

ARENA PHARMACEUTICALS INC

FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 06/22/17

Address	6154 NANCY RIDGE DRIVE SAN DIEGO, CA 92121
Telephone	858-453-7200
CIK	0001080709
Symbol	ARNA
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ARENA PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

6154 Nancy Ridge Drive
San Diego, California 92121
(Address of Principal Executive Offices) (Zip Code)

Arena Pharmaceuticals, Inc. 2017 Long-Term Incentive Plan
(Full title of the plan)

Steven W. Spector, Esq.
Executive Vice President, General Counsel and Secretary
6154 Nancy Ridge Drive
San Diego, California 92121
(Name and address of agent for service)

858.453.7200
(Telephone number, including area code, of agent for service)

Copy to:
Steven M. Przesmicki, Esq.
Cooley LLP
4401 Eastgate Mall
San Diego, California 92121
858.550.6000

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value \$0.0001 per share, issuable under the Arena Pharmaceuticals, Inc. 2017 Long-Term Incentive Plan	7,172,696 shares (2)	\$ 13.29 (3)	\$ 95,325,129.84 (3)	\$11,048.18

- (1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the “Securities Act”), this registration statement shall also cover any additional shares of Common Stock of Arena Pharmaceuticals, Inc. (the “Registrant” or “Arena”) that, with respect to the shares registered hereunder, become issuable under the 2017 Long-Term Incentive Plan (the “2017 LTIP”) by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without receipt of consideration that increases the number of outstanding shares of the Registrant’s Common Stock.
- (2) Represents (i) 3,056,982 shares of the Registrant’s Common Stock reserved for issuance under the 2017 LTIP, and (ii) 4,115,714 shares of the Registrant’s Common Stock which may be added to the 2017 LTIP upon the expiration, forfeiture or cash settlement of outstanding awards (the “Outstanding Awards”) granted under the Registrant’s 2013 Long-Term Incentive Plan, as amended, 2012 Long-Term Incentive Plan, 2009 Long-Term Incentive Plan and 2006 Long-Term Incentive Plan, as amended (collectively, the “Prior Plans”). The Prior Plans have been terminated, and no further stock awards will be made under the Prior Plans. Any shares underlying the Outstanding Awards that expire, are forfeited or are settled for cash have been allocated to the 2017 LTIP.
- (3) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(h)(1) and Rule 457(c) of the Securities Act. The price per share and aggregate offering price are based upon the average of the high and low prices of the Registrant’s Common Stock on June 19, 2017, as reported on The NASDAQ Global Select Market.

PART I
INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information.

Not required to be filed with this registration statement.

Item 2. Registrant Information and Employee Plan Annual Information.

Not required to be filed with this registration statement.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by the Registrant with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this registration statement (other than information furnished under Item 2.02 or Item 7.01 of Form 8-K or other portions of documents filed with the SEC which are furnished, but not filed, pursuant to applicable rules promulgated by the SEC):

(a) the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the SEC on March 15, 2017;

(b) Amendment No. 1 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2016, filed with the SEC on May 5, 2017; the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, filed with the SEC on May 9, 2017; the Registrant's Current Reports on Form 8-K, filed with the SEC on January 4, 2017, January 6, 2017, February 14, 2017, April 17, 2017, April 18, 2017 and June 15, 2017; the Registrant's Current Report on Form 8-K/A, filed with the SEC on June 15, 2017; and

(c) the description of the Registrant's common stock contained in the Registrant's registration statement on Form 8-A (File No. 000-31161) filed with the SEC on July 26, 2000, including any amendment or report filed for the purpose of updating such description.

All reports and other documents subsequently filed with the SEC by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part of this registration statement from the date of the filing of such reports and documents; provided, however, that documents, reports and definitive proxy or information statements, or portions thereof, which are furnished and not filed in accordance with the rules of the SEC shall not be deemed incorporated by reference into this registration statement. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such statement so modified or superseded shall not constitute a part of this registration statement, except as so modified or superseded.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The Registrant's Certificate of Incorporation and Bylaws provide for indemnification of the Registrant's directors and officers to the fullest extent permitted by law. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or controlling persons of the Registrant pursuant to the Registrant's Certificate of Incorporation, Bylaws and the Delaware General Corporation Law (the "DGCL"), the Registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Section 102(b)(7) of the DGCL provides that a certificate of incorporation may include a provision which eliminates or limits the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, relating to prohibited dividends or distributions or the repurchase or redemption of stock or (iv) for any transaction from which the director derives an improper personal benefit. The Registrant's Certificate of Incorporation includes such a provision. As a result of this provision, the Registrant and its stockholders may be unable to obtain monetary damages from a director for breach of his or her duty of care.

As permitted under the DGCL, the Registrant has entered into indemnification agreements with each of its directors and certain of its executive officers that require the Registrant to indemnify such persons against any and all expenses (including attorneys' fees, witness or other professional fees), and, unless in connection with a proceeding by or in the right of the Registrant, any and all judgments, fines and amounts paid in settlement, actually and reasonably incurred by such persons or on such persons' behalf in connection with any proceeding, whether actual or threatened, to which any such person may be involved as a party or otherwise by reason of the fact that such person is or was a director or an executive officer of the Registrant or is or was serving at the request of the Registrant as a director, officer, employee, agent or fiduciary of another enterprise, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful. Under these agreements, the Registrant is not required to provide indemnification for certain matters, including:

- indemnification beyond that permitted by applicable law;
- except as provided in the indemnification agreements, an accounting of profits made from the purchase and sale (or sale and purchase) by such director or executive officer of securities of the Registrant within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;
- except as provided in the indemnification agreements, any reimbursement of the Registrant by such director or executive officer of any bonus or other incentive-based or equity-based compensation or of any profits realized by such director or executive officer from the sale of securities of the Registrant, as required in each case under the Exchange Act; or
- except as provided in the indemnification agreements, in connection with any proceeding initiated by such director or executive officer, unless (i) the Registrant's Board of Directors authorized the proceeding prior to its initiation or (ii) the Registrant provides the indemnification, in its sole discretion, pursuant to the powers vested in the Registrant under applicable law.

The indemnification agreements also set forth certain procedures, presumptions and remedies that will apply in the event of a claim for indemnification thereunder.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

See the Exhibit Index on the page immediately following the signature page to this registration statement for a list of exhibits filed as part of this registration statement, which Exhibit Index is incorporated herein by reference.

Item 9. Undertakings.

1. The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(d) That, for the purpose of determining liability of the Registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

2. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on June 22, 2017.

ARENA PHARMACEUTICALS, INC.

By: /s/ Amit Munshi
Amit Munshi
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Amit Munshi and Steven W. Spector, and each of them, as his or her true and lawful agent, proxy and attorney-in-fact, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

	<u>Signatures</u>	<u>Title</u>	<u>Date</u>
By:	<u>/s/ Amit Munshi</u> Amit Munshi	President and Chief Executive Officer and Director (principal executive officer)	June 22, 2017
By:	<u>/s/ Kevin R. Lind</u> Kevin R. Lind	Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)	June 22, 2017
By:	<u>/s/ Scott H. Bice</u> Scott H. Bice	Director	June 22, 2017
By:	<u>/s/ Jayson Dallas</u> Jayson Dallas, M.D.	Director	June 22, 2017
By:	<u>/s/ Oliver Fetzter</u> Oliver Fetzter, Ph.D.	Director	June 22, 2017
By:	<u>/s/ Jennifer Jarrett</u> Jennifer Jarrett	Director	June 22, 2017
By:	<u>/s/ Garry A. Neil</u> Garry A. Neil, M.D.	Director	June 22, 2017
By:	<u>/s/ Tina S. Nova</u> Tina S. Nova, Ph.D.	Director	June 22, 2017
By:	<u>/s/ Phillip M. Schneider</u> Phillip M. Schneider	Director	June 22, 2017
By:	<u>/s/ Christine A. White</u> Christine A. White, M.D.	Director	June 22, 2017

By: /s/ Randall E. Woods Director
Randall E. Woods

June 22, 2017

EXHIBIT INDEX

Exhibit Number	Description of Document
4.1	Fifth Amended and Restated Certificate of Incorporation of Arena (incorporated by reference to Exhibit 3.1 to Arena's quarterly report on Form 10-Q for the quarter ended June 30, 2002, filed with the Securities and Exchange Commission on August 14, 2002, Commission File No. 000-31161)
4.2	Certificate of Amendment of the Fifth Amended and Restated Certificate of Incorporation of Arena (incorporated by reference to Exhibit 4.2 to Arena's registration statement on Form S-8 filed with the Securities and Exchange Commission on June 28, 2006, Commission File No. 333-135398)
4.3	Certificate of Amendment No. 2 of the Fifth Amended and Restated Certificate of Incorporation of Arena, as amended (incorporated by reference to Exhibit 4.3 to Arena's registration statement on Form S-8 filed with the Securities and Exchange Commission on June 30, 2009, Commission File No. 333-160329)
4.4	Certificate of Amendment No. 3 of the Fifth Amended and Restated Certificate of Incorporation of Arena, as amended (incorporated by reference to Exhibit 3.4 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)
4.5	Certificate of Amendment No. 4 of the Fifth Amended and Restated Certificate of Incorporation of Arena, as amended (incorporated by reference to Exhibit 3.1 to Arena's current report on Form 8-K filed with the Securities and Exchange Commission on June 15, 2017, Commission File No. 000-31161)
4.6	Amended and Restated Bylaws of Arena (incorporated by reference to Exhibit 3.1 to Arena's current report on Form 8-K filed with the Securities and Exchange Commission on October 9, 2014, Commission File No. 000-31161)
4.7	Form of common stock certificate
5.1	Opinion of Cooley LLP
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Cooley LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page)
99.1	Arena's 2017 Long-Term Incentive Plan
99.2	Form of Nonqualified Stock Option Grant Agreement for Employees and Consultants under the Arena 2017 Long-Term Incentive Plan
99.3	Form of Incentive Stock Option Grant Agreement under the Arena 2017 Long-Term Incentive Plan
99.4	Form of Restricted Stock Unit Grant Agreement (other than for non-employee directors) under the Arena 2017 Long-Term Incentive Plan
99.5	Form of Restricted Stock Unit Grant Agreement for Non-Employee Directors under the Arena 2017 Long-Term Incentive Plan
99.6	Form of Nonqualified Stock Option Grant Agreement for Non-Employee Directors under the Arena 2017 Long-Term Incentive Plan

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTYPE|RUN#|TRANS#

ARENA
PHARMACEUTICALS
 PO BOX 4304, Princeton, NJ 08540-3004
 MR. A. GAFFLE
 DESIGNATION (P. A.M.)
 AQ01
 AQ02
 AQ03
 AQ04

CUSIP XXXXXX XX X
 Holder ID XXXXXXXXXXXX
 Insurance Value 1,000,000.00
 Number of Shares 123456
 DTC 12345678 123456789012345
 Certificate Numbers
 12345678901234567890 1 1
 12345678901234567890 2 2
 12345678901234567890 3 3
 12345678901234567890 4 4
 12345678901234567890 5 5
 12345678901234567890 6 6
 Total Transaction 7

COMMON STOCK
 PAR VALUE \$0.0001

ARENA PHARMACEUTICALS

ARENA PHARMACEUTICALS, INC.
 INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

Certificate Number
ZQ00000000

Shares
 *****000000*****
 *****000000*****
 *****000000*****
 *****000000*****
 *****000000*****

CUSIP 040047 60 7
 SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE & MR. SAMPLE & MRS. SAMPLE

is the owner of

*****ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO*****

FULLY PAID AND NON-ASSESSABLE SHARES OF \$0.0001 PAR VALUE COMMON STOCK OF

ARENA PHARMACEUTICALS, INC.

transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

[Signature]
 Amit D. Munshi
 President and Chief Executive Officer

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

SEAL
 ARENA PHARMACEUTICALS, INC.
 DELAWARE

DATED DD-MMM-YYYY
 COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
 TRANSFER AGENT AND REGISTRAR

By _____
 AUTHORIZED SIGNATURE

1234567

ARENA PHARMACEUTICALS, INC.

THE CORPORATION SHALL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL, OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. SUCH REQUESTS SHALL BE MADE TO THE CORPORATION'S SECRETARY AT THE PRINCIPAL OFFICE OF THE CORPORATION.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN, OR DESTROYED THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-as tenants in common	UNF GIFT MIN ACT-Custodian	(State)	(Minor)
TEN ENT	-as tenants by the enteties		under Uniform Gifts to Minors Act		
JT TEN	-as joint tenants with right of survivorship and not as tenants in common	UNF TRF MIN ACTCustodian (until age ..),	(State)	(Minor)
			under Uniform Transfers to Minors Act		(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto _____ PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____ Shares
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney
to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: _____ 20_____

Signature: _____

Signature: _____

Notice: The signature(s) to this assignment must correspond with the name(s) as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp
THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION WITH AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM PURSUANT TO SEC RULE 15c2-6.

SECURITY INSTRUCTONS
THIS IS WATERMARKED PAPER. DO NOT ACCEPT UNLESS YOU NOTICE WATERMARK - HELD TO LIGHT TO VERIFY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.

If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534221

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Arena Pharmaceuticals, Inc.:

We consent to the use of our reports with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting incorporated by reference herein.

/s/ KPMG LLP

San Diego, California

June 19, 2017

ARENA PHARMACEUTICALS, INC.
2017 LONG-TERM INCENTIVE PLAN

Arena Pharmaceuticals, Inc. (the “Company”), a Delaware corporation, hereby establishes and adopts the following 2017 Long-Term Incentive Plan (the “Plan”). All share limits set forth in this Plan document reflect the impact of the June 16, 2017 1-for-10 reverse stock split of the Company’s common stock.

1. PURPOSE OF THE PLAN

The purpose of the Plan is to assist the Company and its Affiliates in attracting and retaining employees, directors, consultants and advisors of the Company and its Affiliates who are expected to contribute to the Company’s success and achieve long-term objectives that will benefit the stockholders of the Company through the additional incentives inherent in the Awards hereunder.

2. DEFINITIONS

2.1. “*Affiliate*” shall mean, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 of the Securities Act. The Board or the Committee shall have the authority to determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

2.2. “*Award*” shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

2.3. “*Award Agreement*” shall mean any written agreement, contract or other instrument or document evidencing any Award granted hereunder, including through an electronic medium.

2.4. “*Available Reserve*” shall mean the number of Shares remaining available for issuance pursuant to the exercise of options or issuance or settlement of Awards under the Company’s 2013 Long-Term Incentive Plan as of the effective date of the Plan (as provided in Section 13.13).

2.5. “*Board*” shall mean the Board of Directors of the Company.

2.6. “*Cause*” shall mean, unless otherwise provided in an Award Agreement or another agreement between the Participant and the Company or an Affiliate or a plan maintained by the Company or an Affiliate in which the Participant participates, 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 has engaged in such other behavior detrimental to the interests of the Company as the Committee determines in its sole discretion. Any determination of “cause” for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose. Notwithstanding the foregoing, neither this provision nor the Plan is intended to, and neither shall be interpreted in a manner that limits or restricts a participant from exercising any legally protected whistleblower rights (including pursuant to Rule 21F under the Securities Exchange Act of 1934).

2.7. “*Code*” shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.8. “*Committee*” shall mean the Compensation Committee of the Board or a subcommittee thereof formed by the Compensation Committee to act as the Committee hereunder. The Committee shall consist of no fewer than two Directors, each of whom is (i) a “Non-Employee Director” within the meaning of Rule 16b-3 of the Exchange Act, (ii) an “outside director” within the meaning of Section 162(m) of the Code, and (iii) an “independent director” for purpose of the rules of the NASDAQ Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded) to the extent required by such rules.

2.9. “*Consultant*” shall mean any consultant or advisor who is a natural person and who provides services to the Company or any Affiliate, so long as such person (i) renders bona fide services that are not in connection with the offer and sale of the

Company's securities in a capital -raising transaction and (ii) does not directly or indirectly promote or maintain a market for the Company's securities.

- 2.10. "Covered Employee" shall mean an employee of the Company or its Affiliates who is a "covered employee" within the meaning of Section 162(m) of the Code.
- 2.11. "Director" shall mean a non-employee member of the Board.
- 2.12. "Dividend Equivalents" shall have the meaning set forth in Section 12.5.
- 2.13. "Employee" shall mean any employee of the Company or any Affiliate and any prospective employee conditioned upon, and effective not earlier than, such person becoming an employee of the Company or any Affiliate.
- 2.14. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
- 2.15. "Fair Market Value" shall mean, with respect to Shares as of any date, (i) the per Share closing price of the Shares as reported on the NASDAQ Stock Market on that date (or if there was no reported closing price on such date, on the last preceding date on which the closing price was reported), (ii) if the Shares are not then listed on the NASDAQ Stock Market, the closing price on such other principal U.S. national securities exchange on which the Shares are listed (or if there was no reported closing price on such date, on the last preceding date on which the closing price was reported); or (iii) if the Shares are not listed on a U.S. national securities exchange, the Fair Market Value of Shares shall be determined by the Committee in its sole discretion using appropriate criteria. The Fair Market Value of any property other than Shares shall mean the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.
- 2.16. "Incentive Stock Option" shall mean an Option which when granted is intended to be, and qualifies as, as an incentive stock option for purposes of Section 422 of the Code.
- 2.17. "Limitations" shall have the meaning set forth in Section 10.5.
- 2.18. "Option" shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.
- 2.19. "Participant" shall mean an Employee, Director or Consultant who is selected by the Committee to receive an Award under the Plan.
- 2.20. "Payee" shall have the meaning set forth in Section 13.1.
- 2.21. "Performance Award" shall mean any Award of Performance Cash, Performance Shares or Performance Units granted pursuant to Article 9.
- 2.22. "Performance Cash" shall mean any cash incentives granted pursuant to Article 9 payable to the Participant upon the achievement of such performance goals as the Committee shall establish.
- 2.23. "Performance Period" shall mean that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.
- 2.24. "Performance Share" shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish.
- 2.25. "Performance Unit" shall mean any grant pursuant to Section 9 of a unit valued by reference to a designated amount of property other than Shares (or cash), which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish.
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2.26. “ *Permitted Assignee* ” shall have the meaning set forth in Section 12.3.

2.27. “ *Prior Plans* ” shall mean, collectively, the Company’s 2006 Long-Term Incentive Plan, as amended, 2009 Long-Term Incentive Plan, 2012 Long-Term Incentive Plan and 2013 Long-Term Incentive Plan. Awards granted under the Prior Plans continue to be governed under the terms of those Prior Plans.

2.28. “ *Restricted Stock* ” shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.29. “ *Restricted Stock Award* ” shall have the meaning set forth in Section 7.1.

2.30. “ *Restricted Stock Unit Award* ” shall have the meaning set forth in Section 8.1.

2.31. “ *Restricted Stock Unit* ” means an Award that is valued by reference to a Share, which value may be paid to the Participant by delivery of cash, Shares or such other property as the Committee shall determine, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.32. “ *Returning Shares* ” means any shares subject to stock options or other stock awards granted under our Prior Plans that are released because the awards expire, are forfeited or are settled for cash.

2.33. “ *Shares* ” shall mean the shares of common stock, \$0.0001 par value, of the Company.

2.34. “ *Stock Appreciation Right* ” shall mean the right granted to a Participant pursuant to Section 6.

2.35. “ *Substitute Awards* ” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Affiliate or with which the Company or any Affiliate combines.

2.36. “ *Vesting Period* ” shall mean the period of time specified by the Committee during which vesting restrictions for an Award are applicable.

3. SHARES SUBJECT TO THE PLAN

3.1. *Number of Shares.*

(a) Subject to adjustment as provided in Section 3.1(b) and Section 12.2, as of the effective date of the Plan, a total of 3,060,000 Shares will be available for issuance under the Plan, less one (1) Share for every one (1) Share that was subject to an option or stock appreciation right granted under the Company’s 2013 Long-Term Incentive Plan after March 30, 2017 and prior to the effective date of the Plan, and 1.6 Shares for every one (1) Share that was subject to an award other than an option or stock appreciation right granted under the Company’s 2013 Long-Term Incentive Plan after March 30, 2017 and prior to the effective date of the Plan. Any Shares that are subject to Options or Stock Appreciation Rights granted after the effective date of the Plan shall be counted against this limit as one (1) Share for every one (1) Share granted, and any Shares that are subject to Awards other than Options or Stock Appreciation Rights granted after the effective date of the Plan shall be counted against this limit as 1.6 Shares for every one (1) Share granted. After the effective date of the Plan (as provided in Section 13.13), no awards may be granted under the Prior Plans.

(b) If (i) any Shares subject to an Award are forfeited, an Award expires or an Award is settled for cash (in whole or in part), or (ii) after March 30, 2017, any Shares subject to an award under the Prior Plans are forfeited, or an award under the Prior Plans expires or is settled for cash (in whole or in part), the Shares subject to such Award or award under the Prior Plans shall, to the extent of such forfeiture, expiration or cash settlement, again be available for Awards under the Plan, in accordance with Section 3.1(d) below. Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under paragraph (a) of this Section: (i) Shares tendered by the Participant or withheld by the Company in payment of the purchase price of an Option, or to satisfy any tax withholding obligation with respect to any Award, (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 by the Company on the open market or otherwise using cash proceeds from the exercise of Options or options granted under the Prior Plans.

(c) Shares issued under Substitute Awards that qualify for an exemption from the applicable stockholder-approval requirements under NASDAQ Listing Rule 56.35(c) or its successor shall not reduce the Shares authorized for grant under the Plan and shall not be subject to the applicable Limitations authorized for grant to a Participant under Section 10.5, nor shall Shares subject to a Substitute Award again be available for Awards under the Plan to the extent of any forfeiture, expiration or cash settlement as provided in paragraph (b) above.

(d) Any Shares that again become available for grant pursuant to this Section shall be added back as (i) one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under the Prior Plans, and (ii) as 1.6 Shares if such Shares were subject to Awards other than Options or Stock Appreciation Rights granted under the Plan or awards other than options or stock appreciation rights granted under the Prior Plans.

3.2. *Character of Shares*. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise. The Company will keep available at all times the number of Shares reasonably required to satisfy then-outstanding Awards.

3.3. *Non-Employee Director Aggregate Compensation Limit*. The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Director with respect to any period commencing on the date of the Company's annual meeting of stockholders for a particular year and ending on the day immediately prior to the date of the Company's annual meeting of stockholders for the next subsequent year, including Awards granted and cash fees paid or payable by the Company to such Director, will not exceed (i) \$750,000 in total value or (ii) in the event such Director is first appointed or elected to the Board during such period, or with respect to a lead director or chairman role \$1,000,000 in total value, in each case calculating the value of any Awards based on the grant date fair value of such Awards for financial reporting purposes. For the avoidance of doubt, any compensation shall be counted towards this limit for the service year in which it is earned (and not when settled or paid in the event it is deferred).

4. ELIGIBILITY AND ADMINISTRATION

4.1. *Eligibility*. Any Employee, Director or Consultant shall be eligible to be selected as a Participant.

4.2. *Administration*.

(a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards, not inconsistent with the provisions of the Plan, to be granted to each Participant hereunder; (iii) determine the number of Shares (or dollar value) to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder (including the power to amend outstanding Awards waive or accelerate any vesting terms or restrictions); (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award, other than an Option or Stock Appreciation Right, will have Dividend Equivalents; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Affiliate. A majority of the members of the Committee may determine its actions, including fixing the time and place of its meetings.

(c) To the extent not inconsistent with applicable law, including the Delaware General Corporation Law, Section 162(m) of the Code, or the rules and regulations of the NASDAQ Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded), the Committee may delegate to: (i) a committee of one or more members of the Board the authority to take action on behalf of the Committee under the Plan including the right to grant, cancel, suspend or amend Awards and (ii) one or more "executive officers" within the meaning of Rule 16a-1(f) of the Exchange Act or a committee of executive officers the right to grant Awards to Employees who are not executive officers of the Company (provided that the Committee resolutions regarding such delegation will specify the total number of Shares that may be subject to the Awards granted by such person or

persons) and the authority to take action on behalf of the Committee pursuant to the Plan to cancel or suspend Awards to Employees who are not directors or executive officers of the Company.

(d) The Board in its discretion may ratify and approve actions taken by the Committee. In addition, to the extent not inconsistent with applicable law or the rules and regulations of the NASDAQ Stock Market or such other principal U.S. national securities exchange on which the Shares are traded, the Board may take any action under the Plan that the Committee is authorized to take. In the event the Board takes such action references to the Committee hereunder shall be understood to refer to the Board.

5. OPTIONS

5.1. *Grant of Options* . Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option shall be subject to the terms and conditions of this Article and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable.

5.2. *Award Agreements* . All Options granted pursuant to this Article shall be evidenced by a written Award Agreement in such form and containing such terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan. The terms of Options need not be the same with respect to each Participant. Granting an Option pursuant to the Plan shall impose no obligation on the recipient to exercise such Option. Any individual who is granted an Option pursuant to this Article may hold more than one Option granted pursuant to the Plan at the same time.

5.3. *Option Price* . Other than in connection with Substitute Awards, the option price per each Share purchasable under any Option granted pursuant to this Article shall not be less than 100% of the Fair Market Value of one Share on the date of grant of such Option; provided, however, that in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate, the option price per share shall be no less than 110% of the Fair Market Value of one Share on the date of grant. Other than pursuant to Section 12.2, the Committee shall not without the approval of the Company's stockholders (a) lower the option price per Share of an Option after it is granted, (b) cancel an Option when the option price per Share exceeds the Fair Market Value of one Share in exchange for cash or another Award (other than in connection with a Change in Control as defined in Section 11.3 or Substitute Awards), and (c) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the NASDAQ Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded).

5.4. *Option Term* . The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Option shall be exercisable after the expiration of seven (7) years from the date the Option is granted, except in the event of death or disability; provided, however, that the term of the Option shall not exceed five (5) years from the date the Option is granted in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate.

5.5. *Exercise of Options.*

(a) Vested Options granted under the Plan may be exercised by the Participant or by a Permitted Assignee thereof (or by the Participant's executors, administrators, guardian or legal representative, as may be provided in an Award Agreement) as to all or part of the Shares covered thereby, by the giving of notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased. The notice of exercise shall be in such form, made in such manner, and shall comply with such other requirements consistent with the provisions of the Plan as the Committee may from time to time prescribe.

(b) Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the time of exercise and shall be made (i) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (ii) by tendering previously acquired Shares (either actually or by attestation), valued at their then Fair Market Value, (iii) with the consent of the Committee, by delivery of other consideration (including, where permitted by law and the Committee, other Awards) having a Fair Market Value on the exercise date equal to the total purchase price, (iv) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (v) through any other method specified in an Award Agreement (including same-day sales through a broker), or (vi) any combination of any of the foregoing. In no event may any Option granted hereunder be exercised for a fraction of a Share. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such issuance.

(c) Notwithstanding the foregoing, an Award Agreement may provide that if on the last day of the term of an Option the Fair Market Value of one Share exceeds the option price per Share, the Participant has not exercised the Option and the Option has not expired, the Option shall be deemed to have been exercised by the Participant on such day with payment made by withholding Shares

otherwise issuable in connection with the exercise of the Option. In such event, the Company shall deliver to the Participant the number of Shares for which the Option was deemed exercised, less the number of Shares required to be withheld for the payment of the total purchase price and required withholding taxes (in accordance with Section 13.1); provided, however, any fractional Share shall be settled in cash.

(d) No Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any Shares until at least six months following the date of grant of the Option. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, (i) in the event of the Employee's death or disability, (ii) upon a corporate transaction in which such Option is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Employee's retirement (as such term may be defined in the Employee's Award Agreement or in another applicable agreement or in accordance with the Company's then current employment policies and guidelines), any such vested Options may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option will be exempt from his or her regular rate of pay.

5.6. *Form of Settlement* . In its sole discretion, the Committee may provide in the form of Award Agreement that the Shares to be issued upon an Option's exercise shall be in the form of Restricted Stock or other similar securities.

5.7. *Incentive Stock Options* . The Committee may grant Options intended to qualify as "incentive stock options" as defined in Section 422 of the Code, to any employee of the Company or any Affiliate, subject to the requirements of Section 422 of the Code. Notwithstanding anything in Section 3.1 to the contrary and solely for the purposes of determining whether Shares are available for the grant of "incentive stock options" under the Plan, the maximum aggregate number of Shares that may be issued pursuant to "incentive stock options" granted under the Plan shall be 3,060,000 Shares, subject to adjustment as provided in Section 12.2.

5.8. *Extension of Termination Date* . Unless otherwise provided in a Participant's Award Agreement and in the sole determination of the Committee, if the sale of any Common Stock received on exercise of an Option following the termination of the Participant's employment by or services to the Company (other than for Cause) would be prohibited at any time solely because the issuance of Shares would violate (i) the registration requirements under the Securities Act, (ii) the Company's insider trading policy, or (iii) a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, then the Option will terminate on the earlier of (a) 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 would not be in violation of any of such registration requirement, insider trading policy or lock-up agreement, and (b) the expiration of the term of the Option as set forth in the applicable Award Agreement.

6. STOCK APPRECIATION RIGHTS

6.1. *Grant and Exercise* . The Committee may provide Stock Appreciation Rights (a) in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option, (b) in conjunction with all or part of any Award (other than an Option) granted under the Plan or at any subsequent time during the term of such Award, or (c) without regard to any Option or other Award, in each case upon such terms and conditions as the Committee may establish in its sole discretion.

6.2. *Terms and Conditions* . Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(a) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (i) the Fair Market Value of one Share on the date of exercise (or such amount less than such Fair Market Value as the Committee shall so determine at any time during a specified period before the date of exercise) over (ii) the grant price of the Stock Appreciation Right.

(b) Upon the exercise of a Stock Appreciation Right, the Committee shall determine in its sole discretion whether payment shall be made in cash, in whole Shares or other property, or any combination thereof.

(c) The terms and conditions of Stock Appreciation Rights need not be the same with respect to each recipient.

(d) The Committee may impose such other conditions on the exercise of any Stock Appreciation Right, as it shall deem appropriate. A Stock Appreciation Right shall have (i) a grant price per Share of not less than the Fair Market Value of one Share (x) on the date of grant or (y) if applicable, on the date of grant of an Option with respect to a Stock Appreciation Right granted in exchange for or in tandem with, but subsequent to, the Option (subject to the requirements of Section 409A of the Code with respect

to a Stock Appreciation Right granted in exchange for or in conjunction with, but subsequent to, an Option), except in the case of Substitute Awards or in connection with an adjustment provided in Section 12.2, and (ii) a term not greater than seven (7) years. In addition to the foregoing, but subject to Section 12.2, the Committee shall not without the approval of the Company's stockholders (x) lower the grant price per Share of any Stock Appreciation Right after it is granted, (y) cancel any Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with a Change in Control as defined in Section 11.3 or Substitute Awards), and (z) take any other action with respect to any Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the NASDAQ Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded).

(e) In no event may any Stock Appreciation Right granted hereunder be exercised for a fraction of a Share. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such issuance.

(f) An Award Agreement may provide that if on the last day of the term of a Stock Appreciation Right the Fair Market Value of one Share exceeds the grant price per Share of the Stock Appreciation Right, the Participant has not exercised the Stock Appreciation Right or the tandem Option (if applicable), and neither the Stock Appreciation Right nor the Option has expired, the Stock Appreciation Right shall be deemed to have been exercised by the Participant on such day. In such event, the Company shall make payment to the Participant in accordance with this Section, reduced by the number of Shares (or cash) required for withholding taxes (in accordance with Section 13.1); any fractional Share shall be settled in cash.

(g) No Stock Appreciation Right granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any Shares until at least six months following the date of grant of the Stock Appreciation Right. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, (i) in the event of the Employee's death or disability, (ii) upon a corporate transaction in which such Stock Appreciation Right is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Employee's retirement (as such term may be defined in the Employee's Award Agreement or in another applicable agreement or in accordance with the Company's then current employment policies and guidelines), any such vested Stock Appreciation Rights may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of a Stock Appreciation Right will be exempt from his or her regular rate of pay.

(h) *Extension of Termination Date.* Unless otherwise provided in a Participant's Award Agreement and in the sole determination of the Committee, if the sale of any Common Stock received on exercise of a Stock Appreciation Right following the termination of the Participant's employment by or services to the Company (other than for Cause) would be prohibited at any time solely because the issuance of Shares would violate (i) the registration requirements under the Securities Act, (ii) the Company's insider trading policy, or (iii) a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, then the Stock Appreciation Right will terminate on the earlier of (a) 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 Stock Appreciation Right would not be in violation of any of such registration requirement, insider trading policy or lock-up agreement, and (b) the expiration of the term of the Stock Appreciation Right as set forth in the applicable Award Agreement.

7. RESTRICTED STOCK AWARDS

7.1. *Grants.* Awards of Restricted Stock may be issued hereunder to Participants either alone or in addition to other Awards granted under the Plan (a "Restricted Stock Award"), and such Restricted Stock Awards may also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. A Restricted Stock Award shall be subject to vesting restrictions imposed by the Committee covering a period of time specified by the Committee. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Affiliate as a condition precedent to the issuance of Restricted Stock.

7.2. *Award Agreements.* The terms of any Restricted Stock Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Restricted Stock Awards need not be the same with respect to each Participant.

7.3. *Rights of Holders of Restricted Stock.* Unless otherwise provided in the Award Agreement, beginning on the date of grant of the Restricted Stock Award and subject to execution of the Award Agreement, the Participant shall become a stockholder of the Company with respect to all Shares subject to the Award Agreement and shall have all of the rights of a stockholder, including the right to vote such Shares and the right to receive distributions made with respect to such Shares; provided, however, that any Shares or any other property distributable as a dividend or otherwise with respect to any Restricted Stock as to which the restrictions have not

yet lapsed shall be subject to the same restrictions as such Restricted Stock and shall not be paid until and unless the underlying award vests.

8. RESTRICTED STOCK UNIT AWARDS

8.1. *Grants* . Other Awards of units having a value equal to an identical number of Shares (“Restricted Stock Unit Awards”) may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Restricted Stock Unit Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based incentive compensation.

8.2. *Award Agreements* . The terms of Restricted Stock Unit Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. Restricted Stock Unit Awards shall be subject to vesting restrictions imposed by the Committee covering a period of time specified by the Committee. The terms of such Awards need not be the same with respect to each Participant. Notwithstanding anything contained herein to the contrary, cash dividends, stock and any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Stock Unit Award shall either (i) not be paid at all, or (ii) be accumulated, be subject to restrictions and risk of forfeiture to the same extent as the Restricted Stock Units with respect to which such cash, stock or other property has been distributed and be paid at the time, and to the extent, such restrictions and risk of forfeiture lapse.

8.3. *Payment* . Except as provided in Article 10 or as may be provided in an Award Agreement, Restricted Stock Unit Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Restricted Stock Unit Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

9. PERFORMANCE AWARDS

9.1. *Grants* . Performance Awards in the form of Performance Cash, Performance Shares or Performance Units, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 10.2.

9.2. *Award Agreements* . The terms of any Performance Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan, including whether such Awards shall have Dividend Equivalents. The terms of Performance Awards need not be the same with respect to each Participant. Notwithstanding anything contained herein to the contrary, cash dividends, stock and any other property (other than cash) distributed as a dividend or otherwise with respect to any Award of Performance Shares shall either (i) not be paid at all, or (ii) be accumulated, be subject to restrictions and risk of forfeiture to the same extent as the Performance Shares with respect to which such cash, stock or other property has been distributed and be paid at the time, and to the extent, such restrictions and risk of forfeiture lapse.

9.3. *Terms and Conditions* . The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. The amount of the Award to be distributed shall be conclusively determined by the Committee.

9.4. *Payment* . Except as provided in Article 11 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

10. CODE SECTION 162(m) PROVISIONS

10.1. *Covered Employees* . Notwithstanding any other provision of the Plan, if the Committee determines at the time a Restricted Stock Award, a Performance Award or an Restricted Stock Unit Award is granted to a Participant who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Article 10 is applicable to such Award.

10.2. *Performance Criteria* . If the Committee determines that a Restricted Stock Award, a Performance Award or an Restricted Stock Unit Award is intended to be subject to this Article 10, the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: net sales; revenue; revenue or product revenue growth; bookings; operating income or loss (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); net earnings or loss; earnings or loss per share; net income or loss (before or after taxes); return on equity; total stockholder return; return on assets or net assets; attainment of strategic and operational initiatives; appreciation in and/or maintenance of the price of the Shares or any other publicly-traded securities of the Company; market share; gross profits; earnings or losses (including earnings or losses before taxes, earnings or losses before interest and taxes, earnings or losses before interest, taxes and depreciation or earnings or losses before interest, taxes, depreciation and a mortization); economic value-added models (or equivalent metrics); comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels; operating margin; gross margin; year-end cash; cash margin; debt reduction; stockholder's equity; market share; achievement of drug development milestones; regulatory achievements including approval of a drug candidate; progress of internal research or clinical programs; progress of partnered programs; implementation or completion of projects and processes; partner satisfaction ; budget management; clinical achievements; completing phases of a clinical study (including the treatment phase) or announcing or presenting preliminary or final data from clinical studies, in each case, whether on particular timelines or generally; timely completion of clinical trials; submission of INDs and NDAs and other regulatory achievements; partner or collaborator achievements; internal controls, including those related to the Sarbanes-Oxley Act of 2002; research progress, including the development of programs; financing; investor relations, analysts and communication; manufacturing achievements (including obtaining particular yields from manufacturing runs and other measurable objectives related to process development activities); strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's products (including with group purchasing organizations, distributors and other vendors); supply chain achievements (including establishing relationships with manufacturers or suppliers of active pharmaceutical ingredients and other component materials and manufacturers of the Company's products); co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financing and other capital raising transactions (including sales of the Company's equity or debt securities); sales or licenses of the Company's assets, including its intellectual property (whether in a particular jurisdiction or territory or globally or through partnering transactions); implementation, completion or attainment of measurable objectives with respect to research, development, manufacturing, commercialization, products or projects, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel. Any performance goals that are financial metrics, may be determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), in accordance with accounting principles established by the International Accounting Standards Board ("IASB Principles"), or may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP or under IASB Principles. Such performance goals also may be based solely by reference to the Company's performance or the performance of an Affiliate, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. The Committee may also exclude charges related to an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings or discontinued operations, (b) items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles, (c) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (d) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles. Such performance goals (and any exclusions) shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations thereunder.

10.3. *Adjustments* . Notwithstanding any provision of the Plan (other than Article 11), with respect to any Restricted Stock, Performance Award or Restricted Stock Unit Award that is subject to this Section 10, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals, except in the case of the death or disability of the Participant or as otherwise determined by the Committee in special circumstances and in accordance with Section 162(m) of the Code.

10.4. *Restrictions* . The Committee shall have the power to impose such other restrictions on Awards subject to this Article as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m) of the Code.

10.5. *Limitations on Grants to Individual Participants* . Subject to adjustment as provided in Section 12.2, no Participant may be granted (i) Options or Stock Appreciation Rights during any calendar year with respect to more than 800,000 Shares or (ii) Restricted Stock Awards, Performance Awards and/or Restricted Stock Unit Awards during any calendar year that are denominated in Shares and are intended to comply with the performance-based exception under Code Section 162(m) under which more than 800,000

Shares may be earned (collectively, the "Limitations"). In addition to the foregoing, during any calendar year no Participant may be granted Performance Awards that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in cash under which more than \$10,000,000 may be earned. If an Award is cancelled, the cancelled Award shall continue to be counted toward the applicable Limitations (or, in the case of a performance award denominated in cash, to be counted toward the dollar amount in the preceding sentence).

11. CHANGE IN CONTROL PROVISIONS

11.1. *Impact on Certain Awards*. The Committee, in its discretion, may determine that in the event of a Change in Control of the Company (as defined in Section 11.3) 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 as of the date of the Change in Control is less than the Option per Share option price or Stock Appreciation Right per Share grant price.

11.2. *Assumption or Substitution of Certain Awards*.

(a) To the extent provided in an Award Agreement, in the event of a Change in Control of the Company 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 the Company is the ultimate parent corporation and continues the Award), if a Participant's employment with such successor company (or the Company) or a subsidiary thereof terminates within the time period following such Change in Control set forth in the Award Agreement (or prior thereto if applicable) and under the circumstances specified in the Award Agreement: (i) Options and Stock Appreciation Rights outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for the period of time set forth in the Award Agreement, (ii) the restrictions, limitations and other conditions applicable to Restricted Stock shall lapse and the Restricted Stock shall become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, limitations and other conditions applicable to any Restricted Stock Unit Awards or any other Awards shall lapse, and such Restricted Stock Unit Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant. For the purposes of this Section, an Option, Stock Appreciation Right, Restricted Stock Award or Restricted Stock Unit Award shall be considered assumed or substituted for if following the Change in Control the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award or Restricted Stock Unit Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award or Restricted Stock Unit Award, for each Share subject thereto, will be solely common stock of the successor company substantially equal in fair market value to the per Share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(b) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company, to the extent that the successor company does not assume or substitute for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Performance Award (or in which the Company is the ultimate parent corporation and does not continue the Award), then immediately prior to the Change in Control: (i) those Options and Stock Appreciation Rights outstanding as of the date of the Change in Control that are not assumed or substituted for (or continued) shall immediately vest and become fully exercisable, (ii) restrictions, limitations and conditions on Restricted Stock not assumed or substituted for (or continued) shall lapse and the Restricted Stock shall become free of all restrictions, limitations and conditions and become fully vested, (iii) the restrictions limitations and conditions applicable to any Restricted Stock Unit Awards or any other Awards not assumed or substituted for (or continued) shall lapse, and such Restricted Stock Unit Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant, (iv) all Performance Awards not assumed or substituted for (or continued) shall be considered to be earned and payable in full, and any deferral or other restriction shall lapse and such Performance Awards shall be immediately settled or distributed, and (v) all Awards not assumed or substituted for (or continued) shall terminate immediately after the Change in Control.

(c) The Committee, in its discretion, may determine that, upon the occurrence of a Change in Control of the Company, 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 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; such amount to be payable in cash, in one

or more kinds of stock or property (including the stock or property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its discretion, shall determine.

11.3. *Change in Control*. For purposes of the Plan, unless otherwise provided in an Award Agreement, Change in Control means the occurrence of any one of the following events:

(i) During any twenty-four (24) month period, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the beginning of such period whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(ii) Any "person" (as such term is defined in the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any Affiliate, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, (D) pursuant to a Non-Qualifying Transaction, as defined in paragraph (iii), or (E) by any person of Voting Securities from the Company, if a majority of the Incumbent Board approves in advance the acquisition of beneficial ownership of 50% or more of Company Voting Securities by such person;

(iii) The consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Affiliates that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (A) more than 60% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of a sale, lease, exclusive license or other disposition of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 50% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; provided, that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control of the Company shall then occur.

12. GENERALLY APPLICABLE PROVISIONS

12.1. *Amendment and Termination of the Plan*. The Board may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the NASDAQ Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded); provided that the Board may not amend the Plan in any manner that would result in noncompliance with Rule 16b-3 of the

Exchange Act; and further provided that the Board may not, without the approval of the Company's stockholders to the extent required by such applicable law, amend the Plan to (a) increase the number of Shares that may be the subject of Awards under the Plan (except for adjustments pursuant to Section 12.2); (b) expand the types of awards available under the Plan; (c) materially expand the class of persons eligible to participate in the Plan; (d) amend any provision of Section 5.3 or the last sentence of Section 6.2(d); or (e) increase the maximum permissible term of the Plan or of any Option specified by Section 5.4 or the maximum permissible term of a Stock Appreciation Right specified by Section 6.2(d). The Board may not without the approval of the Company's stockholders cancel an Option or Stock Appreciation Right in exchange for cash or take any action with respect to an Option or Stock Appreciation Right that may be treated as a repricing under the rules and regulations of the NASDAQ Stock Market (or such other principal U.S. national securities exchange on which the Shares are traded), including a reduction of the exercise price of an Option or the grant price of a Stock Appreciation Right or the exchange of an Option or Stock Appreciation Right for cash or another Award when the option price or grant price per Share exceeds the Fair Market Value of one Share. In addition, no amendments to, or termination of, the Plan shall in any way impair the rights of a Participant under any Award previously granted without such Participant's consent.

12.2. *Adjustments* . 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 corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards as the Committee deems equitable or appropriate taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan and pursuant to Section 3.3, the Limitations, the maximum number of Shares that may be issued pursuant to Incentive Stock Options and, in the aggregate or to any one Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company) as the Committee may determine to be appropriate in its sole discretion; provided, however, that the number of Shares subject to any Award shall always be a whole number.

12.3. *Transferability of Awards* . Except as provided below, no Award and no Shares subject to Awards described in Article 8 that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. To the extent and under such terms and conditions as determined by the Committee, a Participant may assign or transfer an Award (each transferee thereof, a "Permitted Assignee") to a "family member" as such term is defined in the General Instructions to Form S-8 (whether by gift or a domestic relations order for no consideration); provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section.

12.4. *Termination of Employment* . The Committee shall determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, continue to vest or be earned and the terms of such exercise, vesting or earning, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Affiliate (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

12.5. *Deferral ; Dividend Equivalents* . The Committee shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (including any deferred Award) other than an Option or Stock Appreciation Right may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, cash, stock or other property dividends, or cash payments in amounts equivalent to cash, stock or other property dividends on Shares ("Dividend Equivalents") with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that such amounts and Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Notwithstanding the foregoing, Dividend Equivalents shall in all events be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited and shall not be paid until and unless the underlying Award vests.

13. MISCELLANEOUS

13.1. *Tax Withholding* . The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant (or a Permitted Assignee thereof) (any such person, a "Payee") net of any applicable federal, state and local taxes required to be paid or withheld as a result of (a) the grant of any Award, (b) the exercise of an Option or Stock Appreciation Right, (c) the

delivery of Shares or cash, (d) the lapse of any restrictions in connection with any Award or (e) any other event occurring pursuant to the Plan. The Company or any Affiliate shall have the right to withhold from wages or other amounts otherwise payable to such Payee such withholding taxes as may be required by law, or to otherwise require the Payee to pay such withholding taxes. If the Payee shall fail to make such tax payments as are required, the Company or its Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Payee or to take such other action as may be necessary to satisfy such withholding obligations. The Committee shall be authorized to establish procedures for election by Participants to satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), or by directing the Company to retain Shares (up to the Participant's maximum statutory tax withholding rate or such other rate that will not cause an adverse accounting consequence or cost) otherwise deliverable in connection with the Award, subject to the discretion of the Committee and in accordance with Company policies.

13.2. *Right of Discharge Reserved; Claims to Awards* . Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee, Director or Consultant the right to continue in the employment or service of the Company or any Affiliate or affect any right that the Company or any Affiliate may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Director or Consultant at any time for any reason. Except as specifically provided by the Committee, the Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee, Director or Consultant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Directors or Consultants under the Plan. In addition, in the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee) after the date of grant of any Award to the Participant, the Compensation Committee has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced.

13.3. *Prospective Recipient* . The prospective recipient of any Award under the Plan shall not, with respect to such Award, be deemed to have become a Participant, or to have any rights with respect to such Award, until and unless such recipient shall have accepted the Award in accordance with the procedures established by the Company, and otherwise complied with the then applicable terms and conditions.

13.4. *Substitute Awards* . Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

13.5. *Cancellation of Award*.

(a) Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that the Award shall be canceled if the Participant, without the consent of the Company, while employed by, or providing services to, the Company or any Affiliate or after termination of such employment or services, establishes a relationship with a competitor of the Company or any Affiliate or engages in activity that is in conflict with or adverse to the interest of the Company or any Affiliate (including conduct contributing to any financial restatements or financial irregularities), as determined by the Committee in its sole discretion. The Committee may provide in an Award Agreement that if within the time period specified in the Agreement the Participant establishes a relationship with a competitor or engages in an activity referred to in the preceding sentence, the Participant will forfeit any gain realized on the vesting or exercise of the Award and must repay such gain to the Company. In addition, all Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company adopts, including any clawback policy the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate.

(b) In the event the Participant ceases to be employed by, or provide services to, the Company on account of a termination for Cause by the Company, any Award held by the Participant shall terminate as of the date the Participant ceases to be employed by, or provide services to, the Company. In addition, notwithstanding any other provisions of this Section, if the Committee determines that the Participant has engaged in conduct that constitutes Cause at any time while the Participant is employed by, or providing services to, the Company or after the Participant's termination of employment or services, any Awards held by the Participant shall immediately terminate. In the event a Participant's employment or services is terminated for Cause, in addition to the

immediate termination of all Awards, the Participant shall automatically forfeit all shares underlying any exercised portion of an Option for which the Company has not yet delivered the share certificates, upon refund by the Company of the option price paid by the Participant for such shares.

13.6. *Stop Transfer Orders* . All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

13.7. *Nature of Payments* . All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Affiliate, division or business unit of the Company. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Affiliate except as may be determined by the Committee or by the Board or board of directors of the applicable Affiliate.

13.8. *Other Plans* . Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

13.9. *Severability* . The provisions of the Plan shall be deemed severable. If any provision of the Plan 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 (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

13.10. *Construction* . As used in the Plan, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

13.11. *Unfunded Status of the Plan* . The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

13.12. *Governing Law* . The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws, and construed accordingly.

13.13. *Effective Date of Plan; Termination of Plan* . The Plan shall be effective on the date of the approval of the Plan by the holders of the shares entitled to vote at a duly constituted meeting of the stockholders of the Company. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event each Award shall, notwithstanding any of the preceding provisions of the Plan, be null and void and of no effect. Awards may be granted under the Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the Plan, on which date the Plan will expire except as to Awards then outstanding under the Plan. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

13.14. *Foreign Employees and Consultants* . Awards may be granted to Participants who are foreign nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed or providing services in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of

Awards in order to minimize the Company's obligation with respect to tax equalization for Employees or Consultants on assignments outside their home country.

13.15. *Compliance with Section 409A of the Code* . This Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the Award shall be granted, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. Any provision of this Plan that would cause the grant of an Award or the payment, settlement or deferral thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

Should any payments made in accordance with the Plan to a "specified employee" (as defined under Section 409A of the Code) be determined to be payments from a nonqualified deferred compensation plan and are payable in connection with a Participant's "separation from service" (as defined under Section 409A of the Code), that are not exempt from Section 409A of the Code as a short-term deferral or otherwise, these payments, to the extent otherwise payable within six (6) months after the Participant's separation from service, and to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, will be paid in a lump sum on the earlier of the date that is six (6) months and one day after the Participant's date of separation from service or the date of the Participant's death. For purposes of Section 409A of the Code, the payments to be made to a Participant in accordance with this Plan shall be treated as a right to a series of separate payments.

13.16. *Captions* . The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

Arena Pharmaceuticals, Inc., 2017 Long-Term Incentive Plan

Nonqualified Stock Option Grant Agreement for Employees and 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., 2017 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 seventh anniversary of the Grant Date.

4. Vesting. Except as otherwise provided in 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:

Vest Date Vested Options5. 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 or an Affiliate, as applicable, 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 maximum statutory 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 Disability, Death or Cause. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, three (3) months after the date the Participant ceases to be in the continuous service of the Company or an Affiliate as any of an Employee, a Consultant or a Director for any reason other than the Participant's Disability or death or termination by the Company (or an Affiliate) for Cause. 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 continuous service of the Company or an Affiliate as any of an Employee, a Consultant or a Director shall immediately terminate.

(b) Effect of Employee Participant's Disability. In the event that Participant is an Employee who ceases to be in the continuous employment of the Company or an Affiliate by reason of the Participant's Disability, unless the Option has earlier terminated, (i) to the extent the Option is not fully vested 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: (x) within twelve (12) months after the date of termination of employment due to Disability, or (y) before the end of the term of the Option pursuant to Section 3 or Section 7, 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. For the avoidance of doubt, the provisions of this Section 6(b) shall not apply to any Participant who is not an Employee on the date of Disability.

(c) Effect of Employee Participant's Death. In the event that Participant is an Employee who ceases to be in the continuous employment of the Company or an Affiliate by reason of 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: (i) within twelve (12) months after the date of the Participant's death, or (ii) before the end of the term of the Option pursuant to Section 3 or Section 7, whichever is earlier. For the avoidance of doubt, the provisions of this Section 6(c) shall not apply to any Participant who is not an Employee on the date of death.

(d) 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 another agreement between the Participant and the Company or an Affiliate or a plan maintained by the Company or an Affiliate in which the Participant participates, "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.

(e) 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 or, if applicable, Affiliate 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 (a) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant's employment by or services to the Company (or an Affiliate) 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 any Company or, if applicable, Affiliate policy related thereto), or lock-up agreement, and (b) 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 or Section 7. Additionally, if (i) Participant is an Employee who is a non-exempt employee for purposes of the Fair Labor Standard Act of 1938, as amended, and (ii) Participant's employment or service with the Company or an Affiliate terminates within six (6) months after the Grant Date, and (iii) Participant would have vested in a portion of the Option at the time of Participant's termination, the Option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Grant Date, and (B) the date that is three (3) months after the termination of Participant's employment or service with the Company or an Affiliate, and (y) the term of the Option pursuant to Section 3 or Section 7.

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 the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control), 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, continues or substitutes 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), if within 24 months following the date of the Change in Control the Participant ceases to be in the continuous service of the Company or an Affiliate 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 continuous service of the Company or an Affiliate 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; (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 immediately prior to the time of the Change in Control and the Participant's principal residence at the time of the Change in Control; and (iii) "Change in Control" shall have the same meaning set forth in Section 11.3 of the Plan, except that it shall also include the occurrence of any other event that the Board determines by an approved resolution constitutes a 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.

8. Miscellaneous.

(a) No Rights of a 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, (i) upon receiving written permission from the Committee or its authorized designee, the Option may be transferred to a trust if the Participant is considered the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the Option is held in trust or may be transferred pursuant to the terms of a domestic relations order or court approved marital settlement agreement, and (ii) 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 at the time and on the date on which the same is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6154 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 this Agreement 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. Participant's employment shall remain at-will, if applicable, and subject to termination by the Company or an Affiliate, as applicable, at any time, with or without cause or notice.

(h) Entire Agreement; Modification. Except as provided in the next sentence, 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. This Agreement and Plan may be modified or superseded by the specific provisions, if any, of a written agreement, plan or other arrangement (regardless of whether entered into or established before, concurrently or after the date of this Agreement) of the Company (or an Affiliate) that is applicable to the Participant, to the extent such an agreement, plan or other arrangement provides a greater benefit to the Participant and otherwise does not cause the payments hereunder to fail to comply with the provisions of Section 409A of the Code.

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

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc., 2017 Long-Term Incentive Plan

Incentive Stock Option 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 _____, an employee providing services to the Company (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., 2017 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 seventh 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 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:

Vest Date Vested Options

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 or an Affiliate, as applicable, may withhold from the Participant's wages or other remuneration the applicable taxes.

6. Termination of Option.

(a) Termination of Employment or Service Other Than Due to Disability, Death or Cause. Unless the Option has earlier terminated, the Option shall terminate in its entirety, regardless of whether the Option is vested, three (3) months after the date the Participant ceases to be in the continuous service of the Company or an Affiliate as any of an Employee, a Consultant or a Director for any reason other than the Participant's Disability or death or termination by the Company (or an Affiliate) for Cause. 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 continuous service of the Company or an Affiliate as any of an Employee, a Consultant or a Director shall immediately terminate.

(b) Effect of Employee Participant's Disability. In the event that Participant is an Employee who ceases to be in the continuous employment of the Company or an Affiliate by reason of the Participant's Disability, unless the Option has earlier terminated, (i) to the extent the Option is not fully vested 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: (x) within twelve (12) months after the date of termination of employment due to Disability, or (y) before the end of the term of the Option pursuant to Section 3 or Section 7, 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. For the avoidance of doubt, the provisions of this Section 6(b) shall not apply to any Participant who is not an Employee on the date of Disability.

(c) Effect of Employee Participant's Death. In the event that Participant is an Employee who ceases to be in the continuous employment of the Company or an Affiliate by reason of 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: (i) within twelve (12) months after the date of the Participant's death, or (ii) before the end of the term of the Option pursuant to Section 3 or Section 7, whichever is earlier. For the avoidance of doubt, the provisions of this Section 6(c) shall not apply to any Participant who is not an Employee on the date of death.

(d) 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 another agreement between the Participant and the Company or an Affiliate or a plan maintained by the Company or an Affiliate in which the Participant participates, "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.

(e) 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 or, if applicable, Affiliate 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 (a) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant's employment by or services to the Company (or an Affiliate) 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 any Company or, if applicable, Affiliate policy related thereto), or lock-up agreement, and (b) 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 or Section 7. Additionally, if (i) Participant is an Employee who is a non-exempt employee for purposes of the Fair Labor Standard Act of 1938, as amended, and (ii) Participant's employment or service with the Company or an Affiliate terminates within six (6) months after the Grant Date, and (iii) Participant would have vested in a portion of the Option at the time of Participant's termination, the Option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Grant Date, and (B) the date that is three (3) months after the termination of Participant's employment or service with the Company or an Affiliate, and (y) the term of the Option pursuant to Section 3 or Section 7.

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 the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control), 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, continues or substitutes 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), if within 24 months following the date of the Change in Control the Participant ceases to be in the continuous service of the Company or an Affiliate 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 continuous service of the Company or an Affiliate 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; (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 immediately prior to the time of the Change in Control and the Participant's principal residence at the time of the Change in Control; and (iii) "Change in Control" shall have the same meaning set forth in Section 11.3 of the Plan, except that it shall also include the occurrence of any other event that the Board determines by an approved resolution constitutes a 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.

8. Miscellaneous.

(a) No Rights of a 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, (i) upon receiving written permission from the Committee or its authorized designee, the Option may be transferred to a trust if the Participant is considered the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the Option is held in trust or may be transferred pursuant to the terms of a domestic relations order or official marital settlement agreement as permitted by Treasury Regulation 1.421-1(b)(2) and (ii) 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 at the time and on the date on which the same is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6154 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 this Agreement 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. Participant's employment shall remain at-will, if applicable, and subject to termination by the Company or an Affiliate, as applicable, at any time, with or without cause or notice.

(h) Entire Agreement; Modification. Except as provided in the next sentence, 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. This Agreement and Plan may be modified or superseded by the specific provisions, if any, of a written agreement, plan or other arrangement (regardless of whether entered into or established before, concurrently or after the date of this Agreement) of the Company (or an Affiliate) that is applicable to the Participant, to the extent such an agreement, plan or other arrangement provides a greater benefit to the Participant and otherwise does not cause the payments hereunder to fail to comply with the provisions of Section 409A or 422 of the Code.

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

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc., 2017 Long-Term Incentive Plan

Restricted Stock Unit 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 Units. The Company hereby grants to the Participant _____ Restricted Stock Units. Each Restricted Stock Unit shall be deemed to be the equivalent of one Share.

2. Subject to the Plan. This Agreement is subject to the provisions of the Arena Pharmaceuticals, Inc., 2017 Long-Term Incentive Plan (the “Plan”). Certain terms are defined in this Agreement, and, unless the context requires otherwise, other capitalized terms used herein shall have the same meaning as in the Plan. Except as provided herein, in the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Account. The Company shall credit to a bookkeeping account (the “Account”) maintained by the Company for the Participant’s benefit the Restricted Stock Units. On each date that cash dividends are paid on the Shares, the Company will credit the Account with a number of additional Restricted Stock Units equal to the result of dividing (i) the product of the total number of Restricted Stock Units credited to the Account on the record date for such dividend and the per Share amount of such dividend by (ii) the Fair Market Value of one Share on the date such dividend is paid by the Company to stockholders. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units, and Shares shall not be issued in settlement until the underlying Restricted Stock Units vest.

4. Vesting. Except as otherwise provided in this Agreement, provided the Participant is then an Employee, a Consultant or a Director, the Restricted Stock Units shall become vested on the following dates :

Vested Restricted
Vest Date Stock Units _____

5. Capitalization Adjustments. The number of Restricted Stock Units credited to the Account shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

6. Termination of Employment or Service .

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

(b) Effect of Employee Participant's Disability. In the event that Participant is an Employee who ceases to be in the continuous employment of the Company or an Affiliate by reason of the Participant's Disability, to the extent the Restricted Stock Units are not fully vested, the Restricted Stock Unit credited to the Account shall immediately become fully vested as of the date of termination of employment due to Disability . For the avoidance of doubt, the provisions of this Section 6(b) shall not apply to any Participant who is not an Employee on the date of Disability.

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.

(c) Effect of Employee Participant's Death. In the event that Participant is an Employee who ceases to be in the continuous employment of the Company or an Affiliate by reason of the Participant's death, to the extent the Restricted Stock Units are not fully vested, the Restricted Stock Units credited to the Account shall immediately become fully vested. For the avoidance of doubt, the provisions of this Section 6(c) shall not apply to any Participant who is not an Employee on the date of death.

7. Payment of Shares . The Company shall make a payment to the Participant of Shares based on the number of the vested Restricted Stock Units credited to the Participant's Account upon each applicable Vest Date of the Restricted Stock Units as provided in Section 4 above, or other date that the Restricted Stock Units earlier vest. However, if a scheduled delivery date falls on a date that is not a trading day, such delivery date shall instead fall on the next following trading day. Notwithstanding the foregoing, in the event that the Company determines that any Shares are scheduled under this Agreement to be delivered on a day (the "Original Distribution Date") on which the Company determines that a sale by the Participant of such Shares would (i) violate the registration requirements under the Securities Act *or* (ii) violate any of the provisions of the federal securities laws (or any Company or, if applicable, Affiliate policy related thereto) *or* (iii) violate a "lock-up" agreement undertaken in connection with an issuance of securities by the Company *or* (iv) not be permitted under applicable securities laws or Company policies by the Participant on the open market *and* (v) the Company elects, prior to the Original Distribution Date, not to satisfy its tax withholding obligation by withholding Shares from the Shares otherwise due to the Participant on the Original Distribution Date under this

Agreement, then such Shares shall not be delivered on such Original Distribution Date and shall instead be delivered as soon as practicable on the date on which the sale of such Shares would not be in violation of any of such registration requirements, the federal securities laws (or any Company or, if applicable, Affiliate policy related thereto), lock-up agreement or would otherwise be permitted under applicable securities laws or Company policies by the Participant on the open market; provided, however, that in no event shall the delivery of the Shares be delayed pursuant to this provision beyond the later of (a) December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of the Participant's taxable year in which the Original Issuance Date occurs), and (b) if and only if permitted in a manner that complies with U.S. Treasury Regulation Section 1.409A-1(b)(4), the date that is the 15th day of the third calendar month of the year following the year in which the Shares under this Agreement are no longer subject to a "substantial risk of forfeiture" within the meaning of U.S. Treasury Regulation Section 1.409 A-1(d).

8. Form of Payment. Payments pursuant to Section 7 shall be made in Shares equal to the number of vested Restricted Stock Units credited to the Account.

9. Beneficiary. In the event of the Participant's death prior to payment of the Restricted Stock Units credited to the Account, payment shall be made to the last beneficiary designated in writing that is received by the Company prior to the Participant's death or, if no designated beneficiary survives the Participant, such payment shall be made to the Participant's estate.

10. Change in Control; Corporate Transaction.

(a) Effect of Change in Control on Restricted Stock Units. In the event of a Change in Control, the Surviving Corporation or the Parent Corporation, if applicable, may assume, continue or substitute for the Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in 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 Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in the same consideration paid to the stockholders of the Company pursuant to the Change in Control), all such Restricted Stock Units shall become fully vested immediately prior to the Change in Control if the Participant is then 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, continues or substitutes for the Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in the same consideration paid to the stockholders of the Company pursuant to the Change in Control), if within 24 months following the date of the Change in Control the Participant ceases to be in the continuous service of the Company or an Affiliate 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, all such Restricted Stock Units 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 Restricted Stock Units unless it takes explicit action to the contrary; (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 immediately prior to the time of the Change in Control and the Participant's principal residence at the time of the Change in Control; and (iii) "Change in Control" shall have the same meaning set forth in Section 11.3 of the Plan, except that it shall also include the occurrence of any other event that the Board determines by an approved resolution constitutes a Change in Control. In addition, for purposes of this Agreement, except as otherwise provided in another agreement between the Participant and the Company or an Affiliate or a plan maintained by the Company or an Affiliate in which the Participant participates, "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, 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.

(b) Effect of Corporate Transaction on Restricted Stock Units. 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 Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in 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 Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), then all of such Restricted Stock Units 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) Payment of Restricted Stock Units. Payment of Restricted Stock Units that vest pursuant to this Section shall be made in Shares (or, if applicable, settlement in the same consideration paid to the stockholders of the Company pursuant to the Change in Control), as soon as practicable following the applicable vesting date. The Restricted Stock Units are intended to be exempt from application of Section 409A of the Code, and any ambiguities set forth herein shall be interpreted accordingly. However, to the extent that an exemption is not available and the Restricted Stock Units are “deferred compensation” subject to the requirements of Section 409A of the Code, the following provisions shall apply and shall supersede anything to the contrary set forth herein and in the Plan to the extent required for the settlement of the Restricted Stock Units to comply with the requirements of Section 409A of the Code. In a Change in Control or Corporate Transaction the Award must be assumed, continued or substituted by the Surviving Corporation or the Parent Corporation and any Shares scheduled to be issued upon an applicable scheduled Vest Date may not be earlier issued unless the Change in Control or Corporate Transaction is also a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company as described in Code Section 409A(a)(2)(A)(iv) and an exemption is available and elected under Treasury Regulation 1.409A-3(j)(4)(ix)(B) or such earlier issuance of the Shares is otherwise permitted by Section 409A of the Code. The Company retains the right to provide for earlier issuance of Shares in settlement of the Restricted Stock Units to the extent permitted by Section 409A of the Code.

11. Source of Payments. The Participant’s right to receive payment under this Agreement shall be an unfunded entitlement and shall be an unsecured claim against the general assets of the Company. The Participant has only the status of a general unsecured creditor hereunder, and this Agreement constitutes only a promise by the Company to pay the value of the Account on the payment date.

12. Miscellaneous.

(a) 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, if any, required by law to be withheld in respect of the Restricted Stock Units. The Participant hereby agrees that the Company or an Affiliate, as applicable, may withhold the applicable taxes from the Participant’s wages or other remuneration. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Participant on the payment in settlement of the Restricted Stock Units, up to the lesser of Participant’s minimum required withholding rate or such other rate that will not trigger a negative accounting impact. Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to the Participant any Shares. In the event the Company’s obligation to withhold arises prior to the delivery to the Participant of the Shares or it is determined after the delivery of Shares to the Participant that the amount of the Company’s withholding obligation was greater than the amount withheld by the Company, the Participant

agrees to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

(b) No Rights of a Stockholder. The Participant shall not have any of the rights of a stockholder with respect to the Shares subject to the Restricted Stock Units until such Shares have been issued.

(c) Nontransferability of Restricted Stock Units. Except to the extent and under such terms and conditions as determined by the Committee, the Restricted Stock Units shall not be transferable otherwise than by will or the laws of descent and distribution or as provided in Section 9.

(d) 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.

(e) 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.

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

(g) 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 at the time and on the date on which the same is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6154 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.

(h) Agreement Not a Contract. This Agreement (and the grant of Restricted Stock Units) is not an employment or service contract, and nothing in this Agreement shall be deemed to create in any way whatsoever any obligation on the Participant's part to continue as an Employee, a Consultant or a Director, or of the Company or an Affiliate to continue the Participant's service as an Employee, a Consultant or a Director. The Participant's employment shall remain at-will, if applicable, and subject to termination by the Company or an Affiliate, as applicable, at any time, with or without cause or notice.

(i) Entire Agreement; Modification. Except as provided in the next sentence, 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. This Agreement and Plan may be modified or superseded by the specific provisions, if any, of a written agreement, plan or other arrangement (regardless of whether entered into or established before, concurrently or after the date of this Agreement) of the Company or an Affiliate that is applicable to the Participant, to the extent such an agreement, plan or other arrangement provides a greater benefit to the Participant and otherwise does not cause the payments hereunder to fail to comply with the provisions of Section 409A of the Code.

(j) Compliance with Section 409A of the Code.

(i) Automatic Delay of Payment. To the extent that the Restricted Stock Units are "deferred compensation" subject to the requirements of Section 409A of the Code, then notwithstanding anything contained in this Agreement to the contrary, if the Company determines that as of the date of payment the Participant is a "specified employee" (as such term is defined under Section 409A of the Code), any Shares (or shares of the common stock of the successor company in the event of a Change in Control) payable by reason of the Participant's "separation from service" for purposes of Section 409A of the Code ("Separation from Service") with the Company (or an Affiliate) for any reason other than death or "disability" (as such term is defined under Section 409A of the Code), if applicable, will not be paid until the date that is six months following the date of Separation from Service (or such earlier time permitted under Section 409A of the Code without the imposition of any accelerated or additional taxes under Section 409A of the Code).

(ii) General. This Agreement is intended to be exempt from or comply with the requirements of Section 409A of the Code and shall be construed and interpreted in accordance with such intent. Payment under this Agreement shall be made in a manner that will be exempt from or comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, as determined by the Committee. Any provision of this Agreement that would cause the payment or settlement thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the

Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

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

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc., 2017 Long-Term Incentive Plan
Restricted Stock Unit 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 Restricted Stock Units. The Company hereby grants to the Participant _____ Restricted Stock Units. Each Restricted Stock Unit shall be deemed to be the equivalent of one Share.

2. Subject to the Plan. This Agreement is subject to the provisions of the Arena Pharmaceuticals, Inc., 2017 Long-Term Incentive Plan (the “Plan”). Certain terms are defined in this Agreement, and, unless the context requires otherwise, other capitalized terms used herein shall have the same meaning as in the Plan. Except as provided herein, in the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control.

3. Account. The Company shall credit to a bookkeeping account (the “Account”) maintained by the Company for the Participant’s benefit the Restricted Stock Units. On each date that cash dividends are paid on the Shares, the Company will credit the Account with a number of additional Restricted Stock Units equal to the result of dividing (i) the product of the total number of Restricted Stock Units credited to the Account on the record date for such dividend and the per Share amount of such dividend by (ii) the Fair Market Value of one Share on the date such dividend is paid by the Company to stockholders. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units, and Shares shall not be issued in settlement until the underlying Restricted Stock Units vest.

4. Vesting. Except as otherwise provided in this Agreement, provided the Participant is then a Director, an Employee or a Consultant, the Restricted Stock Units shall become vested on the following dates :

Vested Restricted
<u>Vest Date Stock Units</u>

5. Capitalization Adjustments. The number of Restricted Stock Units credited to the Account shall be equitably and appropriately adjusted as provided in Section 12.2 of the Plan.

6. Termination of Service.

(a) Termination of Service Other Than Due to Disability or Death. In the event 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 as a result of Disability or death, the Restricted Stock Units credited to the Account that were 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 be immediately forfeited.

(b) 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, to the extent the Restricted Stock Units are not fully vested, the Restricted Stock Units credited to the Account shall immediately become fully vested.

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.

(c) Death. Upon the Participant's death, to the extent the Restricted Stock Units are not fully vested, the Restricted Stock Units credited to the Account shall immediately become fully vested.

7. Payment of Shares. The Company shall make a payment to the Participant of Shares based on the number of the vested Restricted Stock Units credited to the Participant's Account upon the earliest of (i) the three-year anniversary of the Grant Date; (ii) the Participant's "separation from service" for purposes of Section 409A of the Code ("Separation from Service"), subject to any delay required pursuant to Section 12(j); (iii) the Participant's death; or (iv) as provided by Section 10 in connection with a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company as described in Code Section 409A(a)(2)(A)(iv) ("409A CiC"). However, if a scheduled delivery date falls on a date that is not a trading day, such delivery date shall instead fall on the next following trading day. Notwithstanding the foregoing, in the event that the Company determines that any Shares are scheduled under this Agreement to be delivered on a day (the "Original Distribution Date") on which the Company determines that a sale by the Participant of such Shares would (i) violate the registration requirements under the Securities Act *or* (ii) violate any of the provisions of the federal securities laws (or any Company or, if applicable, Affiliate policy related thereto) *or* (iii) violate a "lock-up" agreement undertaken in connection with an issuance of securities by the Company *or* (iv) not be permitted under applicable securities laws or Company policies by the Participant on the open market *and* (v) the Company elects, prior to the Original Distribution Date, not to satisfy its tax withholding obligation by withholding Shares from the Shares otherwise due to the Participant on the Original Distribution Date under this Agreement, then such Shares shall not be delivered on such Original Distribution Date and shall instead be delivered as soon as practicable on the date on which the sale of such Shares would

not be in violation of any of such registration requirements, the federal securities laws (or any Company or, if applicable, Affiliate policy related thereto), lock-up agreement or would otherwise be permitted under applicable securities laws or Company policies by the Participant on the open market; provided, however, that in no event shall the delivery of the Shares be delayed pursuant to this provision beyond December 31 of the calendar year in which the Original Issuance Date occurs.

8. Form of Payment. Payments pursuant to Section 7 shall be made in Shares equal to the number of vested Restricted Stock Units credited to the Account.

9. Beneficiary. In the event of the Participant's death prior to payment of the Restricted Stock Units credited to the Account, payment shall be made to the last beneficiary designated in writing that is received by the Company prior to the Participant's death or, if no designated beneficiary survives the Participant, such payment shall be made to the Participant's estate.

10. Change in Control; Corporate Transaction.

(a) Effect of Change in Control on Restricted Stock Units. In the event of a Change in Control, all Restricted Stock Units shall become fully vested immediately prior to the Change in Control if the Participant is then a Director, an Employee or a Consultant. For purposes of this Agreement, "Change in Control" shall have the same meaning set forth in Section 11.3 of the Plan, except that it shall also include the occurrence of any other event that the Board determines by an approved resolution constitutes a Change in Control. If the Change in Control is also a 409A CiC then the Shares will be issued immediately upon such 409A CiC.

(b) Effect of Corporate Transaction on Restricted Stock Units. 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 Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in 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 Restricted Stock Units credited to the Account on substantially the same terms and conditions (which may include settlement in the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), then all of such Restricted Stock Units shall become fully vested immediately prior to the Corporate Transaction if the Participant is then a Director, an Employee or a Consultant. In the event of a Corporate Transaction that is also a 409A CiC, then all of such Restricted Stock Units shall become fully vested immediately prior to the Corporate Transaction if the Participant is then a Director, an Employee or a Consultant. In all cases, if the Corporate Transaction is also a 409A CiC, then the Shares will be issued immediately upon such 409A CiC.

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) Payment of Restricted Stock Units. Payment of Restricted Stock Units that vest pursuant to this Section shall be made in Shares (or, if applicable, settlement in the same consideration paid to the stockholders of the Company pursuant to the Change in Control), as soon as practicable following the applicable vesting date. The following provisions shall apply and shall supersede anything to the contrary set forth herein and in the Plan to the extent required for the settlement of the Restricted Stock Units to comply with the requirements of Section 409A of the Code. In a Change in Control or Corporate Transaction the Award must be assumed, continued or substituted by the Surviving Corporation or the Parent Corporation and any Shares scheduled to be issued upon an applicable scheduled Vest Date may not be earlier issued unless the Change in Control or Corporate Transaction is also a 409A CiC or such earlier issuance of the Shares is otherwise permitted by Section 409A of the Code. The Company retains the right to provide for earlier issuance of Shares in settlement of the Restricted Stock Units to the extent permitted by Section 409A of the Code.

(d) 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.

11. Source of Payments. The Participant’s right to receive payment under this Agreement shall be an unfunded entitlement and shall be an unsecured claim against the general assets of the Company. The Participant has only the status of a general unsecured creditor hereunder, and this Agreement constitutes only a promise by the Company to pay the value of the Account on the payment date.

12. Miscellaneous.

(a) 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, if any, required by law to be withheld in respect of the Restricted Stock Units. The Participant hereby agrees that the Company or an Affiliate, as applicable, may withhold the applicable taxes from the Participant’s wages or other remuneration. At the discretion of the Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to the Participant on the payment in settlement of the Restricted Stock Units, up to the lesser of Participant’s minimum required withholding rate or such other rate that will not trigger a negative accounting impact.

Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to the Participant any Shares. In the event the Company's obligation to withhold arises prior to the delivery to the Participant of the Shares or it is determined after the delivery of Shares to the Participant that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, the Participant agrees to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

(b) No Rights of a Stockholder. The Participant shall not have any of the rights of a stockholder with respect to the Shares subject to the Restricted Stock Units until such Shares have been issued.

(c) Nontransferability of Restricted Stock Units. Except to the extent and under such terms and conditions as determined by the Committee, the Restricted Stock Units shall not be transferable otherwise than by will or the laws of descent and distribution or as provided in Section 9.

(d) 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.

(e) 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.

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

(g) 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 at the time and on the date on which the same is postmarked.

Notices to the Company should be addressed to:

Arena Pharmaceuticals, Inc.
6154 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.

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

(i) Entire Agreement; Modification. Except as provided in the next sentence, 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. This Agreement and Plan may be modified or superseded by the specific provisions, if any, of a written agreement, plan or other arrangement (regardless of whether entered into or established before, concurrently or after the date of this Agreement) of the Company or an Affiliate that is applicable to the Participant, to the extent such an agreement, plan or other arrangement provides a greater benefit to the Participant and otherwise does not cause the payments hereunder to fail to comply with the provisions of Section 409A of the Code.

(j) Compliance with Section 409A of the Code.

(i) Automatic Delay of Payment. Notwithstanding anything contained in this Agreement to the contrary, if the Company determines that as of the date of payment the Participant is a "specified employee" (as such term is defined under Section 409A of the Code), any Shares (or shares of the common stock of the successor company in the event of a Change in Control) payable by reason of the Participant's Separation from Service with the Company (or an Affiliate) for any reason other than death or "disability" (as such term is defined under Section 409A of the Code), if applicable, will not be paid until the date that is six months following the date of Separation from Service (or such earlier time permitted under Section 409A of the Code without the imposition of any accelerated or additional taxes under Section 409A of the Code).

(ii) General. This Agreement is intended to comply with the requirements of Section 409A of the Code and shall be construed and interpreted in accordance with such intent. Payment under this Agreement shall be made in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, as determined by the Committee. Any provision of this Agreement that would cause the payment or settlement thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

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

ARENA PHARMACEUTICALS, INC.

By: _____

Participant

Arena Pharmaceuticals, Inc. 2017 Long-Term Incentive Plan

Nonqualified 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. 2017 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 seventh 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:

Vest Date

Vested Options

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 or an Affiliate, as applicable, 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 maximum statutory 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 continuous service of the Company or an Affiliate 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 continuous service of the Company or an Affiliate 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, and 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 continuous service of the Company or an Affiliate 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 or, if applicable, Affiliate 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 (a) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant’s continuous services to the Company (or an Affiliate) 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 any Company or, if applicable, Affiliate policy related thereto), or lock-up agreement, and (b) 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) Vesting Upon a Change in Control. In the event of a Change in Control, if the Participant is in the continuous service of the Company or an Affiliate as any of a Director, an Employee or a Consultant as of immediately prior to the Change in Control, the Option shall become fully vested and exercisable immediately prior to the Change in Control.

(b) 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 the right to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control), the Option shall 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, continues or substitutes 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) the Option may be exercised by the Participant at any time until the first anniversary of the date the Participant ceases to be in the continuous service of the Company or an Affiliate 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. For purposes of this Agreement, “Change in Control” shall have the same meaning as set forth in the Plan, except that it shall also include the occurrence of any other event that the Board determines by an approved resolution constitutes a 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.

(c) 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.

8. Miscellaneous.

(a) No Rights of a 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 or its authorized designee, 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 at the time and on the date on which the same is postmarked.

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Attention: Chief Financial Officer

With a copy to: General Counsel

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(g) Agreement Not a Contract. This Agreement (and the grant of the Option) is not a service contract, and nothing in this Agreement 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. Participant's service is subject to termination by the Company or an Affiliate, as applicable, at any time, with or without cause or notice.

(h) Entire Agreement; Modification. Except as provided in the next sentence, 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. This Agreement and Plan may be modified or superseded by the specific provisions, if any, of a written agreement, plan or other arrangement (regardless of whether entered into or established before, concurrently or after the date of this Agreement) of the Company (or an Affiliate) that is applicable to the Participant, to the extent such an agreement, plan or other arrangement provides a greater benefit to the Participant and otherwise does not cause the payments hereunder to fail to comply with the provisions of Section 409A of the Code.

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

ARENA PHARMACEUTICALS, INC.

By: _____

Participant