

ARENA PHARMACEUTICALS, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

A. Composition

The Compensation Committee (the “**Committee**”) of the Board of Directors of Arena Pharmaceuticals, Inc., a Delaware corporation (the “**Company**”), shall consist of at least three (3) directors, each of whom must be independent, as determined by the Board of Directors of the Company (the “**Board**”), in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the “**SEC**”) and The NASDAQ Stock Market (“**NASDAQ**”). At least two of the members of the Committee shall satisfy the “non-employee director” standard within the meaning of Section 16b-3 of the Securities Exchange Act of 1934, as amended from time to time and the “outside director standard” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Board shall appoint the members of the Committee, and may, upon recommendation of the Committee, remove any Committee member at any time. The Committee chairperson shall be appointed by the Board or, if it does not do so, the Committee.

B. Purpose

The primary purpose of the Committee shall be to do the following:

1. Act on behalf of the Board in fulfilling the Board’s responsibilities to oversee the Company’s compensation policies, plans and programs.
2. Review and determine the compensation to be paid to the Company’s executive officers and directors.
3. Oversee preparation of and review the Compensation Discussion and Analysis (or “**CD&A**”) and the Committee report on executive compensation included in the Company’s SEC filings in accordance with applicable rules and regulations of the SEC in effect from time to time.

The term “compensation” shall include all salary, long-term incentives, bonuses, perquisites, equity incentives, severance arrangements, retirement benefits and other related benefits.

C. Authority

In fulfilling its functions and responsibilities, the Committee shall have the following authority:

1. Powers – The Committee shall have such powers as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities hereunder.
2. Operation – The operation of the Committee will be subject to the provisions of the Company’s Bylaws and the Delaware General Corporation Law. The approval of this

charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

3. Access and Resources – The Committee shall be authorized to access, at the Company’s expense, such internal and external resources (including records and personnel) as the Committee deems necessary or appropriate to fulfill its defined responsibilities, including compensation consultants, legal counsel and other advisors. The Committee shall have sole authority to approve fees, costs and other terms of engagement of such outside resources.
4. Committee Meeting Attendees – The Committee shall have authority to require Company employees, including senior management, and to request that any of the Company’s counsel, auditors, investment bankers, consultants or advisors attend any meeting of the Committee.
5. Delegation to Subcommittees – The Committee may form and delegate authority to subcommittees as appropriate or permitted by applicable laws or regulation.

D. Functions and Responsibilities

The Committee may exercise its authority to carry out the following primary functions and responsibilities. The Committee may supplement and, except as otherwise required by applicable law or the requirements of NASDAQ, deviate from these activities as appropriate under the circumstances:

1. Overall Compensation Strategy – Review, modify (as needed) and approve the overall compensation strategy and policies for the Company, including:
 - a. reviewing and approving corporate performance goals and objectives relevant to the compensation of the Company’s executive officers;
 - b. evaluating and approving the compensation plans and programs for the Company, as well as determining whether to modify or terminate the existing plans and programs;
 - c. establishing policies with respect to equity compensation arrangements; and
 - d. reviewing and approving the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements for the Company’s executive officers.
2. Compensation of Chief Executive Officer – Meeting in executive session, determine, in its sole discretion, the compensation and other terms of employment of the Company’s Chief Executive Officer and evaluate the Chief Executive Officer’s performance in light of relevant corporate performance goals and objectives.

In determining the long-term incentive component of the Chief Executive Officer’s compensation, the Committee should consider the Company’s performance and relative stockholder return, the potential benefits and costs to the Company of the award, the

value of similar incentive awards given to chief executive officers of comparable companies, the awards given to the Company's Chief Executive Officer in past years, and such other criteria as the Committee deems advisable.

3. Compensation of Other Executive Officers – Review and approve the individual and corporate performance goals and objectives of the Company's other executive officers that are periodically established. The Committee shall determine the compensation and other terms of employment of these executive officers, taking into consideration the executive officer's success in achieving his or her individual performance goals and objectives and the corporate performance goals and objectives deemed relevant to the officer as established by the Committee. The Chief Executive Officer may be present during these deliberations, but may not vote.
4. Compensation of Directors – Approve the type and amount of compensation to be paid or awarded to Board members, including retainers, meeting fees and stock option grants or awards.
5. Selection of Compensation Consultants, Legal Counsel and Other Advisers – In its sole discretion, retain (or obtain the advice of) any, compensation consultant, legal counsel or other advisers (referred to collectively as "advisers") to assist it in the performance of its duties, but only after taking into consideration the factors specified in NASDAQ Listing Rule 5605(d)(3) or any successor provision. However, nothing in this provision requires that any advisers be independent. The Committee need not conduct this independence assessment with respect to (a) in-house legal counsel; or (b) any adviser whose role is limited to (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation in favor of executive officers or directors of the Company and that is available generally to all salaried employees; or (ii) providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the adviser and about which the adviser does not provide advice. The Committee shall have direct responsibility for the appointment, compensation and oversight of the work of any advisers engaged for the purpose of advising the Committee, and such advisers shall report directly, and be accountable, to the Committee. The Committee shall have sole authority to approve the reasonable fees and the other terms and conditions of such engagement, including authority to terminate the engagement. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such adviser retained by the Committee. Nothing in this provision requires the Committee to implement or act consistently with the advice or recommendations of any adviser or affects the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.
6. Conflict-of-Interest Disclosure – Review and discuss with management, if appropriate, any conflicts of interest raised by the work of any compensation consultant that had any role in determining or recommending the amount or form of executive or director compensation (except as set forth in clause (a) and (b) of Section 5 above) or was retained by the Committee or management and how such conflict is being addressed for disclosure in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.

7. Administration of Benefit Plans – Approve the adoption, amendment and termination of the Company’s benefit plans, which may include stock option plans, stock appreciation rights plans, pension and profit sharing plans, incentive plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs. The Committee shall have full power and authority to administer these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, and exercise such other power and authority as may be permitted or required under such plans.
8. Proposed Regulations or Other Initiatives; Recent Developments – Review any significant regulatory, legislative or other initiatives that are related to the Committee’s purpose, authority, functions or responsibilities if, in the judgment of the Committee, such review is necessary or appropriate. Review recent developments affecting the Committee’s responsibilities as an agenda item for a majority of the Committee’s regularly scheduled meetings.
9. Compensation Discussion and Analysis – Oversee preparation of, and review and discuss with management, the Company’s disclosures contained in the CD&A for use in any of the Company’s annual reports on Form 10-K, registration statements, proxy statements or information statements and recommend to the Board that the CD&A be approved for inclusion, as applicable, in the Company’s annual reports on Form 10-K, registration statements, proxy statements or information statements.
10. Committee Report – Oversee preparation of and review the Committee report on executive compensation to be included in the Company’s annual proxy statement in accordance with applicable SEC rules and regulations.
11. Self-Assessment – Periodically review, discuss and assess its performance. The Committee shall also periodically review and assess the adequacy of this charter, including the Committee’s role and responsibilities as outlined in this charter, and shall recommend any proposed changes to the Board for its consideration.
12. Report to Board – Report to or otherwise inform the Board with respect to material issues that arise regarding the Company’s compliance with legal or regulatory requirements or such other matters as the Committee deems appropriate. Also report to the Board all material activities of the Committee from time to time or whenever so requested by the Board.

E. Meetings

The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company. Meetings may be called by the Committee chairperson, the Board chairperson, if any, or the Chief Executive Officer. Unless otherwise designated, the Company’s Secretary shall act as the secretary for the Committee.

Revised as of June 10, 2013.