTIP, from time to time as it deems advisable, subject to any requirement of applicable law or the rules and regulations of the NASDAQ Stock Market for stockholder approval. However, our Board of Directors may not amend the 2012 LTIP without stockholder approval to increase the number of shares available for awards under the 2012 LTIP, expand the types of awards available under the 2012 LTIP, materially expand the class of persons eligible to participate in the 2012 LTIP, permit the grant of options or stock appreciation rights with an exercise or grant price of less than 100% of fair market value on the date of grant (except for substitute awards granted in connection with an acquisition), increase the maximum term of the plan or of any options and stock appreciation rights, increase the limits on shares subject to awards or the dollar value payable with respect to performance awards, or take any action with respect to an option or stock appreciation right that may be treated as a repricing under the NASDAQ Stock Market rules. No such action by our Board of Directors may alter or impair any award previously granted under the 2012 LTIP without the written consent of the participant. The 2012 LTIP will expire on the 10th anniversary of its effective date, except with respect to awards then outstanding, and no further awards may be granted thereafter.

Attached hereto as Exhibits 10.3 to 10.6 are forms of grant under the 2012 LTIP.

2009 ESPP

Our 2009 Employee Stock Purchase Plan became effective as of our 2009 Annual Meeting of Stockholders. The amendments included in the 2009 ESPP approved at our 2012 Annual Meeting of Stockholders (i) increased the shares of our common stock authorized and available for future issuance under the plan to a total of 1.5 million as of our 2012 Annual Meeting of Stockholders, (ii) modified the plan's automatic transfer to a lower price offering period to be based on the enrollment date of a new Offering Period (as defined below) instead of the exercise date of the immediately preceding offering period, (iii) eliminated references to our 2001 Employee Stock Purchase Plan, as amended, and (iv) changed the termination date of the plan from June 25, 2019, to when our Board of Directors determines to terminate the plan.

Some key features of the 2009 ESPP are summarized below.

Eligibility. Each of our employees (including officers) whose customary employment with us is at least 20 hours per week is eligible to participate in an Offering Period; provided, however, that no employee shall be granted an option under the 2009 ESPP (i) to the extent that, immediately after the grant, such employee would own capital stock and/or hold outstanding options to purchase such stock representing five percent or more of the voting power or value of our stock, or (ii) to the extent that his or her rights to purchase stock under all of our employee stock purchase plans accrue at an amount which exceeds \$25,000 worth of common stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time. Eligible employees become participants in the 2009 ESPP by filing with us an authorization form authorizing payroll deductions prior to the beginning of each Offering Period unless a later time for filing the authorization form has been set by our Board of Directors.

Participation in an Offering. The 2009 ESPP is implemented by consecutive, overlapping offering periods lasting for 24 months (an "Offering Period"), with a new Offering Period commencing on the first trading day on or after January 1, April 1, July 1 and October 1 of each year. A new Offering Period for employees of our wholly owned subsidiary, Arena Pharmaceuticals GmbH, commences on the first trading day on or after March 10, June 10, September 10 and December 10 of each year. Common stock may be purchased under the 2009 ESPP every three months (a "Purchase Period"), unless the participant withdraws or terminates employment earlier. To the extent the fair market value of our common stock on the enrollment date of a new Offering Period is lower than the fair market value of our common stock on the enrollment date of the immediately preceding Offering Period, then all participants in the immediately preceding Offering Period will be automatically withdrawn from such Offering Period immediately after the exercise of their options on the exercise date immediately preceding the new Offering Period and automatically re-enrolled in the new Offering Period as of the first day thereof. To participate in the 2009 ESPP, each eligible employee must authorize payroll deductions pursuant to the 2009 ESPP. Such payroll deductions may not exceed 15% of a participant's compensation.

Once an employee becomes a participant in the 2009 ESPP, the employee will automatically participate in each successive Offering Period until such time as the employee withdraws from the 2009 ESPP or the employee's employment with us terminates. At the beginning of each Offering Period, each participant is automatically granted an option to purchase shares of our common stock. The option expires at the end of the Offering Period or upon termination of employment, whichever is earlier, but is exercised at the end of each Purchase Period to the extent of the payroll deductions accumulated during such Purchase Period. The number of shares subject to the option may not exceed 625 shares of our common stock in each Purchase Period.

Administration. The 2009 ESPP may be administered by our Board of Directors, the Compensation Committee or another committee appointed by the Board. All questions of interpretation or application of the 2009 ESPP are determined by our Board of Directors or its appointed committee. Our Board of Directors or its appointed committee may, without regard to whether participant rights may be considered to have been adversely effected, change the duration of the Purchase Periods or the length or date of commencement of an Offering Period, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than US dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in our processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of our common stock for each

participant properly correspond with amounts withheld from the participant's compensation, and establish such other limitations or procedures as our Board of Directors or its appointed committee determines in its sole discretion advisable which are consistent with the 2009 ESPP.

Purchase Price; Shares Purchased. Shares of our common stock may be purchased under the 2009 ESPP at a price not less than 85% of the lesser of the fair market value of our common stock on the (i) the first trading day of each Offering Period or (ii) the last trading day of each Purchase Period (the "Purchase Price"). The number of shares of our common stock a participant purchases in each Purchase Period is determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that Purchase Period by the Purchase Price.

Adjustment upon Change in Capitalization. In the event of any stock split, reverse stock split, stock dividend, extraordinary cash dividend, combination, reclassification or other change in our capital structure affected without the receipt of consideration, appropriate proportional adjustments shall be made in the number and class of shares of stock subject to the 2009 ESPP, the number of shares of stock subject to options outstanding under the 2009 ESPP and the exercise price of any such outstanding options, and the maximum number of shares that each participant may purchase during each Purchase Period. Any such adjustment shall be made by our Board of Directors or its appointed committee.

Dissolution or Liquidation. In the event of a proposed dissolution or liquidation, the Offering Period then in progress will be shortened and a new exercise date will be set.

Merger or Asset Sale. In the event we merge with or into another corporation or a sale of all or substantially all of our assets, each outstanding option may be assumed or substituted by the successor corporation. If the successor corporation refuses to assume or substitute the outstanding options, any Offering Periods then in progress will be shortened and a new exercise date will be set.

Amendment and Termination of the Plan. Our Board of Directors may at any time terminate or amend the 2009 ESPP. An Offering Period may be terminated by our Board of Directors at the end of any Purchase Period if the Board determines that termination of the Offering Period or the 2009 ESPP is in the best interests of the company and our stockholders. No amendment shall be effective unless it is approved by the holders of a majority of the votes cast at a duly held stockholders' meeting, if such amendment would require stockholder approval to comply with Section 423 of the Code, stock exchange rules or other applicable law. Unless terminated earlier, the 2009 ESPP will terminate when terminated by our Board of Directors.

The foregoing summaries of the 2012 LTIP and 2009 ESPP are qualified in their entirety by reference to the complete text of such plans, which are incorporated by this reference to Exhibits 99.1 and 99.2, respectively, of our Form S-8 filed with the Securities and Exchange Commission on June 20, 2012.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On June 15, 2012, we held our 2012 Annual Meeting of Stockholders. At the annual meeting, our stockholders (i) elected each of the director nominees named below to our Board of Directors to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal; (ii) approved, on a non-binding, advisory basis, the compensation of our named executive officers, as disclosed in the proxy statement for the annual meeting; (iii) approved our 2012 Long-Term Incentive Plan; (iv) approved our 2009 Employee Stock Purchase Plan, as amended; (v) approved an amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares from 250.0 million to 375.0 million and the number of authorized shares of common stock from 242.5 million to 367.5 million; and (vi) ratified the appointment of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2012. The tables below set forth the results of the vote of our stockholders for the annual meeting.

Proposal 1: The election of directors

Director Nominee	For	Withheld	Broker Non-Votes
Jack Lief	37,072,837	1,314,646	97,076,532
Dominic P. Behan, Ph.D.	37,242,990	1,144,493	97,076,532
Donald D. Belcher	36,613,268	1,774,215	97,076,532
Scott H. Bice	36,632,471	1,755,012	97,076,532
Harry F. Hixson, Jr., Ph.D.	37,207,427	1,180,056	97,076,532
Tina S. Nova, Ph.D.	36,377,303	2,010,180	97,076,532
Phillip M. Schneider	37,227,609	1,159,874	97,076,532
Christine A. White, M.D.	36,980,806	1,406,677	97,076,532
Randall E. Woods	36,338,399	2,049,084	97,076,532

Proposal 2: The approval, on a non-binding, advisory basis, of the compensation of our named executive officers, as disclosed in the proxy statement for the annual meeting

Votes for approval	33,591,884
Votes against approval	3,789,876
Abstentions	1,005,723
Broker non-votes	97,076,532

Proposal 3: The approval of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan

Votes for approval	33,352,158
Votes against approval	4,449,748
Abstentions	585,577
Broker non-votes	97,076,532

Proposal 4: The approval of the Arena Pharmaceuticals, Inc., 2009 Employee Stock Purchase Plan, as amended

Votes for approval	33,448,969
Votes against approval	4,368,597
Abstentions	569,917
Broker non-votes	97,076,532

Proposal 5: The approval of an amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares from 250.0 million to 375.0 million and the number of authorized shares of common stock from 242.5 million to 367.5 million

Votes for approval	101,686,362
Votes against approval	32,566,797
Abstentions	1,210,856
Broker non-votes	0

Proposal 6: Ratification of the Appointment of KPMG LLP

Votes for approval	130,715,077
Votes against approval	3,078,450
Abstentions	1,670,488
Broker non-votes	0

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Arena's 2012 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to Arena's registration statement on Form S-8 filed with the Securities and Exchange Commission on June 20, 2012, Commission File No. 333-182238)
- 10.2 Arena's 2009 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 99.2 to Arena's registration statement on Form S-8 filed with the Securities and Exchange Commission on June 20, 2012, Commission File No. 333-182238)
- 10.3 Form of Incentive Stock Option Grant Agreement for Employees under the Arena 2012 Long-Term Incentive Plan
- 10.4 Form of Stock Option Grant Agreement for Employees or Consultants under the Arena 2012 Long-Term Incentive Plan
- 10.5 Form of Stock Option Grant Agreement for Non-Employee Directors under the Arena 2012 Long-Term Incentive Plan
- 10.6 Form of Restricted Stock Grant Agreement under the Arena 2012 Long-Term Incentive Plan

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 20, 2012

Arena Pharmaceuticals, Inc.

By: /s/ Steven W. Spector

Steven W. Spector
Executive Vice President, General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Arena's 2012 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to Arena's registration statement on Form S-8 filed with the Securities and Exchange Commission on June 20, 2012, Commission File No. 333-182238)
10.2	Arena's 2009 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 99.2 to Arena's registration statement on Form S-8 filed with the Securities and Exchange Commission on June 20, 2012, Commission File No. 333-182238)
10.3	Form of Incentive Stock Option Grant Agreement for Employees under the Arena 2012 Long-Term Incentive Plan
10.4	Form of Stock Option Grant Agreement for Employees or Consultants under the Arena 2012 Long-Term Incentive Plan
10.5	Form of Stock Option Grant Agreement for Non-Employee Directors under the Arena 2012 Long-Term Incentive Plan
10.6	Form of Restricted Stock Grant Agreement under the Arena 2012 Long-Term Incentive Plan

Arena Pharmaceuticals, Inc. 2012 Long-Term Incentive Plan

Incentive Stock Option Grant Agreement for Employees

THIS GRANT AGREEMENT (this “Agreement”), effective as of _____(the “Grant Date”), is entered into by and between Arena Pharmaceuticals, Inc., a Delaware corporation (the “Company”), and _____(the “Participant”).

1. Grant of Options. The Company hereby grants to the Participant a stock option (the “Option”) to purchase _____shares of common stock of the Company, par value \$0.0001 per share (the “Shares”), at the exercise price of \$ _____per Share (the “Exercise Price”). The Option is intended to qualify as an incentive stock option under Section 422 of the Code.

2. Subject to the Plan. This Agreement is subject to the provisions of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan (the “Plan”), and, unless the context requires otherwise, terms used herein shall have the same meaning as in the Plan. In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Term of Options. Unless the Option terminates earlier pursuant to the provisions of this Agreement, the Option shall expire on the tenth anniversary of the Grant Date; provided, however, if the Participant owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate at the time of this grant, the Option shall expire on the fifth anniversary of the Grant Date.

4. Vesting. Except as otherwise provided in Sections 6(b), (c) or (d) of this Agreement, provided the Participant is then an Employee, a Consultant or a Director, the Option shall become vested and exercisable on the following dates:

<u>Vest Date</u>	<u>Vested Options</u>
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5. Exercise of Option

(a) Manner of Exercise. To the extent vested, the Option may be exercised, in whole or in part, by delivering written notice to the Company in accordance with paragraph (f) of Section 8 in such form as the Company may require from time to time, or through such other means as permitted by the Company. Such notice shall specify the number of Shares subject to the Option as to which the Option is being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan, except that payment with previously acquired Shares may only be made with the consent of the Committee. The Option may be exercised only in multiples of whole Shares and no partial Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Option and payment of the Exercise Price for the Shares as to which the Option is exercised, the Company shall issue to the Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Capitalization Adjustments. The number of Shares subject to the Option and the exercise price per Share shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

(d) Notice of Disposition. Participant agrees to notify the Company in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of the Option that occurs within the later of two (2) years after the Grant Date or within one (1) year after such Shares are transferred to the Participant.

(e) Withholding. No Shares will be issued on exercise of the Option unless and until the Participant pays to the Company, or makes satisfactory arrangement with the Company for payment of, any federal, state or local taxes required by law to be withheld in respect of the exercise of the Option. The Participant hereby agrees that the Company may withhold from the Participant's wages or other remuneration the applicable taxes. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Participant on exercise of the Option, up to the Participant's minimum required withholding rate or such other rate that will not trigger a negative accounting impact.

6. Termination of Option.

(a) Termination of Employment or Service Other Than Due to Retirement, Death, Disability or Cause. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, ninety (90) days after the date the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director for any reason other than the Participant's Retirement, death, Disability or termination by the Company for Cause. Except as provided below in Section 6(b), (c) or (d), any portion of the Option that is not vested at the time the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director shall immediately terminate.

(b) Retirement. Upon the Retirement of the Participant, unless the Option has earlier terminated, the Option shall continue in effect (and for purposes of vesting pursuant to Section 4 the Participant shall be deemed to continue to be an Employee) until the earlier of (i) two (2) years after the Participant's Retirement (or, if later, the fifth anniversary of the Grant Date) or (ii) the expiration of the Option's term pursuant to Section 3. For purposes of this Agreement, "Retirement" shall mean termination of the Participant's employment with the Company and its Affiliates other than for Cause if (i) the Participant is then at least age 60 and (ii) the Participant has provided at least ten (10) years of continuous service as an Employee to the Company and its Affiliates.

(c) Death. Upon the Participant's death, unless the Option has earlier terminated, to the extent the Option is not fully vested the installment of the Option that would vest on the next anniversary of the Grant Date following the Participant's death shall become vested and exercisable based on a fraction, the numerator of which is the number of whole months elapsed since the prior anniversary of the Grant Date (or, if applicable, the Grant Date) and the denominator of which is 12. Notwithstanding the foregoing, if on the date of the Participant's death the Participant was eligible for Retirement, the installments of the Option that would vest in the next two (2) years following the date of the Participant's death shall become vested and exercisable. The Participant's executor or personal representative, the person to whom the Option shall have been transferred by will or the laws of descent and distribution, or such other permitted transferee, as the case may be, may exercise the Option in accordance with paragraph (a) of Section 5, to the extent vested, provided such exercise occurs within twelve (12) months (twenty-four (24) months if the Participant was eligible for Retirement) after the date of the Participant's death or the end of the term of the Option pursuant to Section 3, whichever is earlier.

(d) Disability. In the event that the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director by reason of Disability, unless the Option has earlier terminated, (i) to the extent the Option is not fully vested, the installment of the Option that would vest on the next anniversary of the Grant Date following the Participant's Disability shall become vested and exercisable based on a fraction, the numerator of which is the number of whole months elapsed since the prior anniversary of the Grant Date (or, if applicable, the Grant Date) and the denominator of which is 12 and (ii) the Option may be exercised, in accordance with paragraph (a) of Section 5, to the extent vested, provided such exercise occurs within twelve (12) months after the date of Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier. Notwithstanding the foregoing, if on the date of the Participant's Disability the Participant was eligible for Retirement (x) the installments of the Option that would vest in the next two (2) years following the date of the Participant's Disability shall become vested and exercisable and (y) the Option may be exercised within twenty-four (24) months after the date of the Participant's Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier.

For purposes of this Agreement, "Disability" shall mean the Participant's becoming disabled within the meaning of Section 22(e)(3) of the Code, or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate and the Committee's determination as to whether the Participant has incurred a Disability shall be final and binding on all parties concerned.

(e) Termination for Cause. Upon the termination of the Participant's employment or service by the Company or an Affiliate for Cause, unless the Option has earlier terminated, the Option shall immediately terminate in its entirety and shall thereafter not be exercisable to any extent whatsoever. For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Participant and the Company (or an Affiliate) or a severance plan of the Company (or an Affiliate) covering the Participant (including a change in control severance agreement or plan), "Cause" shall mean: a determination by the Committee that the Participant has breached his or her employment or service contract with the Company, or has been engaged in disloyalty to the Company, including, without limitation, fraud,

embezzlement, theft, commission of a felony or proven dishonesty in the course of his or her employment or service, or has disclosed trade secrets or confidential information of the Company to persons not entitled to receive such information, or has breached any written noncompetition or nonsolicitation agreement between the Participant and the Company (or an Affiliate) or has engaged in such other behavior detrimental to the interests of the Company (or an Affiliate) as the Committee determines in its sole discretion. Any determination of "cause" for purposes of this Agreement shall have no effect upon any determination of the rights or obligations of the Company (or an Affiliate) or the Participant for any other purpose.

(f) Extension of Exercise Period. Notwithstanding any provisions of paragraphs (a), (b), (c) or (d) of this Section to the contrary, in the sole determination of the Committee, if exercise of the Option following termination of employment or service during the time period set forth in the applicable paragraph or sale during such period of the Shares acquired on exercise would violate (i) the registration requirements under the Securities Act, (ii) any of the provisions of the federal securities laws (or any Company policy related thereto), or (iii) a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the time period to exercise the Option shall be extended until the later of the expiration of a total period of 90 days (that need not be consecutive) after the termination of the Participant's employment by or services to the Company during which the exercise of the Option or sale of the Shares acquired on exercise would not be in violation of any of such registration requirement, the federal securities laws (or a related Company policy), or lock-up agreement, and (y) the end of the time period set forth in the applicable paragraph, but in either case, not beyond the term of the Option pursuant to Section 3.

7. Change in Control: Corporate Transaction.

(a) Effect of Change in Control on Option. In the event of a Change in Control, the Surviving Corporation or the Parent Corporation, if applicable, may assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control). In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, does not assume, continue or substitute for the Option on substantially the same terms and conditions (which may include settlement in the common stock of the Surviving Corporation or the Parent Corporation), the Option shall (i) become fully vested and exercisable immediately prior to the Change in Control if the Participant is then an Employee, a Consultant or a Director, and (ii) terminate on the date of the Change in Control. In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, assumes or substitutes for the Option on substantially the same terms and conditions (which may include providing for settlement in the common stock of the Surviving Corporation or the Parent Corporation), if within 24 months following the date of the Change in Control the Participant ceases to be in the Company's continuous service as either of an Employee or a Consultant by reason of (i) an involuntary termination without Cause, or (ii) a voluntary termination in connection with a Relocation Requirement, the Option shall become fully vested and exercisable, and may be exercised by the Participant at any time until the first anniversary of the date the Participant ceases to be in the Company's continuous service as either of an Employee or a Consultant or the end of the term of the Option pursuant to Section 3, whichever is earlier.

For purposes of this Agreement (i) if the Company is the Surviving Corporation or the Parent Corporation, if applicable, it shall be deemed to have assumed the Option unless it takes explicit action to the contrary and (ii) "Relocation Requirement" shall mean a requirement by the Company, the Surviving Corporation or an affiliate thereof that the Participant be based anywhere more than fifty (50) miles from both the Participant's primary office location at the time of the Change in Control and the Participant's principal residence at the time of the Change in Control.

Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price, then the Option shall terminate as of the date of the Change in Control, except as otherwise determined by the Committee.

(b) Effect of Corporate Transaction on Option. In the event of a Corporate Transaction that is not a Change in Control, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction). In the event of a Corporate Transaction that is not a Change in Control, then notwithstanding Section 11 of the Plan and paragraph (a) of this Section, to the extent that the surviving corporation or acquiring corporation (or its parent company) does not assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), then the Option shall (i) become fully vested and exercisable immediately prior to the Corporate Transaction if the Participant is then an Employee, a Consultant or a Director, and (ii) terminate on the date of the Corporate Transaction.

For purposes of this Agreement, "Corporate Transaction" means (i) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or (ii) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise. Notwithstanding the foregoing, a "Corporate Transaction" shall not include a transaction that is effected exclusively for the purpose of changing the domicile of the Company.

(c) Other Agreement or Plan. The provisions of this Section (including the definition of Cause) shall be superseded by the specific provisions, if any, of a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant, including a change in control severance agreement or plan, to the extent such a provision in such other agreement or plan provides a greater benefit to the Participant.

8. Miscellaneous.

(a) No Rights of Stockholder. The Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Option until such Shares have been issued upon the due exercise of the Option.

(b) Nontransferability of Option. The Option shall be nontransferable otherwise than by will or the laws of descent and distribution, and during the lifetime of the Participant, the Option may be exercised only by the Participant or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the Participant's death, shall thereafter be entitled to exercise the Option.

(c) Severability. The provisions of this Agreement shall be deemed severable. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of a change in a law or regulation, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable (or, if applicable, to the extent necessary to comply with the change in the law or regulation), and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, other than its conflict of laws principles.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6166 Nancy Ridge Drive
San Diego, California 92121
Attention: Chief Financial Officer

With a copy to: General Counsel

Notices to the Participant should be addressed to the Participant at the Participant's address as it appears on the Company's records. The Company or the Participant may by writing to the other party, designate a different address for notices. If the receiving party consents in

advance, notice may be transmitted and received via facsimile or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not a Contract. This Agreement (and the grant of the Option) is not an employment or service contract, and nothing in the Option shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an Employee, a Consultant or a Director, or of the Company or an Affiliate to continue Participant's service as an Employee, a Consultant or a Director.

(h) Entire Agreement; Modification. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto, and may be rescinded only by a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc. 2012 Long-Term Incentive Plan

Stock Option Grant Agreement for Employees or Consultants

THIS GRANT AGREEMENT (this “Agreement”), effective as of _____(the “Grant Date”), is entered into by and between Arena Pharmaceuticals, Inc., a Delaware corporation (the “Company”), and _____(the “Participant”).

1. Grant of Options. The Company hereby grants to the Participant a non-qualified stock option (the “Option”) to purchase _____ shares of common stock of the Company, par value \$0.0001 per share (the “Shares”), at the exercise price of \$ _____per Share (the “Exercise Price”). The Option is not intended to qualify as an incentive stock option under Section 422 of the Code.

2. Subject to the Plan. This Agreement is subject to the provisions of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan (the “Plan”), and, unless the context requires otherwise, terms used herein shall have the same meaning as in the Plan. In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Term of Options. Unless the Option terminates earlier pursuant to the provisions of this Agreement, the Option shall expire on the tenth anniversary of the Grant Date.

4. Vesting. Except as otherwise provided in Sections 6(b), (c) or (d) of this Agreement, provided the Participant is then an Employee, a Consultant or a Director, the Option shall become vested and exercisable on the following dates:

<u>Vest Date</u>	<u>Vested Options</u>
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5. Exercise of Option

(a) Manner of Exercise. To the extent vested, the Option may be exercised, in whole or in part, by delivering written notice to the Company in accordance with paragraph (f) of Section 8 in such form as the Company may require from time to time, or through such other means as permitted by the Company. Such notice shall specify the number of Shares subject to the Option as to which the Option is being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan, except that payment with previously acquired Shares may only be made with the consent of the Committee. The Option may be exercised only in multiples of whole Shares and no partial Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Option and payment of the Exercise Price for the Shares as to which the Option is exercised, the Company shall issue to the Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Capitalization Adjustments. The number of Shares subject to the Option and the exercise price per Share shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

(d) Withholding. No Shares will be issued on exercise of the Option unless and until the Participant pays to the Company, or makes satisfactory arrangement with the Company for payment of, any federal, state or local taxes required by law to be withheld in respect of the exercise of the Option. The Participant hereby agrees that the Company may withhold from the Participant's wages or other remuneration the applicable taxes. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Participant on exercise of the Option, up to the Participant's minimum required withholding rate or such other rate that will not trigger a negative accounting impact.

6. Termination of Option.

(a) Termination of Employment or Service Other Than Due to Retirement, Death, Disability or Cause. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, ninety (90) days after the date the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director for any reason other than the Participant's Retirement, death, Disability or termination by the Company for Cause. Except as provided below in Section 6(b), (c) or (d), any portion of the Option that is not vested at the time the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director shall immediately terminate.

(b) Retirement. Upon the Retirement of the Participant, unless the Option has earlier terminated, the Option shall continue in effect (and for purposes of vesting pursuant to Section 4 the Participant shall be deemed to continue to be an Employee) until the earlier of (i) two (2) years after the Participant's Retirement (or, if later, the fifth anniversary of the Grant Date) or (ii) the expiration of the Option's term pursuant to Section 3. For purposes of this Agreement, "Retirement" shall mean termination of the Participant's employment with the Company and its Affiliates other than for Cause if (i) the Participant is then at least age 60 and (ii) the Participant has provided at least ten (10) years of continuous service as an Employee to the Company and its Affiliates.

(c) Death. Upon the Participant's death, unless the Option has earlier terminated, to the extent the Option is not fully vested the installment of the Option that would vest on the next anniversary of the Grant Date following the Participant's death shall become vested and exercisable based on a fraction, the numerator of which is the number of whole months elapsed since the prior anniversary of the Grant Date (or, if applicable, the Grant Date) and the denominator of which is 12. Notwithstanding the foregoing, if on the date of the Participant's death the Participant was eligible for Retirement, the installments of the Option that would vest in the next two (2) years following the date of the Participant's death shall become vested and

exercisable. The Participant's executor or personal representative, the person to whom the Option shall have been transferred by will or the laws of descent and distribution, or such other permitted transferee, as the case may be, may exercise the Option in accordance with paragraph (a) of Section 5, to the extent vested, provided such exercise occurs within twelve (12) months (twenty-four (24) months if the Participant was eligible for Retirement) after the date of the Participant's death or the end of the term of the Option pursuant to Section 3, whichever is earlier.

(d) Disability. In the event that the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director by reason of Disability, unless the Option has earlier terminated, (i) to the extent the Option is not fully vested, the installment of the Option that would vest on the next anniversary of the Grant Date following the Participant's Disability shall become vested and exercisable based on a fraction, the numerator of which is the number of whole months elapsed since the prior anniversary of the Grant Date (or, if applicable, the Grant Date) and the denominator of which is 12 and (ii) the Option may be exercised, in accordance with paragraph (a) of Section 5, to the extent vested, provided such exercise occurs within twelve (12) months after the date of Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier. Notwithstanding the foregoing, if on the date of the Participant's Disability the Participant was eligible for Retirement (x) the installments of the Option that would vest in the next two (2) years following the date of the Participant's Disability shall become vested and exercisable and (y) the Option may be exercised within twenty-four (24) months after the date of the Participant's Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier.

For purposes of this Agreement, "Disability" shall mean the Participant's becoming disabled within the meaning of Section 22(e)(3) of the Code, or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate and the Committee's determination as to whether the Participant has incurred a Disability shall be final and binding on all parties concerned.

(e) Termination for Cause. Upon the termination of the Participant's employment or service by the Company or an Affiliate for Cause, unless the Option has earlier terminated, the Option shall immediately terminate in its entirety and shall thereafter not be exercisable to any extent whatsoever. For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Participant and the Company (or an Affiliate) or a severance plan of the Company (or an Affiliate) covering the Participant (including a change in control severance agreement or plan), "Cause" shall mean: a determination by the Committee that the Participant has breached his or her employment or service contract with the Company, or has been engaged in disloyalty to the Company, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his or her employment or service, or has disclosed trade secrets or confidential information of the Company to persons not entitled to receive such information, or has breached any written noncompetition or nonsolicitation agreement between the Participant and the Company (or an Affiliate) or has engaged in such other behavior detrimental to the interests of the Company (or an Affiliate) as the Committee determines in its sole discretion. Any determination of "cause" for purposes of this Agreement shall have no effect upon any determination of the rights or obligations of the Company (or an Affiliate) or the Participant for any other purpose.

(f) Extension of Exercise Period. Notwithstanding any provisions of paragraphs (a), (b), (c) or (d) of this Section to the contrary, in the sole determination of the Committee, if exercise of the Option following termination of employment or service during the time period set forth in the applicable paragraph or sale during such period of the Shares acquired on exercise would violate (i) the registration requirements under the Securities Act, (ii) any of the provisions of the federal securities laws (or any Company policy related thereto), or (iii) a “lock-up” agreement undertaken in connection with an issuance of securities by the Company, the time period to exercise the Option shall be extended until the later of the expiration of a total period of 90 days (that need not be consecutive) after the termination of the Participant’s employment by or services to the Company during which the exercise of the Option or sale of the Shares acquired on exercise would not be in violation of any of such registration requirement, the federal securities laws (or a related Company policy), or lock-up agreement, and (y) the end of the time period set forth in the applicable paragraph, but in either case, not beyond the term of the Option pursuant to Section 3.

7. Change in Control; Corporate Transaction.

(a) Effect of Change in Control on Option. In the event of a Change in Control, the Surviving Corporation or the Parent Corporation, if applicable, may assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control). In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, does not assume, continue or substitute for the Option on substantially the same terms and conditions (which may include settlement in the common stock of the Surviving Corporation or the Parent Corporation), the Option shall (i) become fully vested and exercisable immediately prior to the Change in Control if the Participant is then an Employee, a Consultant or a Director, and (ii) terminate on the date of the Change in Control. In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, assumes or substitutes for the Option on substantially the same terms and conditions (which may include providing for settlement in the common stock of the Surviving Corporation or the Parent Corporation), if within 24 months following the date of the Change in Control the Participant ceases to be in the Company’s continuous service as either of an Employee or a Consultant by reason of (i) an involuntary termination without Cause, or (ii) a voluntary termination in connection with a Relocation Requirement, the Option shall become fully vested and exercisable, and may be exercised by the Participant at any time until the first anniversary of the date the Participant ceases to be in the Company’s continuous service as either of an Employee or a Consultant or the end of the term of the Option pursuant to Section 3, whichever is earlier.

For purposes of this Agreement (i) if the Company is the Surviving Corporation or the Parent Corporation, if applicable, it shall be deemed to have assumed the Option unless it takes explicit action to the contrary and (ii) “Relocation Requirement” shall mean a requirement by the Company, the Surviving Corporation or an affiliate thereof that the Participant be based

anywhere more than fifty (50) miles from both the Participant's primary office location at the time of the Change in Control and the Participant's principal residence at the time of the Change in Control.

Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price, then the Option shall terminate as of the date of the Change in Control, except as otherwise determined by the Committee.

(b) Effect of Corporate Transaction on Option . In the event of a Corporate Transaction that is not a Change in Control, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction). In the event of a Corporate Transaction that is not a Change in Control, then notwithstanding Section 11 of the Plan and paragraph (a) of this Section, to the extent that the surviving corporation or acquiring corporation (or its parent company) does not assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), then the Option shall (i) become fully vested and exercisable immediately prior to the Corporate Transaction if the Participant is then an Employee, a Consultant or a Director, and (ii) terminate on the date of the Corporate Transaction.

For purposes of this Agreement, "Corporate Transaction" means (i) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or (ii) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise. Notwithstanding the foregoing, a "Corporate Transaction" shall not include a transaction that is effected exclusively for the purpose of changing the domicile of the Company.

(c) Other Agreement or Plan . The provisions of this Section (including the definition of Cause) shall be superseded by the specific provisions, if any, of a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant, including a change in control severance agreement or plan, to the extent such a provision in such other agreement or plan provides a greater benefit to the Participant.

8. Miscellaneous .

(a) No Rights of Stockholder . The Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Option until such Shares have been issued upon the due exercise of the Option.

(b) Nontransferability of Option. Except to the extent and under such terms and conditions as determined by the Committee, the Option shall be nontransferable otherwise than by will or the laws of descent and distribution, and during the lifetime of the Participant, the Option may be exercised only by the Participant or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the Participant's death, shall thereafter be entitled to exercise the Option.

(c) Severability. The provisions of this Agreement shall be deemed severable. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of a change in a law or regulation, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable (or, if applicable, to the extent necessary to comply with the change in the law or regulation), and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, other than its conflict of laws principles.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6166 Nancy Ridge Drive
San Diego, California 92121
Attention: Chief Financial Officer

With a copy to: General Counsel

Notices to the Participant should be addressed to the Participant at the Participant's address as it appears on the Company's records. The Company or the Participant may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via facsimile or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not a Contract. This Agreement (and the grant of the Option) is not an employment or service contract, and nothing in the Option shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an Employee, a Consultant or a Director, or of the Company or an Affiliate to continue Participant's service as an Employee, a Consultant or a Director.

(h) Entire Agreement; Modification. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto, and may be rescinded only by a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc. 2012 Long-Term Incentive Plan

Stock Option Grant Agreement for Non-Employee Directors

THIS GRANT AGREEMENT (this “Agreement”), effective as of _____(the “Grant Date”), is entered into by and between Arena Pharmaceuticals, Inc., a Delaware corporation (the “Company”), and _____(the “Participant”).

1. Grant of Options. The Company hereby grants to the Participant a non-qualified stock option (the “Option”) to purchase _____ shares of common stock of the Company, par value \$0.0001 per share (the “Shares”), at the exercise price of \$ _____per Share (the “Exercise Price”). The Option is not intended to qualify as an incentive stock option under Section 422 of the Code.

2. Subject to the Plan. This Agreement is subject to the provisions of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan (the “Plan”), and, unless the context requires otherwise, terms used herein shall have the same meaning as in the Plan. In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Term of Options. Unless the Option terminates earlier pursuant to the provisions of this Agreement, the Option shall expire on the tenth anniversary of the Grant Date.

4. Vesting. Except as otherwise provided in Sections 6(b) or (c) of this Agreement, provided the Participant is then a Director, an Employee or a Consultant, the Option shall become vested and exercisable on the following dates:

<u>Vest Date</u>	<u>Vested Options</u>
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5. Exercise of Option

(a) Manner of Exercise. To the extent vested, the Option may be exercised, in whole or in part, by delivering written notice to the Company in accordance with paragraph (f) of Section 8 in such form as the Company may require from time to time, or through such other means as permitted by the Company. Such notice shall specify the number of Shares subject to the Option as to which the Option is being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan, except that payment with previously acquired Shares may only be made with the consent of the Committee. The Option may be exercised only in multiples of whole Shares and no partial Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Option and payment of the Exercise Price for the Shares as to which the Option is exercised, the Company shall issue to the Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Capitalization Adjustments. The number of Shares subject to the Option and the exercise price per Share shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

(d) Withholding. No Shares will be issued on exercise of the Option unless and until the Participant pays to the Company, or makes satisfactory arrangement with the Company for payment of, any federal, state or local taxes required by law to be withheld in respect of the exercise of the Option. The Participant hereby agrees that the Company may withhold from the Participant's wages or other remuneration the applicable taxes. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Participant on exercise of the Option, up to the Participant's minimum required withholding rate or such other rate that will not trigger a negative accounting impact.

6. Termination of Option.

(a) Termination of Service Other Than Due to Death or Disability. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, three (3) years after the date the Participant ceases to be in the Company's continuous service as any of a Director, an Employee or a Consultant, for any reason other than the Participant's death or Disability. Except as provided below in Section 6(b) or (c), any portion of the Option that is not vested at the time the Participant ceases to be in the Company's continuous service as any of a Director, an Employee or a Consultant, shall immediately terminate.

(b) Death. Upon the Participant's death, unless the Option has earlier terminated, to the extent the Option is not fully vested the Option shall become fully vested and exercisable. The Participant's executor or personal representative, the person to whom the Option shall have been transferred by will or the laws of descent and distribution, or such other permitted transferee, as the case may be, may exercise the Option in accordance with paragraph (a) of Section 5, provided such exercise occurs within three (3) years after the date of the Participant's death or the end of the term of the Option pursuant to Section 3, whichever is earlier.

(c) Disability. In the event that the Participant ceases to be in the Company's continuous service as any of a Director, an Employee or a Consultant by reason of Disability, unless the Option has earlier terminated, (i) the Option shall become fully vested and exercisable and (ii) the Option may be exercised, in accordance with paragraph (a) of Section 5, provided such exercise occurs within three (3) years after the date of Disability or the end of the term of the Option pursuant to Section 3, whichever is earlier. For purposes of this Agreement, "Disability" shall mean the Participant's becoming disabled within the meaning of Section 22(e)(3) of the Code, or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate and the Committee's determination as to whether the Participant has incurred a Disability shall be final and binding on all parties concerned.

(d) Extension of Exercise Period. Notwithstanding any provisions of paragraphs (a), (b) or (c) of this Section to the contrary, in the sole determination of the Committee, if exercise of the Option following termination of employment or service during the time period set forth in the applicable paragraph or sale during such period of the Shares acquired on exercise would violate

(i) the registration requirements under the Securities Act, (ii) any of the provisions of the federal securities laws (or any Company policy related thereto), or (iii) a “lock-up” agreement undertaken in connection with an issuance of securities by the Company, the time period to exercise the Option shall be extended until the later of the expiration of a total period of 90 days (that need not be consecutive) after the termination of the Participant’s employment by or services to the Company during which the exercise of the Option or sale of the Shares acquired on exercise would not be in violation of any of such registration requirement, the federal securities laws (or a related Company policy), or lock-up agreement, and (y) the end of the time period set forth in the applicable paragraph, but in either case, not beyond the term of the Option pursuant to Section 3.

7. Change in Control; Corporate Transaction .

(a) Effect of Change in Control on Option . In the event of a Change in Control, the Surviving Corporation or the Parent Corporation, if applicable, may assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control). In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, does not assume, continue or substitute for the Option on substantially the same terms and conditions (which may include settlement in the common stock of the Surviving Corporation or the Parent Corporation), the Option shall (i) become fully vested and exercisable immediately prior to the Change in Control if the Participant is then a Director, an Employee or a Consultant, and (ii) terminate on the date of the Change in Control. In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, assumes or substitutes for the Option on substantially the same terms and conditions (which may include providing for settlement in the common stock of the Surviving Corporation or the Parent Corporation), if within 24 months following the date of the Change in Control the Participant ceases to be in the Company’s continuous service as any of a Director, an Employee or a Consultant for any reason, the Option shall become fully vested and exercisable, and may be exercised by the Participant at any time until the first anniversary of the date the Participant ceases to be in the Company’s continuous service as any of a Director, an Employee or a Consultant or the end of the term of the Option pursuant to Section 3, whichever is earlier. For purposes of this paragraph, if the Company is the Surviving Corporation or the Parent Corporation, if applicable, it shall be deemed to have assumed the Option unless it takes explicit action to the contrary.

Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price, then the Option shall terminate as of the date of the Change in Control, except as otherwise determined by the Committee.

(b) Effect of Corporate Transaction on Option . In the event of a Corporate Transaction that is not a Change in Control, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation’s parent company) may assume, continue or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction). In the event of a Corporate Transaction that is not a Change in Control, then notwithstanding Section 11 of the Plan and paragraph (a) of this Section, to the extent that the surviving corporation or acquiring corporation (or its parent company) does not assume, continue

or substitute for the Option on substantially the same terms and conditions (which may include the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), then the Option shall (i) become fully vested and exercisable immediately prior to the Corporate Transaction if the Participant is then a Director, an Employee or a Consultant, and (ii) terminate on the date of the Corporate Transaction.

For purposes of this Agreement, "Corporate Transaction" means (i) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or (ii) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise. Notwithstanding the foregoing, a "Corporate Transaction" shall not include a transaction that is effected exclusively for the purpose of changing the domicile of the Company.

(c) Other Agreement or Plan. The provisions of this Section shall be superseded by the specific provisions, if any, of a written service agreement between the Participant and the Company, or a change in control severance agreement or plan covering the Participant, to the extent such a provision in such other agreement or plan provides a greater benefit to the Participant.

8. Miscellaneous.

(a) No Rights of Stockholder. The Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Option until such Shares have been issued upon the due exercise of the Option.

(b) Nontransferability of Option. Except to the extent and under such terms and conditions as determined by the Committee, the Option shall be nontransferable otherwise than by will or the laws of descent and distribution, and during the lifetime of the Participant, the Option may be exercised only by the Participant or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the Participant's death, shall thereafter be entitled to exercise the Option.

(c) Severability. The provisions of this Agreement shall be deemed severable. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of a change in a law or regulation, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable (or, if applicable, to the extent necessary to comply with the change in the law or regulation), and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, other than its conflict of laws principles.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6166 Nancy Ridge Drive
San Diego, California 92121
Attention: Chief Financial Officer

With a copy to: General Counsel

Notices to the Participant should be addressed to the Participant at the Participant's address as it appears on the Company's records. The Company or the Participant may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via facsimile or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not a Contract. This Agreement (and the grant of the Option) is not a service contract, and nothing in the Option shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as a Director, an Employee or a Consultant, or of the Company or an Affiliate to continue Participant's service as a Director, an Employee or a Consultant.

(h) Entire Agreement; Modification. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto, and may be rescinded only by a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc. 2012 Long-Term Incentive Plan

Restricted Stock Grant Agreement

THIS GRANT AGREEMENT (this “Agreement”), effective as of _____ (the “Grant Date”), is entered into by and between Arena Pharmaceuticals, Inc., a Delaware corporation (the “Company”), and _____ (the “Participant”).

1. Grant of Restricted Stock. The Company hereby grants to the Participant _____ restricted shares of common stock of the Company, par value \$0.0001 per share (the “Restricted Stock”).

2. Subject to the Plan. This Agreement is subject to the provisions of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan (the “Plan”), and, unless the context requires otherwise, terms used herein shall have the same meaning as in the Plan. In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Vesting. All of the shares of Restricted Stock shall initially be unvested. Until shares of Restricted Stock vest, the Participant may not sell, assign, transfer, pledge, or otherwise dispose of such shares. Except as otherwise provided in Sections 5(b) or (c) of this Agreement, and subject to Section 7.3 of the Plan, provided the Participant is then any of an Employee, a Consultant or a Director, the Restricted Stock shall become vested on the following dates:

<u>Vest Date</u>	<u>Vested Shares</u>
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4. Capitalization Adjustments. The number of shares of Restricted Stock shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

5. Termination of Employment.

(a) Termination of Employment or Service Other Than Due to Death or Disability. In the event the Participant ceases to be in the Company’s continuous service as any of an Employee, a Consultant or a Director for any reason other than as a result of death or Disability, the shares of Restricted Stock that were not vested at the time the Participant ceases to be in the Company’s continuous service as any of an Employee, a Consultant or a Director shall be immediately forfeited.

(b) Death. Upon the Participant's death, to the extent the Restricted Stock is not fully vested the shares of Restricted Stock that would vest on the next anniversary of the Grant Date following the Participant's death shall become vested based on a fraction, the numerator of which is the number of whole months elapsed since the prior anniversary of the Grant Date (or, if applicable, the Grant Date) and the denominator of which is 12.

(c) Disability. In the event that the Participant ceases to be in the Company's continuous service as any of an Employee, a Consultant or a Director by reason of Disability, to the extent the Restricted Stock is not fully vested, the shares of Restricted Stock that would vest on the next anniversary of the Grant Date following the Participant's Disability shall become vested based on a fraction, the numerator of which is the number of whole months elapsed since the prior anniversary of the Grant Date (or, if applicable, the Grant Date) and the denominator of which is 12. For purposes of this Agreement, "Disability" shall mean the Participant's becoming disabled within the meaning of Section 22(e)(3) of the Code, or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate and the Committee's determination as to whether the Participant has incurred a Disability shall be final and binding on all parties concerned.

6. Change in Control; Corporate Transaction .

(a) Effect of Change in Control on Restricted Stock. In the event of a Change in Control, the Surviving Corporation or the Parent Corporation, if applicable, may assume, continue or substitute for the unvested shares of Restricted Stock on substantially the same terms and conditions (which may include replacement with shares of the common stock of the Surviving Corporation or the Parent Corporation). In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, does not assume, continue or substitute for the unvested shares of Restricted Stock on substantially the same terms and conditions (which may include replacement with shares of the common stock of the Surviving Corporation or the Parent Corporation), all of such unvested shares of Restricted Stock shall become fully vested immediately prior to the Change in Control, provided the Participant has been in the Company's continuous service since the Grant Date as any of an Employee, a Consultant or a Director. In the event of a Change in Control, to the extent the Surviving Corporation or the Parent Corporation, if applicable, assumes or substitutes for the unvested shares of Restricted Stock on substantially the same terms and conditions (which may include replacement with shares of the common stock of the Surviving Corporation or the Parent Corporation) and within 24 months following the date of the Change in Control the Participant ceases to be in the Company's continuous service as either of an Employee or Consultant by reason of (i) an involuntary termination without Cause, or (ii) a voluntary termination in connection with a Relocation Requirement, all of such shares of Restricted Stock shall become fully vested.

For purposes of this Agreement (i) if the Company is the Surviving Corporation or the Parent Corporation, if applicable, it shall be deemed to have assumed the unvested shares of Restricted Stock unless it takes explicit action to the contrary and (ii) "Relocation Requirement" shall mean a requirement by the Company, the Surviving Corporation or an affiliate thereof that

the Participant be based anywhere more than fifty (50) miles from both the Participant's primary office location at the time of the Change in Control and the Participant's principal residence at the time of the Change in Control. For purposes of this Agreement, except as otherwise provided in a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant (including a change in control severance agreement or plan), "Cause" shall mean: a determination by the Committee that the Participant has breached his or her employment or service contract with the Company (or an Affiliate), or has been engaged in disloyalty to the Company (or an Affiliate), including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his or her employment or service, or has disclosed trade secrets or confidential information of the Company to persons not entitled to receive such information, or has breached any written noncompetition or nonsolicitation agreement between the Participant and the Company (or an Affiliate) or has engaged in such other behavior detrimental to the interests of the Company (or an Affiliate) as the Committee determines.

(b) Effect of Corporate Transaction on Restricted Stock. In the event of a Corporate Transaction that is not a Change in Control, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume, continue or substitute for the unvested shares of Restricted Stock on substantially the same terms and conditions (which may include replacement with shares of the common stock of the surviving corporation, acquiring corporation, or the surviving or acquiring corporation's parent company). In the event of a Corporate Transaction that is not a Change in Control, then notwithstanding Section 11 of the Plan and paragraph (a) of this Section, to the extent that the surviving corporation or acquiring corporation (or its parent company) does not assume, continue or substitute for the unvested shares of Restricted Stock on substantially the same terms and conditions (which may include replacement with shares of the common stock of the surviving corporation, acquiring corporation, or the surviving or acquiring corporation's parent company), then all of such unvested shares of Restricted Stock shall become fully vested immediately prior to the Corporate Transaction if the Participant is then an Employee, a Consultant or a Director.

For purposes of this Agreement, "Corporate Transaction" means (i) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or (ii) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise. Notwithstanding the foregoing, a "Corporate Transaction" shall not include a transaction that is effected exclusively for the purpose of changing the domicile of the Company.

(c) Other Agreement or Plan. The provisions of this Section (including the definition of Cause) shall be superseded by the specific provisions, if any, of a written employment or severance agreement between the Participant and the Company or a severance plan of the Company covering the Participant, including a change in control severance agreement or plan, to the extent such a provision in such other agreement or plan provides a greater benefit to the Participant.

7. Legend. Each certificate issued in respect of shares of Restricted Stock under the Agreement shall be registered in the Participant's name and deposited by the Participant, together with a stock power endorsed in blank, with the Company and shall bear the following (or a similar) legend:

“The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in an Agreement entered into between the registered owner and Arena Pharmaceuticals, Inc.”

When shares of Restricted Stock become vested, the Company shall redeliver to the Participant (or the Participant's legal representatives, beneficiaries or heirs) from the shares of Restricted Stock deposited with it the number of shares which have then vested. The Participant agrees that any resale of shares of Restricted Stock received upon vesting shall be made in compliance with the registration requirements of the Securities Act of 1933 or an applicable exemption therefrom, including without limitation the exemption provided by Rule 144 promulgated thereunder (or any successor rule).

8. Nontransferability. Except to the extent and under such terms and conditions as determined by the Committee, the Restricted Stock shall be nontransferable otherwise than by will or the laws of descent and distribution. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the Participant's death, shall thereafter be entitled to receive the vested shares of Restricted Stock.

9. Rights as Stockholder. During the period that shares of Restricted Stock remain unvested, the Participant shall have all of the rights of a stockholder of the Company with respect to the Restricted Stock, including, but not limited to, the right to receive dividends paid on the shares of Restricted Stock and the right to vote such shares.

10. Withholding. The Participant agrees to pay to the Company, or to make satisfactory arrangement with the Company for payment of, any federal, state or local taxes required by law to be withheld in respect of the vesting of the Restricted Stock. The Participant hereby agrees that the Company may withhold from the Participant's wages or other remuneration the applicable taxes. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Participant on the vesting of the Restricted Stock.

11. Notices . All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6166 Nancy Ridge Drive
San Diego, California 92121
Attention: Chief Financial Officer

With a copy to: General Counsel

Notices to the Participant should be addressed to the Participant at the Participant's address as it appears on the Company's records. The Company or the Participant may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via facsimile or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

12. Headings . The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

13. Governing Law . This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, other than its conflict of laws principles.

14. Agreement Not a Contract . This Agreement (and the grant of Restricted Stock) is not an employment or service contract, and nothing in this Agreement shall be deemed to create in any way whatsoever any obligation on Participant's part to continue in the employment or service of the Company as an Employee, a Consultant or a Director, or of the Company or an Affiliate to continue Participant's service as an Employee, a Consultant or a Director.

15. Entire Agreement; Modification . This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan or in a written document signed by each of the parties hereto, and may be rescinded only by a written agreement signed by both parties.

16. Severability . The provisions of this Agreement shall be deemed severable. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of a change in a law or regulation, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable (or, if applicable, to the extent necessary to comply with the change in the law or regulation), and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

ARENA PHARMACEUTICALS, INC.

By: _____

Participant