

ARENA PHARMACEUTICALS, INC.

Corporate Governance Guidelines

The Board of Directors (the “Board”) of Arena Pharmaceuticals, Inc. (the “Company”) has established the following guidelines (“Governance Guidelines”) for the conduct and operation of the Board.

1. Board Composition and Selection

1.1 Size of the Board

The number of directors shall be established by the Board in accordance with the Bylaws of the Company. The Board periodically reviews the appropriate size of the Board, which may vary to accommodate the availability of suitable candidates and the needs of the Company. Directors may be appointed by the Board at any time and are elected annually at each annual meeting of stockholders.

1.2 Independence of Directors

It is the policy of the Company that at least two-thirds of the members of the Board be independent directors. If an independent director’s resignation leaves the Board with a ratio of independent directors to inside directors that falls below this threshold, the requirements of this provision will be suspended until the Company’s then next annual stockholders meeting, after which time composition of the Board shall again comply with this provision.

In determining independence, the Board will consider the definition of independence set forth in The NASDAQ Stock Market (“NASDAQ”) listing standards, as well as other factors that will contribute to effective oversight and decision-making by the Board.

1.3 Management Directors

The Board anticipates that the Company’s Chief Executive Officer and Chief Scientific will serve as directors on the Board. The Board may also appoint or nominate to the Board other members of the Company’s management whose experience and role at the Company are expected to assist the Board in fulfilling its responsibilities.

1.4 Selection of Chief Executive Officer; Selection and Role of Chair of the Board/Lead Independent Director

The Board will select the Company’s Chief Executive Officer and Chair of the Board (the “Chair”) in the manner that it determines to be in the best interests of the Company’s stockholders. It is the Board’s policy that the positions of Chief Executive Officer and Chair shall not be held by the same person, except in unusual circumstances as determined by the Board.

One of the independent directors shall be appointed by a majority of the independent directors as the Chair to serve for a minimum of one year or until the earlier of when replaced by the independent directors or six years from such appointment. Along with other responsibilities

and authority provided in these Governance Guidelines, the Chair's responsibilities and authority include the following:

- Establish the schedule and agenda for Board meetings and approve information to be sent to the Board;
- Serve as the chair of Board meetings, including during executive sessions of independent directors;
- Preside over any portion of Board meetings at which the performance of the Board is presented or discussed;
- Establish the agenda for meetings of the independent directors and preside over such meetings;
- Coordinate with the committee chairs, as needed, regarding meeting agendas, informational requirements and other matters, as appropriate;
- Serve as liaison between the Chief Executive Officer and the independent directors;
- Be available for communications with stockholders, as appropriate and in accordance with the Company's policy on stockholder communications with the Board; and
- Perform such other duties as may be established or delegated by the Board.

The performance of the Chair shall be evaluated each year by the Board. If, in the judgment of the Board, the Chair is not sufficiently active or successful in providing meaningful leadership for the Board, he or she shall be replaced.

The Board may, at its discretion, decide to eliminate or not fill the position of Chair. In the absence of a Chair, one of the independent directors shall be appointed by a majority of the independent directors as the "Lead Independent Director," in which case all references to a "Chair" in these Governance Guidelines shall mean Lead Independent Director.

1.5 Selection of Directors

The Board will be responsible for nominating individuals for election to the Board by the Company's stockholders at the annual meeting of stockholders. The Board is also responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The Corporate Governance and Nominating Committee is responsible for identifying, evaluating, reviewing and recommending to the Board candidates to serve as directors of the Company, in accordance with its charter and consistent with the criteria set by the Board in Section 1.6 below. The invitation to join the Board should be extended by the Chair.

1.6 Board Membership Criteria

The Board will determine the appropriate characteristics, skills and experience for the Board as a whole and for its individual members, or will delegate such responsibility (and, to the extent appropriate, any of the other responsibilities in this section) to the Corporate Governance

and Nominating Committee. The Board considers recommendations for nominees from the Corporate Governance and Nominating Committee.

In selecting candidates and existing directors for service on the Board, the minimum general criteria set forth below will be considered and specific additional criteria may be added with respect to specific searches. An acceptable director candidate may not fully satisfy all of the criteria, but is expected to satisfy nearly all of them. The Board believes that director candidates should have certain minimum qualifications, including being able to read and understand basic financial statements. In considering director candidates, the Corporate Governance and Nominating Committee should consider all relevant factors, which may include among others the candidate's experience and accomplishments, the relevance of such experience to the Company's business, the availability of the candidate to devote sufficient time and attention to the Company, the candidate's reputation for integrity and ethics and the candidate's ability to exercise sound business judgment. Director candidates are reviewed in the context of the current composition of the Board, the requirements of the Company and the interests of stockholders. In conducting this assessment, the Board considers skills, diversity, age, and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. The Board believes that its membership should reflect diversity in a broad sense, and includes such things as differences of viewpoint, background, professional experience, expertise, education, skills, specialized knowledge, and other individual qualities and attributes. In the case of incumbent directors whose terms of office are set to expire, the Board should review such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Board also determines whether the nominee is independent for NASDAQ purposes.

1.7 Changes in Board Member Criteria

The Board wishes to maintain a Board composed of members who can productively contribute to the success of the Company. From time to time, the Board may change the criteria for Board membership to maximize the opportunity to achieve this success. When this occurs, existing members will be evaluated according to the new criteria. If a director no longer meets the requisite criteria for board membership, such director's committee assignments may be adjusted or he or she may be asked to resign from the Board.

1.8 Term Limits

Independent directors serving on the Board as of December 29, 2011, shall serve for no more than a total of 16 years. Independent directors who are elected to the Board after December 29, 2011 ("New Independent Directors") shall serve for no more than a total of 10 years; provided, however, that if the Board determines in anticipation of the 10 year term limit of a New Independent Director that such New Independent Director should continue to serve on the Board, then the 16 year term limit shall apply.

The Board does not believe it should further limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide continuity and valuable insight into the Company, its operations and prospects based on their experience with, and understanding of, the Company's history,

policies and objectives. The Board believes that, as an alternative to further limiting the number of terms, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Governance Guidelines, through periodic rotation of committee assignments and through the above term limits.

1.9 Limits on Board Memberships

Directors should advise the Chair and the Chair of the Corporate Governance and Nominating Committee in advance of accepting an invitation to serve on the board of directors or board committee of another company. The Board recommends that directors serve on no more than three other public company boards and on no more than two other public company audit committees. The Board recognizes that the critical consideration is the director's availability to fulfill his or her responsibilities as a director if he or she serves on the boards or board committees of other companies. The Board and the Corporate Governance and Nominating Committee will take into account the nature and time involved in the directors' service on other boards in evaluating the suitability of directors.

Service on boards and board committees of other companies should be consistent with the Company's conflict-of-interest policies.

1.10 Retirement Age

The Board does not believe that a fixed retirement age for directors is appropriate.

1.11 Directors Who Change Their Job Responsibility; Potential Independence Change

Employee Directors. Employee directors will offer to resign from the Board upon their resignation, removal or retirement as an officer of the Company. The Board will, in its sole discretion, determine whether or not to accept such offer. An offer to resign as contemplated by this policy shall not constitute a notice of a decision to resign, but is merely intended to provide the Board an opportunity to discuss and consider a possible resignation.

Non-employee Directors.

Non-employee directors will inform the Chair of any principal occupation change, including retirement or a significant change in job responsibilities. The Chair, in turn, will advise the Corporate Governance and Nominating Committee of such change of position so that the committee – with the aid of the Chair – can recommend to the full Board whether to ask for the resignation of the director.

Non-employee directors who have been deemed “independent directors” by the Board will inform the Chair immediately in writing if he or she believes there has been a change in his or her status as an independent director. The Chair, in turn, will advise the Corporate Governance and Nominating Committee of such potential change of status so that the committee – with the aid of the Chair – can determine whether the non-employee director continues to qualify as an independent director and whether to recommend to the full Board to ask for the resignation of the director.

1.12 Director Resignation Policy

Although according to the Company's Bylaws all director elections are determined by a plurality of the votes cast, it is the Company's policy that any nominee for director in an uncontested election who does not receive a majority of the votes cast (*i.e.*, receives a greater number of votes "withheld" from his or her election than votes "for" in such election) shall submit his or her offer of resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee shall consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation. The Board will then act on the Corporate Governance and Nominating Committee's recommendation. Promptly following the Board's decision, the Company will disclose that decision and an explanation of such decision in a filing with the Securities and Exchange Commission and a press release.

2. Role of the Board of Directors

The Board is selected by the stockholders to provide oversight of, and strategic guidance to, senior management. The core responsibility of a director is to fulfill his or her fiduciary duties of care and loyalty and otherwise to exercise his or her business judgment in the best interests of the Company and its stockholders. Service on the Board requires significant time and attention on the part of directors. More specifically, the Board has responsibilities to review, approve and monitor fundamental financial and business strategies and major corporate actions, oversee potential risks facing the Company and the Company's risk management activities, select and oversee management and determine its composition and oversee the establishment and maintenance of processes and conditions to maintain the integrity of the Company. Directors must participate in Board meetings, review relevant materials, be available to serve on committees and prepare for meetings and discussions with management. Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask relevant, incisive and probing questions and require honest and accurate answers. Directors must act with integrity and are expected to demonstrate a commitment to the Company, its values and its business and to long-term stockholder value. Directors are encouraged to attend the Company's annual meeting of stockholders, either in person or telephonically.

3. Director Orientation and Education

The Corporate Governance Committee and Nominating Committee will implement an orientation process for directors that includes background material on the Company's policies and procedures, meetings with senior management and visits to Company facilities.

Each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. At least twice per year, the Board shall devote at least one hour during regularly scheduled board meetings to director training on recent developments in legal standards related to corporate governance, disclosure obligations or industry specific issues. In addition, the Company may, from time to time, pay for, depending on the circumstances, all or a portion of outside continuing education programs to assist the directors in maintaining such level of expertise. It is the Board's policy for the Company to reimburse each director for attending one of such continuing education programs per year (and, when possible, for such cost to be shared if the director is a member of more than one board of directors).

4. Director Compensation

The form and amount of director compensation for Board and committee service for non-management directors shall be determined by the Compensation Committee in accordance with the principles set forth in its charter and applicable legal and regulatory guidelines. Company employees serving as directors shall not receive additional compensation for such director service.

The Compensation Committee should regularly review the compensation that is provided to the directors of the Company and make recommendations to the Board regarding any appropriate modifications. The Compensation Committee shall be responsible for, in its discretion, engaging consultants and experts to assist with this process. Compensation provided to directors should remunerate the directors fairly for their service to the Board. It should also support the Company's goal of attracting and retaining qualified persons to the Board. Directors' compensation should include stock-based components to align the interests of the directors with those of the stockholders of the Company. The Board has determined that the Company's compensation goals are met by a compensation package that includes annual retainers, meeting fees and equity grants.

5. Board Meetings

5.1 Number of Meetings.

The Board expects to have at least five regular meetings each year, with generally at least one in each fiscal quarter.

5.2 Attendance.

Directors are expected to attend all meetings of the Board and committees on which they serve. If a director expects to miss an upcoming meeting, the director must notify the Chair or Secretary for such meeting of circumstances preventing the director's attendance.

5.3 Preparation and Commitment.

The Company will provide directors with appropriate preparatory materials in advance of a meeting, but in any event not later than two days prior to the meeting, except in unusual circumstances. Directors are expected to prepare rigorously for, attend and participate in all meetings of the Board and of any committee for which they serve. Each director is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as director.

5.4 Agenda.

The Chair will work with the Chief Executive Officer or Secretary to establish a schedule of subjects to be discussed during the year (to the extent this can be foreseen) and an agenda for each Board meeting. Each director is encouraged to suggest the inclusion of items on the agenda at any time. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

5.5 Executive Session.

The independent directors of the Board will meet periodically in executive session, but no less than four times per year or such greater number as required by the NASDAQ listing standards. Executive session discussions may include such topics as the independent directors determine. The directors generally shall not take formal action at these sessions, but may make recommendations for consideration by the Board. Executive sessions will be chaired by the Chair.

5.6 Committee Reports

At each regular Board meeting, each committee that held a meeting after the last Board meeting and before the current Board meeting will generally present a brief summary of its committee meeting to the Board, including the principal subjects discussed and the conclusions and actions of the committee. In general, the chair of the appropriate committee will present such report.

5.7 Plan and Budget

Every year the Board will review and approve a plan and budget for the Company.

6. Board Committees

6.1 Number of Committees; Independence of Members

The committee structure of the Board will consist of at least (a) an Audit Committee, (b) a Compensation Committee, and (c) a Corporate Governance and Nominating Committee. The Board may form, merge or dissolve committees as it deems appropriate from time to time. The Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee shall be composed entirely of independent directors, except to the extent allowed under applicable NASDAQ listing standards.

6.2 Committee Functions

Audit Committee. The Audit Committee oversees the Company's corporate accounting and financial reporting process. The Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines and approves the scope of the engagement and compensation of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Company's audit engagement team as required by law; reviews the financial statements to be included in the Company's Annual Report on Form 10-K; discusses with management and the independent auditors the results of the annual audit and the results of the independent auditors' review of the Company's quarterly financial statements; reviews and approves related-party transactions; reviews with management and the independent auditors the Company's guidelines and policies with respect to risk assessment and risk management; confers with the independent auditors and senior management regarding the scope, adequacy and effectiveness of internal control over financial reporting; reviews management's assessment of the Company's compliance with its disclosure controls and procedures; oversees the Company's public

disclosure policies and procedures; oversees the Company's tax strategy, hiring policy and investment policy; and establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or other matters covered by the Company's Policy on Filing, Receipt and Treatment of Complaints and for the confidential and anonymous submission by employees of concerns regarding such matters. Further details on the above functions and additional functions of the committee are included in the committee's charter.

Compensation Committee. The Compensation Committee oversees the Company's compensation policies, plans and programs. The Compensation Committee reviews and approves the overall compensation strategy and policies for the Company; assesses risk created by current and proposed compensation policies and practices for all employees; reviews and approves corporate performance goals and objectives relevant to the compensation of the Company's executive officers; reviews and approves the compensation and other terms of employment of the Company's executive officers; reviews and approves the compensation to be paid to the non-employee directors; and approves the adoption, amendment and termination of the Company's benefit plans, which may include stock option plans, stock appreciation rights plans, pension and profit sharing plans, incentive plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs. Further details on the above functions and additional functions of the committee are included in the committee's charter.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee oversees all aspects of the Company's corporate governance functions. The Corporate Governance and Nominating Committee develops and revises as appropriate these Governance Guidelines; considers and assesses periodically the independence of directors; establishes criteria for membership on the Board and its standing committees and for chairs; reviews and assesses the performance of the Board and each of its standing committees; recommends to the Board any changes to the Board or its standing committees; evaluates the authority, charter, compositions and chairs of each of the Board's standing committees and recommends any changes to the Board; develops and revises as appropriate a management succession plan; identifies, evaluates and reviews candidates to serve as directors of the Company; recommends to the Board candidates for election to the Board and candidates for appointment as executive officers; establishes a process for receiving and considering stockholder proposals and suggestions for director nominations; and makes recommendations regarding the agenda for the Board's strategy sessions. Further details on the above functions and additional functions of the committee are included in the committee's charter.

6.3 Committee Charters

Each standing committee will operate pursuant to a written charter, which sets forth the responsibilities of the committee and procedures that the committee will follow. Unless otherwise directed by the Board, new committees formed by the Board to be standing committees will develop written charters delineating their responsibilities. Each standing committee periodically reviews its charter and shall recommend any proposed charter changes to the Board.

6.4 Board Committee Membership

The Corporate Governance and Nominating Committee, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of NASDAQ, the rules and regulations of the Securities and Exchange Commission and applicable law, recommends to the Board annually the composition (including chairs) of each committee.

6.5 Committee Meetings and Agenda

The committee chair, in consultation with committee members, will determine the frequency and length of the meetings of the committee, consistent with any requirements set forth in the committee's charter. The chair of each committee, in consultation with the appropriate members of the committee, Secretary, other management and the Chair, will develop the committee's agenda.

7. Board Access to Management; Use of Outside Advisors

Directors have complete and open access to the Company's management. It is assumed that directors will use judgment to ensure that this contact is not distracting to the operations of the Company or to the managers' duties and responsibilities and that such contact, to the extent reasonably practical or appropriate, will be coordinated with the Chief Executive Officer. Written communications to management should, whenever appropriate, be copied to the Chief Executive Officer and Secretary.

The Board and each committee shall have the power to hire at the expense of the Company, independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

8. Chief Executive Officer Evaluation; Succession Planning

The Compensation Committee should conduct an annual review of the Chief Executive Officer's performance. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives and the development of management. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer.

The Corporate Governance and Nominating Committee should periodically review with the Chief Executive Officer the Company's plan for succession to the offices of the Company's executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions. The Chief Executive Officer should make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

9. Board Assessment

The Corporate Governance and Nominating Committee will oversee an annual evaluation process to determine whether the Board and its committees are functioning effectively. The Corporate Governance and Nominating Committee will receive feedback from all directors and report annually to the Board with an assessment. The assessment should include an evaluation of

(a) the Board's and each committee's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, (b) specific areas in which the Board and management believe that the performance of the Board and its committees could be improved, and (c) overall Board composition and makeup. The results of these evaluations should be provided to the Board for further discussion as appropriate.

10. Meetings of Independent Directors

Meetings of the independent directors may be called by the Chair, and the Chair may establish an agenda for such meetings. Each independent director is free to raise at any such meeting subjects that are not on the agenda for that meeting.

The Chair shall preside at meetings of the independent directors. In the absence of the Chair, a chair shall be appointed from the independent directors present.

11. Review of Governance Guidelines

The Corporate Governance and Nominating Committee will review and assess the adequacy of these Governance Guidelines at least annually and recommend any proposed changes to the Board for approval.

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