

ARENA PHARMACEUTICALS INC

Form DEF 14A

April 27, 2012

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ "

Check the appropriate box:

☐ " Preliminary Proxy Statement

☐ " **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ x Definitive Proxy Statement

☐ " Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

Arena Pharmaceuticals, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

ARENA PHARMACEUTICALS, INC.

April 27, 2012

Dear Arena Stockholder:

You are cordially invited to attend our 2012 Annual Meeting of Stockholders of Arena Pharmaceuticals, Inc., a Delaware corporation. The Annual Meeting will be held on Friday, June 15, 2012, at 9:00 a.m. (Pacific Time), at our offices located at 6154 Nancy Ridge Drive, San Diego, California 92121. I look forward to meeting with as many of our stockholders as possible.

At the Annual Meeting, we will discuss each item of business described in the Notice of Annual Meeting and proxy statement and report on Arena's business. You will also have an opportunity to ask questions.

If you would like directions to our offices, please visit our website at www.arenapharm.com, where you will find directions and a map locator under "contact us." For further information about the Annual Meeting, please call 858.453.7200 and ask for Investor Relations.

On behalf of our employees and Board of Directors, I would like to express our appreciation for your continued interest in Arena.

Sincerely,

Jack Lief

Chairman, President and Chief Executive Officer

6166 Nancy Ridge Drive, San Diego, CA 92121

Table of Contents

Notice of Annual Meeting of Stockholders

To be held on June 15, 2012

ARENA PHARMACEUTICALS, INC.

6166 Nancy Ridge Drive

San Diego, CA 92121

April 27, 2012

To the Stockholders of Arena Pharmaceuticals, Inc.:

The Annual Meeting of Stockholders of Arena Pharmaceuticals, Inc., a Delaware corporation, will be held on Friday, June 15, 2012, at 9:00 a.m. (Pacific Time), at our offices located at 6154 Nancy Ridge Drive, San Diego, California 92121, for the following purposes, which are more fully described in the proxy statement accompanying this notice:

1. To elect the nine nominees for director named herein to our Board of Directors to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal;
2. To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in the proxy statement accompanying this notice;
3. To approve the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan;
4. To approve the Arena Pharmaceuticals, Inc., 2009 Employee Stock Purchase Plan, as amended;
5. To approve an amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares from 250.0 million to 375.0 million and the number of authorized shares of common stock from 242.5 million to 367.5 million;
6. To ratify the appointment of KPMG LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending December 31, 2012; and
7. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 17, 2012, are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

Whether or not you expect to attend in person, we urge you to sign, date and return the enclosed proxy card at your earliest convenience. This will ensure the presence of a quorum at the meeting. **Promptly signing, dating and returning the proxy card will save us the expense and extra work of additional solicitation.** You may return your proxy card in the enclosed envelope, which does not require postage if mailed in the United States. You may also vote by telephone or the Internet pursuant to the instructions that accompanied your proxy card. Sending in your proxy card or voting by telephone or the Internet will not prevent you from voting at the Annual Meeting if you desire to do so, as your proxy

Edgar Filing: ARENA PHARMACEUTICALS INC - Form DEF 14A

may be cancelled at your option. Please note, however, that if your shares are held of record by a bank, broker or other agent and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

By Order of our Board of Directors

Steven W. Spector

Executive Vice President, General Counsel and Secretary

Table of Contents

TABLE OF CONTENTS

<u>Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to Be Held on June 15, 2012</u>	1
<u>Information Concerning Solicitation and Voting</u>	1
<u>General</u>	1
<u>Questions and Answers About these Proxy Materials and Voting</u>	1
<u>Election of Directors (Proposal 1)</u>	7
<u>Nominees and Election Process</u>	7
<u>Business Experience of Nominees</u>	7
<u>Director Independence</u>	10
<u>Corporate Governance Guidelines</u>	11
<u>Board Leadership Structure: Lead Independent Director</u>	11
<u>Board's Role in Risk Oversight</u>	12
<u>Annual Performance Evaluations; Assessment of Charters; Director Education</u>	12
<u>Code of Business Conduct and Ethics</u>	13
<u>Non-employee Director Meetings</u>	13
<u>Director Meeting Attendance</u>	13
<u>Term Limits</u>	14
<u>Board Standing Committees</u>	14
<u>Stockholder Director Recommendations</u>	17
<u>Stockholder Communications with our Board of Directors</u>	17
<u>Compensation Committee Interlocks and Insider Participation</u>	18
<u>Certain Relationships and Related Transactions</u>	18
<u>Advisory Vote on Executive Compensation (Proposal 2)</u>	18
<u>Approval of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan (Proposal 3)</u>	19
<u>Summary of the 2012 Long-Term Incentive Plan</u>	20
<u>Approval of the Arena Pharmaceuticals, Inc., 2009 Employee Stock Purchase Plan, as Amended (Proposal 4)</u>	29
<u>Participation in the Amended 2009 ESPP</u>	29
<u>Description of the Amended 2009 ESPP</u>	29
<u>Approval of an Amendment to Our Fifth Amended and Restated Certificate of Incorporation, as Amended, to Increase Authorized Shares of Stock (Proposal 5)</u>	32
<u>Securities authorized for issuance under equity compensation plans</u>	33
<u>Compensation and Other Information Concerning Executive Officers, Directors and Certain Stockholders</u>	33
<u>Security Ownership of Certain Beneficial Owners and Management</u>	33
<u>Executive Officers</u>	35
<u>Compensation Discussion and Analysis</u>	36
<u>Executive Summary</u>	36
<u>Executive Officer Compensation Philosophy, Objectives and Development</u>	37
<u>Clawback Policy</u>	38
<u>Elements of Our Compensation Program</u>	38
<u>Tax Considerations</u>	45
<u>Compensation Committee Report</u>	45
<u>Summary Compensation Table for Fiscal Years Ended December 31, 2011, 2010 and 2009</u>	46
<u>Grants of Plan-Based Awards During Fiscal Year Ended December 31, 2011</u>	47
<u>Outstanding Equity Awards at Fiscal Year Ended December 31, 2011</u>	48
<u>Option Exercises and Stock Vested During Fiscal Year Ended December 31, 2011</u>	49
<u>Nonqualified Deferred Compensation Table for Fiscal Year Ended December 31, 2011</u>	49
<u>Potential Post-Employment Payments Table as of Fiscal Year Ended December 31, 2011</u>	50

Table of Contents

<u>Director Compensation</u>	52
<u>2011 Compensation Changes</u>	52
<u>2011 Compensation Overview</u>	52
<u>Director Compensation Table for Fiscal Year Ended December 31, 2011</u>	54
<u>Audit Committee</u>	57
<u>Audit Committee Report</u>	57
<u>Independent Registered Public Accounting Firms</u>	58
<u>Independent Auditors' Fees</u>	58
<u>Pre-approval Policies and Procedures</u>	59
<u>Change in Independent Registered Public Accounting Firms in 2010</u>	59
<u>Ratification of Independent Auditors (Proposal 6)</u>	60
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	60
<u>Stockholder Proposals for the 2013 Annual Meeting</u>	60
<u>Annual Report</u>	61
<u>Annual Report on Form 10-K</u>	61
<u>Householding of Proxy Materials</u>	61
<u>Other Matters</u>	62

Table of Contents

ARENA PHARMACEUTICALS, INC.

6166 Nancy Ridge Drive

San Diego, CA 92121

**PROXY STATEMENT FOR ANNUAL MEETING
OF STOCKHOLDERS**

To Be Held on Friday, June 15, 2012, at 9:00 a.m. (Pacific Time)

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting

to Be Held on June 15, 2012

The proxy statement and annual report to security holders are available on the home page of our website at www.arenapharm.com.

Information Concerning Solicitation and Voting

In this proxy statement, Arena Pharmaceuticals, Arena, we, us and our refer to Arena Pharmaceuticals, Inc., unless the context otherwise provides.

General

The enclosed proxy is solicited on behalf of our Board of Directors for use at our 2012 Annual Meeting of Stockholders, or 2012 Annual Meeting, which is to be held on Friday, June 15, 2012, at 9:00 a.m. (Pacific Time), or at any adjournments or postponements thereof, for the purposes set forth in this proxy statement and the accompanying Notice of Annual Meeting of Stockholders. Our 2012 Annual Meeting will be held at our offices located at 6154 Nancy Ridge Drive, San Diego, California 92121.

This proxy statement, together with the Notice of Annual Meeting of Stockholders, the form of proxy and our Annual Report to Stockholders, are first being mailed on or about April 27, 2012, to all stockholders of record at the close of business on April 17, 2012, or the Record Date.

Questions and Answers About these Proxy Materials and Voting

Q: Why am I receiving these materials?

A: You are receiving these proxy materials because our Board of Directors is soliciting your proxy to vote at our 2012 Annual Meeting (or at any adjournments or postponements thereof) which is to be held on Friday, June 15, 2012, at 9:00 a.m. (Pacific Time). As a stockholder, you are requested to vote on the proposals described in this proxy statement. You are invited to attend our 2012 Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or through the Internet.

Q: How can I attend our 2012 Annual Meeting?

A: Our 2012 Annual Meeting will be held on Friday, June 15, 2012, at 9:00 a.m. (Pacific Time) at our offices located at 6154 Nancy Ridge Drive, San Diego, California 92121. Directions to our 2012 Annual Meeting may be found at www.arenapharm.com, where

Edgar Filing: ARENA PHARMACEUTICALS INC - Form DEF 14A

you will find directions and a map locator under [contact us](#). For further information about our 2012 Annual Meeting, please call 858.453.7200 and ask for Investor Relations. Information on how to vote in person at our 2012 Annual Meeting is discussed below.

Table of Contents

Q: Who can vote at our 2012 Annual Meeting?

A: Each person who owns or has the right to vote shares of our common stock as of the Record Date has the right to vote at our 2012 Annual Meeting. Each share of our common stock is entitled to one vote. As of the Record Date, there were 181,500,778 shares of our common stock outstanding.

Stockholder of Record: Shares Registered in Your Name.

If on the Record Date your shares of common stock were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at our 2012 Annual Meeting or vote by proxy. Whether or not you plan to attend our 2012 Annual Meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Bank, Broker or Other Agent.

If on the Record Date your shares of common stock were held in an account by a bank, broker or other agent, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at our 2012 Annual Meeting. As a beneficial owner, you have the right to direct your bank, broker or other agent on how to vote the shares in your account. You are also invited to attend our 2012 Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at our 2012 Annual Meeting unless you obtain a legal proxy from your bank, broker or other agent.

Q: What is the proxy card?

A: The proxy card enables you to appoint Jack Lief, our Chairman, President and Chief Executive Officer, and Steven W. Spector, our Executive Vice President, General Counsel and Secretary, as your representatives at our 2012 Annual Meeting. By completing and returning the proxy card, you are authorizing Mr. Lief and Mr. Spector, or each of them, to vote your shares at the meeting as described on the proxy card. This way, you can vote your shares whether or not you attend the meeting.

Q: What am I voting on?

A: We are asking you to vote on the following proposals:

1. Election of the nine nominees for director named herein to our Board of Directors to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal;
2. Advisory approval of the compensation of our named executive officers, as disclosed in this proxy statement in accordance with rules of the Securities and Exchange Commission, or SEC;
3. Approval of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan;
4. Approval of the Arena Pharmaceuticals, Inc., 2009 Employee Stock Purchase Plan, as amended;

Edgar Filing: ARENA PHARMACEUTICALS INC - Form DEF 14A

5. Approval of an amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares from 250.0 million to 375.0 million and the number of authorized shares of common stock from 242.5 million to 367.5 million;
6. Ratification of the appointment of KPMG LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending December 31, 2012; and
7. Such other proposals as may properly come before the meeting or any adjournment or postponement thereof.

Table of Contents

Q: How do I vote?

A: Stockholder of Record: Shares Registered in Your Name.

BY MAIL: Please complete and sign your proxy card and mail it in the enclosed pre-addressed envelope, which does not require postage if mailed in the United States. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct, or in the best judgment of Mr. Lief or Mr. Spector if a proposal comes up for a vote at our 2012 Annual Meeting that is not on the proxy card.

If you return a signed and dated proxy card, but do not mark your voting instructions on the proxy card, your shares will be voted as follows:

FOR the nine named nominees as directors; FOR the approval, on an advisory basis, of the compensation of our named executive officers; FOR the approval of the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan; FOR the approval of the Arena Pharmaceuticals, Inc., 2009 Employee Stock Purchase Plan, as amended; FOR the approval of the proposed amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended; FOR the ratification of the appointment of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2012; and according to the best judgment of Mr. Lief or Mr. Spector if a proposal that is not on the proxy card comes up for a vote at our 2012 Annual Meeting.

BY TELEPHONE: Please follow the vote by telephone instructions that are on your proxy card. If you vote by telephone, you do not have to mail in your proxy card. Your vote must be received before 11:00 p.m. (Pacific Time) on June 14, 2012, to be counted.

BY INTERNET: Please follow the vote by Internet instructions that are on your proxy card. If you vote by Internet, you do not have to mail in your proxy card. Your vote must be received before 11:00 p.m. (Pacific Time) on June 14, 2012, to be counted.

IN PERSON: We will pass out written ballots to anyone who wants to vote in person at our 2012 Annual Meeting. However, if you hold your shares in street name, you must obtain a legal proxy from your bank, broker or other agent in order to vote at our 2012 Annual Meeting.

A: Beneficial Owner: Shares Registered in the Name of a Bank, Broker or Other Agent.

If you are a beneficial owner of shares registered in the name of a bank, broker or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply follow the instructions you received from that organization to ensure that your vote is counted. Please contact that organization if you did not receive a proxy card or voting instructions.

To vote in person at our 2012 Annual Meeting, you must obtain a legal proxy from your bank, broker or other agent. Follow the instructions from your bank, broker or other agent included with these proxy materials, or contact such agent to obtain a proxy form.

Internet proxy voting may be provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

Q: What does it mean if I receive more than one proxy card?

A: It likely means that you hold our shares in multiple accounts at the transfer agent or with brokers or other custodians of your shares. Please complete and return **all** proxy cards you receive to ensure that all of your shares are voted.

Table of Contents

Q: Can I change my vote after submitting my proxy?

A: Stockholder of Record: Shares Registered in Your Name.

If you are a stockholder of record, you can revoke your proxy and change your vote at any time before the polls close at our 2012 Annual Meeting by: (i) signing a proxy card with a later date and returning it before the polls close at our 2012 Annual Meeting, (ii) voting by telephone or the Internet before 11:00 p.m. (Pacific Time) on June 14, 2012 (your *latest* telephone or Internet vote is counted), (iii) returning a written notice before the polls close at our 2012 Annual Meeting that you are revoking your proxy, or (iv) voting at the meeting. Please note, however, that simply attending our 2012 Annual Meeting will not, by itself, revoke your proxy.

A: Beneficial Owner: Shares Registered in the Name of a Bank, Broker or Other Agent.

If you are a beneficial owner of shares registered in the name of a bank, broker or other agent, you should follow their instructions on how to change your vote. Please contact your bank, broker or other agent if you did not receive such instructions.

Q: How many shares must be present to hold our 2012 Annual Meeting?

A: To hold our 2012 Annual Meeting and conduct business, the holders of a majority of our outstanding common stock as of the Record Date must be present, either in person or represented by proxy, at our 2012 Annual Meeting. This is called a quorum.

A stockholder's shares are counted towards a quorum if the stockholder either:

is present and votes in person at the meeting, or

has properly submitted a proxy (including voting by telephone or the Internet).

Both abstentions and broker non-votes are counted as present for the purposes of determining the presence of a quorum at our 2012 Annual Meeting.

Q: What are broker non-votes?

A: Broker non-votes occur when a broker who holds shares for a stockholder in street name submits a proxy for those shares but does not vote. In general, this occurs when the broker has not received voting instructions from the stockholder, and the broker lacks discretionary voting authority under the rules of the New York Stock Exchange, or NYSE, or otherwise to vote the shares for a particular proposal. The bank, broker or other agent can register your shares as being present at a meeting for purposes of determining the presence of a quorum, but will not be able to vote on those items for which specific authorization is required under the rules of the NYSE.

Q: When do brokers have discretionary voting authority to vote my shares without my instruction?

A: If you are a beneficial owner whose shares are held of record by a bank, broker or other agent, such entity has discretionary voting authority, under the rules of the NYSE, to vote your shares on certain routine matters for which it does not receive voting instructions from you by the 10th day before the meeting. For example, such entity has discretionary voting authority with regard to the proposed

Edgar Filing: ARENA PHARMACEUTICALS INC - Form DEF 14A

amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended (Proposal 5) and the ratification of the appointment of KPMG LLP (Proposal 6).

The election of directors (Proposal 1), the say-on-pay vote (Proposal 2), and the votes on our equity compensation plans (Proposals 3 and 4) are not considered routine.

When a proposal is not a routine matter and the entity holding the shares has not received voting instructions from the beneficial holder of the shares with respect to that proposal, the entity cannot vote the shares on that proposal. Accordingly, it is important that beneficial owners instruct their brokers how they wish to vote their shares.

Table of Contents

Q: How many votes must the nominees receive to be elected as directors?

A: Directors are elected by a plurality of votes of common stock present, either in person or represented by proxy, at our 2012 Annual Meeting and entitled to vote. This means that the nine nominees receiving the highest number of votes FOR election will be elected. Only votes FOR or WITHHELD will affect the outcome.

Q: How many votes must be received to approve the compensation of our named executive officers, as disclosed in this proxy statement in accordance with SEC rules?

A: A majority of the votes cast by stockholders entitled to vote on the proposal must vote FOR approval. Abstentions and broker non-votes will have no effect on the outcome.

Q: How many votes must be received to approve the Arena Pharmaceuticals, Inc., 2012 Long-Term Incentive Plan?

A: A majority of the votes cast by stockholders entitled to vote on the proposal must vote FOR approval. Abstentions and broker non-votes will have no effect on the outcome.

Q: How many votes must be received to approve the Arena Pharmaceuticals, Inc., 2009 Employee Stock Purchase Plan, as amended?

A: A majority of the votes cast by stockholders entitled to vote on the proposal must vote FOR approval. Abstentions and broker non-votes will have no effect on the outcome.

Q: How many votes must be received to approve the amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended?

A: A majority of the shares of common stock outstanding must vote FOR approval. Abstentions and broker non-votes will have the same effect as a vote AGAINST.

Q: How many votes must be received to ratify the appointment of KPMG LLP as Arena's independent auditors for the fiscal year ending December 31, 2012?

A: A majority of the votes cast by stockholders entitled to vote on the proposal must vote FOR ratification. Abstentions and broker non-votes will have no effect on the outcome.

Q: What if another matter is properly brought before our 2012 Annual Meeting?

A: Our Board of Directors knows of no other matters that will be presented for consideration at our 2012 Annual Meeting. If any other matters are properly brought before our 2012 Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

Q: How are votes counted?

A: Votes will be counted by the inspector or inspectors of election appointed for our 2012 Annual Meeting, who will separately count, for the proposal to elect directors, votes FOR, WITHHOLD, and broker non-votes; and, with respect to other proposals, votes FOR, AGAINST, ABSTAIN, and, if applicable, broker non-votes.

With respect to the proposal to approve the amendment to our Fifth Amended and Restated Certificate of Incorporation, as amended, broker non-votes, if any, will have the same effect as a vote AGAINST such proposal. Broker non-votes will not affect the outcome of the voting on any of the other proposals described in this proxy statement.

Voting results are tabulated and certified by our transfer agent, Computershare Trust Company, N.A.

Table of Contents

Q: Who will bear the cost of soliciting votes for our 2012 Annual Meeting?

A: We are paying for the distribution and solicitation of the proxies. As a part of this process, we reimburse brokers, nominees, fiduciaries and other custodians for reasonable fees and expenses in forwarding proxy materials to our stockholders. Original solicitation of proxies by mail may be supplemented by other mailings, telephone calls, personal solicitation, or use of the Internet by our directors, officers, other employees or, if we choose to engage one, an independent proxy solicitation firm. No additional compensation will be paid to our directors, officers or other employees for such services, and in the event we engage such a proxy solicitation firm, the fees paid by us would not likely exceed \$20,000.

Q: How can I find out the results of the voting at our 2012 Annual Meeting?

A: Preliminary voting results will be announced at our 2012 Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after our 2012 Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after our 2012 Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

Q: How can I obtain the company's corporate governance information?

A: Our website is www.arenapharm.com and we have included various corporate governance materials under the Investors tab. Included in such information are the charters of our Board of Directors standing committees: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Also included under that tab are our Board of Directors Corporate Governance Guidelines, our Code of Business Conduct and Ethics and our Policy on Filing, Receipt and Treatment of Complaints.

Table of Contents**Election of Directors (Proposal 1)****Nominees and Election Process**

The persons named in the below table are nominees for director at our 2012 Annual Meeting to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified or until their earlier resignation or removal. Our Bylaws provide that the authorized number of directors shall be determined by a resolution of our Board of Directors.

All of the nominees for director at our 2012 Annual Meeting were elected at our 2011 Annual Meeting of Stockholders and were recommended by the Corporate Governance and Nominating Committee for election to our Board of Directors at our 2012 Annual Meeting. Directors are elected by a plurality of votes of common stock present, either in person or represented by proxy, at the annual meeting and entitled to vote. Unless otherwise instructed to withhold a vote for a particular nominee or all of the nominees, the proxy holders will vote the proxies received by them for the nominees named below. In the event that any of these nominees is unavailable to serve as a director at the time of our 2012 Annual Meeting, the proxies will be voted for any substitute nominee who shall be designated by our Board of Directors, unless our Board reduces the number of directors. We have no reason to believe that any nominee will be unavailable to serve.

Following is information, as of March 31, 2012, regarding the nominees for director at our 2012 Annual Meeting. Such information includes biographical and other information about the nominees, including information concerning the particular experience, qualifications, attributes or skills that led our Board of Directors and the Corporate Governance and Nominating Committee to conclude that the nominees should serve as our directors.

Name	Positions and Offices Held	Year First Elected or Appointed Director	Age
Jack Lief	Chairman, President and Chief Executive Officer	1997	66
Dominic P. Behan, Ph.D.	Executive Vice President, Chief Scientific Officer and Director	2000	48
Donald D. Belcher	Director	2003	73
Scott H. Bice	Director	2003	69
Harry F. Hixson, Jr., Ph.D.	Director	2004	73
Tina S. Nova, Ph.D.	Director	2004	58
Phillip M. Schneider	Director	2007	55
Christine A. White, M.D.	Director	2006	60
Randall E. Woods	Director	2007	60

Business Experience of Nominees

Jack Lief is a co-founder of Arena and has served as a director and our President and Chief Executive Officer since April 1997. Mr. Lief has also served as the Chairman of our Board of Directors since October 2007. Mr. Lief served as an advisor and consultant to numerous biopharmaceutical organizations from 1995 to April 1997; as Senior Vice President, Corporate Development and Secretary of Cephalon, Inc., a biopharmaceutical company, from 1989 to 1994; as Director of Business Development and Strategic Planning for Alpha Therapeutic Corporation, a manufacturer of biological products, from 1983 to 1989; and in various positions at Abbott Laboratories, a pharmaceutical company, from 1972 to 1983, most recently as the head of International Marketing Research. Mr. Lief serves as the Chairman of the board of directors of ADVENTRX Pharmaceuticals, Inc., a company focused on pharmaceuticals for cancer and infectious disease. Mr. Lief is also an Executive Board Member of BIOCOM, a life science association representing more than 550 member companies in Southern California, and was the Chair of the board of directors of BIOCOM from March 2005 to March 2006. Mr. Lief holds a B.A. from Rutgers University and an M.S. in Psychology (Experimental and Neurobiology) from Lehigh University.

Table of Contents

We believe that Mr. Lief's role as a co-founder, President and Chief Executive Officer of our company, combined with his extensive leadership, strategic planning, business, financial, and international pharmaceutical industry expertise, provides our Board of Directors with critical knowledge and in-depth insight into our strategic planning and operations and give him the qualifications, attributes and skills to serve as one of our directors.

Dominic P. Behan, Ph.D., is a co-founder of Arena and has served as a director since April 2000 and as our Executive Vice President and Chief Scientific Officer since February 2012. Dr. Behan served as our Senior Vice President and Chief Scientific Officer from June 2004 to February 2012, and as our Vice President, Research from April 1997 to June 2004. Dr. Behan directed various research programs at Neurocrine Biosciences, Inc., a biopharmaceutical company, from 1993 to 1997, and was engaged in research at the Salk Institute from 1990 to 1993. Dr. Behan holds a B.Sc. in Biochemistry from Leeds University, England, and a Ph.D. in Biochemistry from Reading University, England.