

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

TODD SCHUENEMAN et al.,  
Plaintiffs,  
v.  
ARENA PHARMACEUTICALS, INC. et  
al.,  
Defendants.

Case No.: 3:10-CV-1959-CAB-BLM

**ORDER PRELIMINARILY  
APPROVING SETTLEMENT AND  
PROVIDING FOR NOTICE OF  
PROPOSED SETTLEMENT**

[Doc. No. 152]

AND RELATED CONSOLIDATED  
ACTIONS

WHEREAS, the above captioned action<sup>1</sup> is pending before this Court (the “Action”);

WHEREAS, the Court has received and reviewed the Stipulation and Agreement of Settlement dated November 3, 2017 (the “Stipulation”),<sup>2</sup> which sets forth the terms and conditions for a proposed Settlement of the Action and for dismissal of the Action with prejudice upon the terms and conditions set forth therein; and,

---

<sup>1</sup> This is the lead case of a consolidated class action that includes Case Nos. 10cv1961, 10cv1977, 10cv1984, 10cv2026, 10cv2086, and 10cv2335.

<sup>2</sup> For purposes of this Order, the Court adopts all defined terms as set forth in the Stipulation, and the terms used herein shall have the same meaning as in the Stipulation.

1           WHEREAS, the Parties having made an application, pursuant to Federal Rule of  
2 Civil Procedure 23(e), for an order preliminarily approving the settlement of this litigation,  
3 in accordance with the Stipulation.

4           NOW, THEREFORE, IT IS HEREBY ORDERED:

5           1.     The Court does hereby preliminarily approve the Stipulation and the  
6 Settlement set forth therein, subject to further consideration at the Settlement Hearing  
7 described below.

8           2.     The Court finds that: (a) the Stipulation resulted from arm's-length  
9 negotiations; and (b) the Stipulation is sufficiently fair, reasonable and adequate as to the  
10 Settlement Class Members to warrant providing notice of the Settlement to Class Members  
11 and holding a Settlement Hearing.

12           3.     This Action is certified for settlement purposes only as a class action pursuant  
13 to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of a class  
14 (the "Settlement Class" or "Class") consisting of all Persons who purchased Arena  
15 Pharmaceuticals, Inc. ("Arena") common stock between March 17, 2008 to January 27,  
16 2011 ("Class Period"), inclusive, and were damaged thereby, excluding anyone named as  
17 a defendant in the Action including the Company; members of the immediate family of the  
18 Individual Defendants; Arena's directors and officers; any entity in which any Defendant  
19 has a controlling interest; and the legal representatives, heirs, successor, and assigns of  
20 such excluded parties. Also excluded are those Persons who timely and validly request  
21 exclusion from the Class pursuant to the Notice.

22           4.     The Court has determined preliminarily and for the purpose of settlement that:  
23 (a) the Class is so numerous that joinder of all members is impracticable; (b) there are  
24 questions of law and fact common to the Class that predominate over any individual  
25 questions; (c) the claims or defenses of Lead Plaintiff are typical of the claims or defenses  
26 of the Class; and (d) Lead Plaintiff will fairly and adequately protect the interests of the  
27 Class, and appoints him class representative for the Settlement Class, and appoints Kaplan  
28 Fox & Kilsheimer LLP Lead Counsel for the Settlement Class. The Court further

1 preliminarily finds that the questions of law or fact common to Settlement Class Members  
2 (“Class Members”) predominate over any questions affecting individual members,  
3 including but not limited to whether Defendants made false or misleading statements in  
4 violation of the federal securities laws, whether any Defendant acted with scienter, and  
5 whether the alleged false or misleading statements caused economic damage to the Class.  
6 The Court also preliminarily finds that a class action is superior to other available methods  
7 for the fair and efficient adjudication of this controversy.

8 5. On or before **December 29, 2018**, counsel for either the Settlement Class or  
9 Defendants shall file a sworn affidavit confirming that the requirements of 28 U.S.C. §1715  
10 have been satisfied, or in the alternative, a notice explaining why such requirements do not  
11 apply to this settlement.

12 6. A hearing (the “Final Settlement Approval Hearing”) shall be held before this  
13 Court on **April 12, 2018**, at **10:00 a.m.**, at the United States District Court for the Southern  
14 District of California, Courtroom 4C, 221 West Broadway, San Diego, CA 92101, to  
15 determine whether the proposed Settlement of the Action on the terms and conditions  
16 provided for in the Stipulation is fair, reasonable, and adequate to the Class and should be  
17 approved by the Court; whether a Judgment as provided in ¶ 1.12 of the Stipulation should  
18 be entered; whether the proposed Plan of Allocation is fair, reasonable, and adequate and  
19 should be approved; to determine the amount of fees and expenses that should be awarded  
20 to Lead Counsel; and to determine the award to Lead Plaintiff. The Court may adjourn the  
21 Final Settlement Approval Hearing without further notice to the Class Members.

22 7. The Court approves, as to form and content, the Notice of Pendency and  
23 Proposed Settlement of Class Action (the “Notice”), the Proof of Claim and Release form  
24 (the “Proof of Claim”), and Summary Notice annexed hereto as Exhibits A-1, A-2, and A-  
25 3, respectively, and finds that the mailing and distribution of the Notice and publishing of  
26 the Summary Notice substantially in the manner and form set forth in this Order meet the  
27 requirements of Federal Rule of Civil Procedure 23, the Private Securities Litigation  
28

1 Reform Act of 1995, and due process, and is the best notice practicable under the  
2 circumstances and shall constitute due and sufficient notice to all Persons entitled thereto.

3 8. The firm of Garden City Group, LLC (“Claims Administrator”) is hereby  
4 appointed to supervise and administer the notice procedure as well as the processing of  
5 claims as more fully set forth below.

6 9. Not later than fourteen (14) days after entry of this Order (the “Notice Date”),  
7 the Claims Administrator shall commence mailing the Notice and Proof of Claim,  
8 substantially in the forms annexed hereto, by First-Class Mail to all Class Members who  
9 can be identified with reasonable effort. The Claims Administrator and Lead Counsel shall  
10 post the Notice and Proof of Claim on their respective websites.

11 10. Not later than fourteen (14) days after the Notice Date, the Claims  
12 Administrator shall cause the Summary Notice to be published once in the national edition  
13 of the Wall Street Journal and once over a national newswire service.

14 11. At least seven (7) days prior to the Final Settlement Approval Hearing, Lead  
15 Counsel shall serve on Defendants’ counsel and file with the Court proof, by affidavit or  
16 declaration, of such mailing and publishing.

17 12. Nominees who purchased Arena common stock for the beneficial ownership  
18 of Class Members during the Class Period shall send the Notice and the Proof of Claim to  
19 all such beneficial owners of Arena common stock within ten (10) days after receipt  
20 thereof, or send a list of the names and addresses of such beneficial owners to the Claims  
21 Administrator within ten (10) days of receipt thereof, in which event the Claims  
22 Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners.  
23 Lead Counsel shall, if requested, reimburse banks, brokerage houses or other nominees  
24 solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial  
25 owners who are Class Members out of the Settlement Fund, which expenses would not  
26 have been incurred except for the sending of such notice, subject to further order of this  
27 Court with respect to any dispute concerning such expenses.

28

1           13. All Class Members shall be bound by all determinations and judgments in the  
2 Action concerning the Settlement, whether favorable or unfavorable to the Class.

3           14. Class Members who wish to participate in the Settlement shall complete and  
4 submit Proof of Claim and Release forms in accordance with the instructions contained  
5 therein. Unless the Court orders otherwise, all Proof of Claim and Release forms must be  
6 postmarked or submitted electronically no later than one hundred twenty (120) days from  
7 the Notice Date. Any Class Member who does not timely submit a Proof of Claim and  
8 Release within the time provided shall be barred from sharing in the distribution of the  
9 proceeds of the Settlement Fund, unless otherwise ordered by the Court. Notwithstanding  
10 the foregoing, Lead Counsel may, in their discretion, recommend acceptance of late-  
11 submitted claims for processing by the Claims Administrator so long as distribution of the  
12 Net Settlement Fund to Authorized Claimants is not materially delayed thereby.

13           15. Any Class Members may enter appearances in the Action, at their own  
14 expense, individually or through counsel of their own choice. If they do not enter an  
15 appearance, they will be represented by Lead Counsel.

16           16. Any Person falling within the definition of the Class may, upon request, be  
17 excluded or “opt out” from the Class. Any such Person must submit to the Claims  
18 Administrator a request for exclusion (“Request for Exclusion”), postmarked no later than  
19 no later than sixty days (60) days from the Notice Date. A Request for Exclusion must:  
20 (a) state the name, address, and telephone number of the Person(s) requesting exclusion;  
21 (b) identify the Person’s purchases (or acquisitions) and sales of Arena common stock  
22 made during the Class Period, including the dates of purchase, acquisition or sale, prices  
23 paid or received, and the number of shares of common stock purchased and/or sold, and  
24 provide documentation reflecting such purchases and sales; (c) include the Person’s  
25 signature; and (d) state that the Person wishes to be excluded from the Class. All Persons  
26 who submit valid and timely Requests for Exclusion in the manner set forth in this  
27 paragraph shall have no rights under the Stipulation, shall not share in the distribution of  
28 the Net Settlement Fund, and shall not be bound by the Stipulation or any final judgment.

1           17. Lead Counsel shall cause to be provided to Defendants' counsel copies of all  
2 Requests for Exclusion, and any written revocation of Requests for Exclusion shall be  
3 promptly delivered to Arena's counsel by Lead Counsel.

4           18. Any Class Member may move and/or appear at the Final Settlement Approval  
5 Hearing to show cause why the proposed Settlement of the Action should or should not be  
6 approved as fair, reasonable, and adequate, why a judgment should or should not be entered  
7 thereon, why the Plan of Allocation should or should not be approved, why attorneys' fees  
8 and expenses should or should not be awarded to Lead Counsel, or why the expenses of  
9 Lead Plaintiff should or should not be awarded. Any written objections must be delivered  
10 by hand or sent by First-Class Mail postmarked, no later than twenty-one (21) days before  
11 the Final Settlement Approval Hearing, to the Clerk of the Court, United States District  
12 Court, Southern District of California, 333 West Broadway, Suite 420, San Diego, CA  
13 92101, with copies to Lead Counsel set forth in the Notice. Any Class Member who does  
14 not make his, her or its objection in writing in the manner provided or in person at the Final  
15 Settlement Approval Hearing shall be deemed to have waived such objection and shall  
16 forever be foreclosed from making any objection to the fairness or adequacy of the  
17 proposed Settlement as set forth in the Stipulation, to the Plan of Allocation, or to the award  
18 of attorneys' fees and expenses to Plaintiffs' Counsel or expenses of Lead Plaintiff, unless  
19 otherwise ordered by the Court.

20           19. All funds held by the Escrow Agent shall be deemed and considered to be in  
21 *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until  
22 such time as such funds shall be distributed pursuant to the Stipulation and/or further  
23 order(s) of the Court.

24           20. All opening briefs and supporting documents in support of the Settlement, the  
25 Plan of Allocation, and any application by Lead Counsel for attorneys' fees and expenses  
26 or by Lead Plaintiffs for their expenses shall be filed and served no later than thirty-five  
27 days (35) days before the Final Settlement Approval Hearing. Replies to any objections  
28

1 shall be filed and served by no later than seven days (7) days before the Final Settlement  
2 Approval Hearing.

3 21. The Released Persons shall not have any responsibility for the Plan of  
4 Allocation or any application for attorneys' fees or expenses submitted by Plaintiffs'  
5 Counsel or Lead Plaintiff, and such matters will be considered separately from the fairness,  
6 reasonableness, and adequacy of the Settlement.

7 22. At or after the Final Settlement Approval Hearing, the Court shall determine  
8 whether the Plan of Allocation proposed by Lead Counsel, any application for attorneys'  
9 fees or payment of expenses, and any award to Lead Plaintiff shall be approved.

10 23. All reasonable expenses incurred in identifying and notifying Class Members,  
11 as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation.  
12 In the event the Settlement is not approved by the Court, or otherwise fails to become  
13 effective, neither Lead Plaintiff nor Plaintiffs' Counsel shall have any obligation to repay  
14 any amounts incurred and properly disbursed pursuant to ¶¶ 3.12 or 3.13 of the Stipulation.

15 24. Neither the Stipulation, nor any of its terms or provisions, nor any of the  
16 negotiations or proceedings connected with it, shall be construed as an admission or  
17 concession by Defendants of the truth of any of the allegations in the Action, or of any  
18 liability, fault, or wrongdoing of any kind, nor construed as, or deemed to be evidence of,  
19 or an admission or concession that Lead Plaintiff or any Class Members have suffered any  
20 damages, harm, or loss.

21 25. The Court reserves the right to adjourn the date of the Final Settlement  
22 Approval Hearing without further notice to the Class Members, and retains jurisdiction to  
23 consider all further applications arising out of or connected with the proposed Settlement.  
24 The Court may approve the Settlement, with such modifications as may be agreed to by  
25 the Settling Parties, if appropriate, without further notice to the Class.

26 26. If the Stipulation and the Settlement set forth therein are not approved or  
27 consummated or the Effective Date as provided in the Stipulation fails to occur for any  
28 reason whatsoever, then this Order shall be rendered null and void to the extent provided

1 by and in accordance with the Stipulation, and in such event, all orders entered and releases  
2 delivered in connection herewith shall be null and void to the extent provided by and in  
3 accordance with the Stipulation and all proceedings had in connection therewith shall be  
4 without prejudice to the rights of the Settling Parties status quo ante.

5 27. Pending final determination of whether the proposed Settlement should be  
6 approved, neither the Lead Plaintiff nor any Class Member, directly or indirectly,  
7 representatively, or in any other capacity, shall commence or prosecute against any of the  
8 Defendants, any action or proceeding in any court or tribunal asserting any of the Released  
9 Claims.

10 It is **SO ORDERED**.

11 Dated: November 30, 2017



12  
13 Hon. Cathy Ann Bencivengo  
14 United States District Judge  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

# EXHIBIT A-1

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

TODD SCHUENEMAN, on behalf of  
himself and all others similarly situated,

Plaintiff,

v.

ARENA PHARMACEUTICALS, INC.,  
JACK LIEF, ROBERT E. HOFFMAN,  
DOMINIC P. BEHAN, WILLIAM R.  
SHANAHAN, and CHRISTY  
ANDERSON,

Defendants.

Case No. 3:10-cv-01959-CAB (BLM)

CONSOLIDATED CLASS ACTION

**NOTICE OF PENDENCY AND  
PROPOSED SETTLEMENT OF  
CLASS ACTION**

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT  
OF CLASS ACTION**

**IF YOU PURCHASED THE COMMON STOCK OF ARENA  
PHARMACEUTICALS, INC. (“ARENA” OR THE “COMPANY”) FROM  
MARCH 17, 2008 THROUGH JANUARY 27, 2011, INCLUSIVE, YOUR  
RIGHTS ARE AFFECTED AND YOU COULD RECEIVE A PAYMENT  
FROM THE PROPOSED CLASS ACTION SETTLEMENT.**

*A Federal Court authorized this notice. This is not a solicitation from a lawyer.  
This is not a notice that you have been sued.*

- This settlement (the “Settlement”) will provide \$12,025,000 in cash, plus interest, and Arena common stock with a value of \$11,975,000 (“Settlement Shares”) (Arena has the option to pay all or part of the Settlement Shares in cash at the time Arena is to issue the Settlement Shares), for a total settlement value of \$24 million, to pay claims from investors who (i) purchased Arena

Case No. 3:10-cv-01959-CAB (BLM)

1 common stock from March 17, 2008 through January 27, 2011, inclusive  
2 (the “Class Period”), and were damaged thereby. Depending on the number  
3 of eligible shares purchased by investors who elect to participate in the  
4 Settlement, and when those shares were purchased and sold, the average  
distribution is estimated to be \$0.13 per damaged share before deduction of  
Court-approved fees and expenses described below. A further description  
of the Plan of Allocation is on pages 18 to 25 below.<sup>1</sup>

- 5 • The Settlement, subject to court approval, resolves class action claims  
6 alleging that Arena and certain of its former officers and directors violated  
7 the federal securities laws by making false or misleading statements and  
8 failing to disclose material facts.
- 9 • For Lead Plaintiff, the principal reason for the Settlement is the benefit to be  
10 provided to the Settlement Class now, while avoiding the costs and risks to  
11 you and the Settlement Class from continuing with litigation. Lead Plaintiff  
12 conducted a substantial investigation and discovery into the facts of the case  
13 prior to reaching the Settlement, and considered the risks of proving liability  
14 and damages, in addition to the further risk that a later judgment may not be  
15 as large as the Settlement amount. For Defendants, the principal reason for  
16 the Settlement is to eliminate the expense, risks, and uncertainty of continued  
17 litigation.
- 18 • If the Settlement is approved by the Court, the Court-appointed lawyers for  
19 Settlement Class Members, Kaplan Fox & Kilsheimer LLP will apply to the  
20 Court for an award of attorneys’ fees, not to exceed 30% percent of the  
21 Settlement Fund, and for reimbursement of expenses not to exceed  
22 \$350,000.00 incurred in investigating the facts, prosecuting the case, and  
23 negotiating the Settlement. In addition, Lead Plaintiff may seek  
24 reimbursement in an amount not to exceed \$25,000.00 for reasonable costs  
25 and expenses in connection with his representation of the Class. These  
26 payments, if approved, will come out of the \$24 million Settlement Fund,  
and are estimated to be an average of \$0.04 per damaged share.
- 27 • Lead Plaintiff and the Defendants do not agree on the average amount of  
28 damages per share that would be recoverable if the Lead Plaintiff were to  
have prevailed on each claim alleged. The issues on which the parties  
disagree include: (1) whether the Defendants violated the federal securities  
laws; (2) whether the alleged federal securities laws’ violations actually  
caused any damage to investors; and (3) whether the allegedly false or  
misleading statements and omissions caused the price of Arena’s common  
stock to be artificially inflated during the Class Period, and if so, the amount  
by which Arena’s common stock was allegedly artificially inflated (if at all)  
during the Class Period.
- If you are a Settlement Class Member (as the term is defined below), your  
legal rights are affected by the Settlement, regardless of whether you act or  
do not act. Read this notice carefully.

---

<sup>1</sup> Capitalized terms that are not defined in this Notice are defined in the Stipulation and Agreement of Settlement dated November 3, 2017, which is available at [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com).

- 1 • If you have questions about the proposed Settlement, or would like further information about the lawsuit, you may contact Lead Counsel at:

2  
3 Jeffrey P. Campisi  
KAPLAN FOX & KILSHEIMER LLP  
4 850 Third Avenue; 14<sup>th</sup> Floor  
New York, NY 10022  
5 (212) 687-1980  
(800) 290-1952  
6 jcampisi@kaplanfox.com  
www.kaplanfox.com

- 7 • You can also visit the following website, which has information specifically about the Settlement, including the Stipulation and Agreement of Settlement, forms, and key dates: [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com). You can obtain additional documents in person by visiting the office of the Clerk of the Court for the United States District Court for the Southern District of California, 333 West Broadway, Suite 420, San Diego, CA 92101, between 8:30 a.m. and 4:30 p.m., Monday through Friday, excluding Court holidays.

12 **YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:**

13 **SUBMIT A CLAIM FORM:** The only way to possibly receive a payment from the Settlement.

14 **Deadline:** \_\_\_\_\_, 2018.

15 **EXCLUDE YOURSELF:** You get no payment from the Settlement. This is the only option that might allow you to bring an individual lawsuit against the defendants asserting the legal claims being released in this case, if you have a valid and timely claim.

16 **Deadline:** \_\_\_\_\_, 2018.

17 **OBJECT:** You may write to the Court if you do not like this Settlement, the Plan of Allocation, the Fee and Expense Award requested by Lead Counsel, and/or the award requested by Lead Plaintiff.

18 **Deadline:** \_\_\_\_\_, 2018.

19 **GO TO A HEARING:** You may ask to speak in Court about the fairness of the Settlement.

20 **Hearing Date:** \_\_\_\_\_, 2018.

21 **DO NOTHING:** You get no payment and give up your rights relating to the claims described in this Notice.

- 22 • These rights and options *and the deadlines to exercise them* are explained in this Notice.
- 23 • The Court in charge of the lawsuit must decide whether to approve the Settlement. If approved, payments will be made to claimants from the

1 Settlement Fund after the Effective Date, *i.e.*, after the Court approves  
2 the Settlement and enters judgment, and after all appeals and  
subsequent proceedings (if any) are resolved.

3 **WHAT THIS NOTICE CONTAINS**

4 **BASIC INFORMATION** ..... **Page**

- 5 1. Why did I get this Notice package? .....
- 6 2. What is this lawsuit about?.....
- 3. What is a class action?.....
- 4. Why is there a Settlement?.....

7 **WHO IS INCLUDED IN THE SETTLEMENT?** ..... **Page**

- 8 5. How do I know if I am a Settlement Class Member?.....
- 9 6. Are there any exceptions to being included as a Settlement Class Member?..
- 7. I am still not sure if I'm included.....

10 **THE SETTLEMENT BENEFITS** ..... **Page**

- 11 8. What does the Settlement provide?.....
- 9. How much will my payment be?.....
- 12 10. How can I get a payment?.....
- 11. When will I receive my payment?.....
- 13 12. What am I giving up to get a payment or stay in the Class?.....

14 **EXCLUDING YOURSELF FROM THE SETTLEMENT** ..... **Page**

- 15 13. How do I exclude myself from the Settlement?.....
- 14. If I don't exclude myself, can I sue defendants for the same things later?.....
- 16 15. If I exclude myself, can I get money from this Settlement? .....

17 **THE LAWYERS REPRESENTING YOU** ..... **Page**

- 18 16. Do I have a lawyer in this case?.....
- 17. How will the lawyers be paid? .....

19 **THE COURT'S SETTLEMENT HEARING** ..... **Page**

- 20 18. When and where will the Court decide whether to approve the Settlement?..
- 21 19. Do I have to come to the hearing?.....

22 **OBJECTING TO THE SETTLEMENT** ..... **Page**

- 23 20. How do I tell the Court that I do not like the Settlement? .....
- 21. What's the difference between objecting and excluding? .....

24 **IF YOU DO NOTHING** ..... **Page**

- 25 22. What happens if I do nothing at all? .....

26 **OBTAINING MORE INFORMATION** ..... **Page**

- 27 23. Are there more details about the Settlement? .....

28

1	<b><u>SPECIAL NOTICE TO NOMINEES</u></b> .....	<b><u>Page</u></b>
2	24. Special Notice to Banks, Trustees, Brokerage Firms or Other Nominees.....	
3	25. Understanding Your Payment – The Plan of Allocation .....	

**1. Why did I get this Notice package?**

You or someone in your family may have purchased Arena common stock during the Class Period.

The Court caused this Notice to be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, a hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, a claims administrator appointed by the Court will make the payments that the Settlement allows.

This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. It is not an expression of any opinion by the Court with respect to the truth of the allegations of the litigation or the merits of the claims or defenses asserted.

The Court in charge of the lawsuit is the United States District Court for the Southern District of California, and the case is known as *Schueneman v. Arena Pharmaceuticals, Inc., et al.*, Case No. 10-cv-1959-CAB-BLM. The Honorable Cathy Ann Bencivengo is the Judge in charge of this class action (the “Court”).

**2. What is this lawsuit about?**

The lawsuit is a class action that alleges violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) (15 U.S.C. § 78j) and Rule 10b-5 promulgated thereunder (17 C.F.R. 240), and a violation of Section 20(a) of the Exchange Act against the Individual Defendants. 15 U.S.C. § 78t(a) against Arena Pharmaceuticals, Inc. (“Arena” or the “Company”); Jack Lief, Arena’s former President, CEO and Chairman; Robert E. Hoffman, Arena’s former CFO; Dominic P. Behan, Arena’s former Senior Vice President and Chief Scientific Officer; William R. Shanahan, Jr., Arena’s former Senior Vice President and Chief Medical Officer; and Christen Anderson, Arena’s former Vice President of Clinical Development. Defendants Lief, Hoffman, Behan, Shanahan and Anderson are referred to as the “Individual Defendants.”

Lead Plaintiff alleges that Defendants misled Arena investors about Arena’s development of a new drug for weight loss, lorcaserin, by failing to disclose that a mandatory long-term animal carcinogenicity study (the “Rat Study”) suggested that lorcaserin causes cancer in rats.

This litigation began in September 2010, and on August 8, 2011, pursuant to the Private Securities Litigation Reform Act of 1995 (“PSLRA”), the Court consolidated seven class actions under the caption *Schueneman v. Arena Pharmaceuticals, Inc., et al.* 10-cv-1959 (S.D. Cal.), appointed Carl Schwartz

1 as Lead Plaintiff (“Lead Plaintiff” or “Plaintiff”) for the proposed class, and  
2 approved Lead Plaintiff’s choice of the law firm Kaplan Fox & Kilsheimer LLP  
3 (“Kaplan Fox” or “Lead Counsel”) as Lead Counsel for Lead Plaintiff and the  
4 proposed class.

5 On November 1, 2011, Plaintiff filed a Consolidated Amended Class Action  
6 Complaint for Violations of the Federal Securities Laws (“FAC”). On  
7 December 20, 2011, Defendants moved to dismiss the FAC and Plaintiff  
8 opposed Defendants’ motion to dismiss. On March 28, 2013, the Court  
9 dismissed, without prejudice, the FAC for failure to adequately allege the  
10 scienter element of a Section 10(b) claim.

11 On May 13, 2013, Plaintiff filed the Second Consolidated Amended Class  
12 Action Complaint (“Complaint”). On June 14, 2013, Defendants filed a motion  
13 to dismiss the Complaint, arguing that Plaintiff failed to allege particularized  
14 facts sufficient to show that any challenged statement was false or misleading  
15 when it was made, that Arena’s forward-looking statements were protected by  
16 the Safe Harbor provisions of the PSLRA, and that the Complaint failed to plead  
17 specific facts establishing a strong inference of scienter. Plaintiff opposed  
18 Defendants’ motion to dismiss, arguing that the Complaint adequately alleged  
19 each element of the claims asserted. The Court held oral argument on  
20 Defendants’ motion to dismiss the Complaint on October 25, 2013.

21 On November 4, 2013, the Court dismissed the Complaint, again finding that it  
22 “fail[ed] to meet the Ninth Circuit’s pleading requirements for scienter” and  
23 essentially holding that the case involved a scientific dispute between Arena  
24 and the FDA regarding the safety of lorcasearin. The Court invited a proposed  
25 Third Amended Complaint (“TAC”) to give Plaintiff the opportunity to plead  
26 facts to “show this case to be about more than a difference of scientific opinion.”  
27 Plaintiff moved for leave to amend and submitted the TAC. On March 20,  
28 2014, the Court denied leave to amend, finding that amendment would be futile.  
Final judgment was entered against Plaintiff on March 20, 2014.

Plaintiff appealed Court’s dismissal with prejudice of the Complaint to the  
United States Court of Appeals for the Ninth Circuit (“Ninth Circuit”).

On October 26, 2016, the Ninth Circuit reversed the dismissal and remanded  
the matter to the district court. *Schueneman v. Arena Pharms., Inc.*, 840 F.3d  
698 (9th Cir. 2016).

After the Ninth Circuit reversed the dismissal of the Complaint, Defendants  
filed a Petition for Panel Rehearing and a suggestion for Rehearing *En Banc*.  
*See Schueneman v. Arena Pharms, et al.*, No. 14-55633 (9th Cir.) (filed  
Nov. 23, 2016). On January 10, 2017, the Ninth Circuit denied Defendants’  
motion for rehearing and rehearing *en banc*. *Schueneman v. Arena Pharms, et*  
*al.*, No. 14-55633 (9th Cir.).

After the Action was remanded to the district court, on February 2, 2017,  
Defendants filed a Renewed Motion to Dismiss the Complaint that asserted that  
the Complaint failed to adequately allege falsity. On February 23, 2017,  
Plaintiff filed an opposition to Defendants’ renewed motion to dismiss. On  
April 28, 2017, the Court denied Defendants’ motion in its entirety.

1 On May 2, 2017, a Scheduling Order Regulating Discovery and Other Pre-Trial  
2 Proceedings was entered. On May 12, 2017, Defendants answered the  
Complaint, asserting 18 affirmative defenses.

3 Plaintiff served a comprehensive set of requests for production of documents  
4 (“RFPs”), and two sets of interrogatories. On May 26, 2017, Defendants  
5 responded to Plaintiff’s RFPs and on June 7 and 19, 2017, Defendants objected  
6 to and answered certain of Plaintiff’s interrogatories.

7 On May 18, 2017, Defendants served their First Set of Requests for Production  
8 of Documents and their First Set of Interrogatories on Plaintiff. On June 20,  
2017, Plaintiff served Objections and Responses to Defendants’ First Set of  
9 Requests for Production of Documents and First Set of Interrogatories. On July  
10 14, 2017, Plaintiff produced documents in response to Defendants’ First Set of  
11 Requests for Production of Documents.

12 Since May 2017, the parties have engaged in extensive discovery, including the  
13 production or review of millions of pages of documents, including Arena’s New  
14 Drug Application, Investigational New Drug Application, Arena’s  
15 correspondence file with the U.S. Food and Drug Administration, minutes and  
16 materials from the Company’s board of director’s meetings, as well as  
17 Documents and Electronically Stored Information from 16 Arena custodians.  
18 Plaintiff also served non-party subpoenas for documents on approximately 40  
19 non-parties who collectively produced thousands of documents.

20 During the Action, the parties engaged the services of retired U.S. District  
21 Judge Layn R. Phillips to assist them in mediation. The parties engaged in a  
22 face-to-face mediation session on August 1, 2017. The parties were unable to  
23 settle the case. Following further arms-length negotiations by telephone and in  
24 writing with the assistance of Judge Phillips, Plaintiff and the Defendants  
25 accepted the mediator’s proposal and agreed to a settlement (the “Settlement”)  
26 of the Action.

27 The proposed Settlement would resolve all claims against Defendants.

28

**3. What is a class action?**

In a class action under the federal securities laws, the Lead Plaintiff sues on behalf of numerous persons who have similar claims. The Lead Plaintiff acts as the representative of the class of similarly situated persons. All persons with similar claims constitute a Class, and each one is a Class Member. The Court will resolve the claims of all Settlement Class Members, except for those who properly exclude themselves from the Settlement Class.

**4. Why is there a Settlement?**

The proposed Settlement is the result of arm’s-length negotiations, including a full day mediation on August 1, 2017 under the auspices of an experienced mediator. The Settlement allows Plaintiff and the Settlement Class to avoid the possibility that one or more of their claims would be rejected by the Court or the jury, and also avoids the risks and costs of a trial and possible appeals.

1 Settlement Class Members who, in accordance with the Plan of Allocation, lost  
2 money will get some compensation.

3 Lead Counsel has investigated and litigated the claims since September 2010.  
4 At the time the Settlement was reached, Lead Counsel also had the benefit of a  
5 substantial amount of fact discovery provided by Defendants, as well as several  
6 non-parties. Lead Counsel also retained experienced financial experts and  
7 experts in toxicology and preclinical or animal studies to assist them.

8 If Plaintiff proceeded to trial, he faced the risk that the Defendants would  
9 prevail on the defenses they asserted and that Plaintiff would not win on any of  
10 the claims. Even if Plaintiff had won at trial, he may not get any more money  
11 than the \$24 million that Arena has agreed to pay in the Settlement, and the  
12 Defendants would also be able to challenge the judgment through appeals.

13 As a result, and based upon their factual investigation, discovery conducted to  
14 date, consultation with experts and evaluation of the claims of the Settlement  
15 Class Members and defenses that Defendants asserted, Plaintiff and Lead  
16 Counsel believe that the Settlement is fair, reasonable and adequate, and in the  
17 best interests of the Class. The Settlement provides an immediate and certain  
18 recovery without incurring any additional risk. By settling, Plaintiff and the  
19 Settlement Class avoid the cost, uncertainty, and delay of continued litigation.

20 The Defendants believe the Settlement is fair because it allows the Defendants  
21 to avoid the cost and distraction of continued litigation and the risk of losing at  
22 trial or on appeal.

23 **WHO IS INCLUDED IN THE SETTLEMENT**

24 **5. How do I know if I am a Settlement Class Member?**

25 Everyone who fits the following description is a Settlement Class Member:

26 all Persons who purchased Arena common stock between March 17, 2008 to  
27 January 27, 2011, inclusive, and were damaged thereby, excluding anyone  
28 named as a defendant in the Action including the Company; members of the  
immediate family of the Individual Defendants; Arena's directors and  
officers; any entity in which any Defendant has a controlling interest; and the  
legal representatives, heirs, successor, and assigns of such excluded parties.  
Also excluded are those Persons who timely and validly request exclusion  
from the Settlement Class pursuant to the Notice.

29 **6. Are there any exceptions to being included as a Settlement Class  
30 Member?**

31 Yes. As mentioned in the description above, you are not a Settlement Class  
32 Member if any of the following applies to you:

- 33  You do not meet the definition of the Class above.

- 1         You are a Defendant, or members of the immediate family of the
- 2            Individual Defendants, one of Arena’s directors and officers, an any
- 3            entity in which any Defendant has a controlling interest, or are the legal
- 4            representatives, heirs, successor, and assigns of such excluded parties.
- 5         You timely and validly request exclusion from the Class pursuant to
- 6            this Notice.

**7. I’m still not sure whether I’m included.**

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator at (877) 981-9683 or you can fill out the claim form described in question 10, to see if you qualify. You can also contact Lead Counsel at the following address:

Jeffrey P. Campisi  
 KAPLAN FOX & KILSHEIMER LLP  
 850 Third Avenue; 14<sup>th</sup> Floor  
 New York, NY 10022  
 Phone: (212) 687-1980 or (800) 290-1952  
 Facsimile: (212) 687-7714  
 jcampisi@kaplanfox.com  
 www.kaplanfox.com

**THE SETTLEMENT BENEFITS**

**8. What does the Settlement provide?**

Arena caused \$12,025,000 to be paid into an escrow account that is earning interest for the benefit of the Settlement Class, and Arena will issue common stock with a value of \$11,075,000 (Arena has the option to pay all or part of the Settlement Shares in cash at the time Arena is to issue the Settlement Shares) upon Final approval of the Settlement, for a total value of \$24 million. The balance of this fund, after payment of Court-approved attorneys’ fees and expenses, any award to Plaintiff, taxes, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice, will be divided among all Settlement Class Members who submit valid claim forms (also called Authorized Claimants). The amount of money you will receive depends on a number of factors, including the total number of other Settlement Class Members who submit valid Proof of Claim and Release forms. This is discussed further in the next question below.

**9. How much will my payment be?**

The Settlement Amount of \$24 million, plus interest earned, minus the costs and expenses described in question 8 above, will be distributed on a pro rata basis to Authorized Claimants. If you are entitled to a payment, you will receive your pro rata share. The amount of your share of the Settlement Fund will depend on the number of valid and timely Proof of Claim and Release forms that Settlement Class Members send in, how many shares of Arena common

1 stock you purchased during the Class Period, and when you bought and sold  
2 those shares. You should look at the Plan of Allocation section of this notice  
3 that appears on pages 18 to 25 below for a description of the calculations to be  
4 made in computing the claims of the Authorized Claimants, that is, those  
investors who submit valid and timely Proof of Claim and Release forms  
establishing that they are Settlement Class Members.

5 Depending on the number of Authorized Claimants, and the number of eligible  
6 shares purchased by Authorized Claimants and when those shares were  
7 purchased and sold, the average distribution is estimated to be \$0.13 per  
8 damaged share before deduction of the costs and Court-approved payments  
described under question 8 above.

9 Lead Counsel, without further notice to the Settlement Class, will apply to the  
10 Court for payment of the Claims Administrator’s fees and expenses incurred in  
11 sending this Notice, administering the Settlement and distributing the  
12 Settlement proceeds to the Authorized Claimants. These fees and expenses will  
13 be paid from the Settlement Fund and will reduce the amount available for  
14 distribution to Authorized Claimants. The same will be true of Court-awarded  
15 attorneys’ fees and expenses to Lead Counsel, and any Court award to Plaintiff.  
16 Lead Counsel’s request for attorneys’ fees and costs, Lead Plaintiff’s award  
17 are discussed further at question 17 below.

**10. How can I get a payment?**

18 To qualify for payment, you must timely send in a Proof of Claim and Release  
19 form that is received by the Claims Administrator. A Proof of Claim and  
20 Release form is attached to this Notice. Read the instructions carefully, fill out  
21 the form, include all the documents the form asks for, sign it, and mail it  
22 postmarked no later than \_\_\_\_\_, 2018. Unless the Court orders otherwise,  
23 if you do not timely submit a Proof of Claim and Release, you will be barred  
24 from receiving any payments from the Net Settlement Fund, but will in all other  
25 respects be bound by the Final Judgment in the case.

**11. When will I receive my payment?**

26 The Court will hold a hearing on \_\_\_\_\_, 2018, to decide  
27 whether to approve the Settlement. If the Court approves the Settlement, there  
28 may be appeals. If there are any appeals, it is uncertain when these appeals will  
be resolved, and resolving them can take time, typically more than a year. The  
Claims Administrator will also need time to process the submitted claims before  
any distribution can be made to Authorized Claimants. The claims  
administration process is complicated and will take many months, even when  
there is no delay due to an appeal. Please be patient.

**12. What am I giving up to get a payment and stay in the Settlement Class?**

If you are a member of the Settlement Class, unless you exclude yourself, you  
will give up and release any claims you might have against the Released

1 Persons relating to any of the claims brought by Plaintiff, as described more  
2 fully below. It also means that all of the Court's orders will apply to you and  
3 legally bind you. This will be true even if you do not submit or sign a Proof of  
Claim and Release form, unless you exclude yourself from the Settlement  
Class.

4 If the proposed Settlement is approved, the Court will enter a Final Judgment  
5 and Order of Dismissal with Prejudice. The Judgment will dismiss the Released  
6 Claims with prejudice as to all Released Persons. The Judgment will provide  
7 that all Settlement Class Members shall be deemed to have released and forever  
8 discharged all Released Claims against all Released Persons and that the  
Released Persons shall be deemed to have released and discharged all  
Settlement Class Members and counsel to the Plaintiff from all claims arising  
out of the prosecution and settlement of the Action or the Released Claims.

9 "Released Persons" means each and all of the Defendants and each and all of  
their Related Persons.

10 "Related Persons" means each of the Released Persons' and their legal  
11 affiliates' past or present directors, officers, employees, partners, insurers, co-  
12 insurers, reinsurers, principals, controlling shareholders, attorneys,  
13 accountants, auditors, investment advisors, personal or legal representatives,  
predecessors, successors, parents, subsidiaries, divisions, joint ventures,  
14 assigns, spouses, heirs, estates, related or affiliated entities, any entity in which  
a Released Person has a controlling interest, any members of an Individual  
Defendant's immediate family, any trust of which an Individual Defendant is  
the settlor or which is for the benefit of an Individual Defendant and/or any  
15 member of an Individual Defendant's immediate family, and any entity in  
which a Defendant and/or any member of an Individual Defendant's immediate  
family has or have a controlling interest (directly or indirectly).

16 "Released Claims" means any and all claims, demands, rights, causes of action  
17 or liabilities of every nature and description whatsoever (including, but not  
18 limited to, any claims for damages, interest, attorneys' fees, expert or consulting  
19 fees, and any other costs, expenses or liabilities whatsoever), whether based on  
federal, state, local, foreign, statutory or common law or any other law, rule,  
ordinance, administrative provision or regulation, including Unknown Claims  
as defined in ¶ 1.30 of the Stipulation, whether class or individual in nature,  
20 whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated,  
at law or in equity, matured or unmatured, concealed or hidden, suspected or  
21 unsuspected, which now exist or heretofore have existed, that were asserted or  
could have been asserted by Lead Plaintiff or any Settlement Class Member  
22 against the Released Persons based on, arising from or relating to both: (i) the  
purchase, acquisition, holding, disposition, or sale of Arena common stock  
23 during the Class Period; and (ii) the allegations, transactions, facts, matters,  
events, disclosures, registration statements, public filings, acts, occurrences,  
24 representations, statements, omissions or failures to act that occurred during the  
Class Period and that were or could have been alleged by Lead Plaintiff in the  
25 Action against the Released Persons based upon the facts alleged in the  
Complaint. Released Claims does not include claims to enforce the Settlement.

26 "Unknown Claims" means collectively any Released Claims which Lead  
27 Plaintiff or any Settlement Class Member do not know or suspect to exist in his,  
her or its favor at the time of the release of the Released Persons which, if  
28 known by him, her or it, might have affected his, her or its settlement with and

1 release of the Released Persons, or might have affected his, her or its decision  
2 not to object to this Settlement or seek exclusion from the Settlement Class.  
3 With respect to any and all Released Claims, the Settling Parties stipulate and  
4 agree that, upon the Effective Date, Lead Plaintiff shall expressly waive and  
each of the Class Members shall be deemed to have, and by operation of the  
Judgment shall have, expressly waived the provisions, rights, and benefits of  
California Civil Code §1542, which provides:

5 A general release does not extend to claims which the creditor  
6 does not know or suspect to exist in his or her favor at the time  
7 of executing the release, which if known by him or her must have  
materially affected his or her settlement with the debtor.

8 Lead Plaintiff shall expressly waive and each of the Settlement Class Members  
9 shall be deemed to have, and by operation of the Judgment shall have, expressly  
10 waived any and all provisions, rights, and benefits conferred by any law of any  
11 state or territory of the United States or any foreign country, or any principle of  
12 common law, which is similar, comparable or equivalent in substance to  
13 California Civil Code §1542. Lead Plaintiff and Settlement Class Members  
14 may hereafter discover facts in addition to or different from those which he, she  
15 or it now knows or believes to be true with respect to the subject matter of the  
16 Released Claims, but upon the Effective Date, each Settlement Class Member,  
17 and Lead Plaintiff expressly, shall be deemed to have, and by operation of the  
18 Judgment shall have, fully, finally, and forever settled and released any and all  
19 Released Claims, known or unknown, suspected or unsuspected, contingent or  
20 non-contingent, whether or not concealed or hidden, which now exist, or  
21 heretofore have existed, upon any theory of law or equity now existing or  
22 coming into existence in the future, including, but not limited to, conduct which  
23 is negligent, intentional, with or without malice, or a breach of any duty, law or  
24 rule, without regard to the subsequent discovery or existence of such different  
25 or additional facts. Lead Plaintiff acknowledges, and the Settlement Class  
26 Members shall be deemed by operation of the Judgment to have acknowledged,  
27 that the foregoing waiver was separately bargained for and a material element  
28 of the Settlement of which this release is a part.

### 19 **EXCLUDING YOURSELF FROM THE SETTLEMENT**

20 If you do not want to be bound by the Judgment or recover money from the  
21 Settlement Fund, and instead want to keep any claims you may have and any right  
22 you may have to sue Defendants on your own about the legal issues in this case, then  
you must take steps to get out. This is called excluding yourself from – or opting  
out of – the Settlement Class.

23 Please note that there is a separate confidential supplemental agreement between  
24 Plaintiff and Arena (the “Side Letter”). If, as specified in the Side Letter, the number  
25 of shares of Arena common stock purchased during the Class Period by Settlement  
26 Class Members, but who request exclusion from the Settlement Class, exceeds the  
27 threshold(s) specified in the Side Letter, Arena will have the option to terminate this  
28 Settlement in accordance with the procedures set forth in the Side Letter.

1 **13. How do I exclude myself from the Settlement?**

2  
3 If you do not wish to be included in the Settlement Class and you do not wish  
4 to participate in the proposed Settlement described in this Notice, you may  
5 request to be excluded. To do so, you must submit a written request for  
6 exclusion that must be received on or before \_\_\_\_\_, 2018 and must: (a) state  
7 the name, address, and telephone number of the Person(s) requesting exclusion;  
8 (b) identify the Person’s purchases (or acquisitions) and sales of Arena common  
9 stock made during the Class Period, including the dates of purchase, acquisition  
10 or sale, prices paid or received, and the number of shares of common stock  
11 purchased and/or sold, and provide documentation evidencing your purchases  
12 of Arena common stock during this time period *such as* account statements,  
13 brokerage confirmations, or other similar documentation; (c) include the  
14 Person’s signature; and (d) state that the Person wishes to be excluded from the  
15 Settlement Class. No request will be considered valid unless all of the  
16 information described above is included in the request. The request must be  
17 addressed as follows:

18  
19 Schueneman v. Arena Pharmaceuticals, Inc.  
20 Request for Exclusion  
21 c/o GCG  
22 P.O. Box 10526  
23 Dublin, OH 43017-0526

24 You cannot exclude yourself by phone or by e-mail.

25 **If you ask to be excluded from the Settlement Class, you will not get any  
26 settlement payment.** If you exclude yourself, you will not be legally bound by  
27 anything that happens in this lawsuit. You might be able to sue (or continue to  
28 sue) Arena and the other Defendants in the future about the claims in this  
lawsuit, but your claims may not be timely, valid, or you may not prevail on the  
merits.

1 **14. If I don’t exclude myself, can I sue Defendants for the same things later?**

2 No. Unless you exclude yourself, you give up any right to sue Defendants about  
3 the claims that this Settlement resolves. If you have a pending lawsuit, speak  
4 to your lawyer in that case immediately. You must exclude yourself from *this*  
5 Settlement Class to continue or file any lawsuit alleging the same claims as are  
6 alleged herein. Remember, the exclusion deadline is \_\_\_\_\_, **2018**. *See also*  
7 *Question No. 12:* “What am I giving up to get a payment or stay in the  
8 Settlement Class?”

1 **15. If I exclude myself, can I get money from this Settlement?**

2 **NO.** If you exclude yourself, you will not be entitled to receive any money  
3 from the Settlement Fund. If you exclude yourself, do not send in a Proof of  
4 Claim and Release form to ask for any money.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## THE LAWYERS REPRESENTING YOU

### 16. Do I have a lawyer in this case?

The Court appointed Kaplan Fox to represent Plaintiff and the Settlement Class Members. This law firm is called Lead Counsel. You will not be individually charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

You can send any questions to Lead Counsel (contact information is set forth on page 3) or to the Claims Administrator at:

Schueneman v. Arena Pharmaceuticals, Inc.  
c/o GCG  
P.O. Box 10526  
Dublin, OH 43017-0526

[www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com)

### 17. How will the lawyers be paid?

Lead Counsel will apply to the Court for attorneys’ fees not to exceed 30% of the Settlement Amount and for reimbursement of their out-of-pocket expenses not to exceed \$350,000.00. In addition, Plaintiff may seek reimbursement in an amount not to exceed \$25,000.00 for reasonable costs and expenses (including lost wages) in connection with his representation of the Settlement Class in accordance with 15 U.S.C. § 78u-4(a)(4). These payments, if approved, will reduce the amount to be divided among all Authorized Claimants by approximately \$0.04 per damaged share. *Such sums as may be approved by the Court will be paid from the Settlement Fund.* Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys’ fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel have not been paid anything for their services for conducting this litigation on behalf of the Plaintiff and the Settlement Class nor for their substantial out-of-pocket expenses. The Court may, however, award less than this amount in its discretion.

## THE COURT’S SETTLEMENT HEARING

### 18. When and where will the Court decide whether to approve the Settlement?

The Court will hold a hearing at \_\_\_\_\_ on \_\_\_\_\_, 2018 before the Honorable Cathy Ann Bencivengo, United States District Judge, at the United States District Court for the Southern District of California, United States Courthouse – Courtroom 4C, 221 West Broadway, San Diego, CA 92101 (the “Final Settlement Approval Hearing”). At this hearing the Court will

1 consider whether the Settlement, the Plan of Allocation, Lead Counsel’s Fee  
2 and Expense Application, and Plaintiff’s application for an award are fair,  
3 reasonable, and adequate. If there are objections, the Court will hear them. Any  
4 Settlement Class Member who has not previously submitted a request for  
5 exclusion from the Settlement Class may appear and be heard, to the extent  
6 allowed by the Court, to state any objections.

7 The Court may reschedule the Settlement Hearing at any time, so if you plan to  
8 attend or participate, you should check with the Clerk of the Court to know  
9 whether there have been any changes of the place, date and time for the hearing.

10 **19. Do I have to come to the Settlement Hearing?**

11 No. Lead Counsel will answer questions the Judge may have. But you are  
12 welcome to come at your own expense, and the Court will give you the  
13 opportunity to be heard. If you send a written objection, the Court will consider  
14 it. You don’t have to come to Court to talk about it. You may also pay your  
15 own lawyer to attend, but it is not necessary. Information about sending a  
16 written objection is provided below.

17 If you or your representative intend to appear in person at the Final Settlement  
18 Approval Hearing but have not submitted a written objection postmarked by  
19 \_\_\_\_\_, 2018 (as described in Section 20 below), it is recommended that you  
20 give advance notice to Lead Counsel and/or counsel for Defendants of your  
21 intention to attend the hearing in order to object and the basis for your objection.  
22 You may contact them at the addresses provided in Section 20 below.

23 **OBJECTING TO THE SETTLEMENT**

24 **20. How do I tell the Court that I do not like the Settlement?**

25 If you are a Settlement Class Member and do not exclude yourself, you can  
26 object to the Settlement at the Final Settlement Approval Hearing if you do not  
27 like any part of it, including the terms and conditions of the Settlement, the  
28 Judgment to be entered approving the Settlement, the Plan of Allocation, the  
attorneys’ fees and expenses to be awarded to Lead Counsel, or the award to  
Plaintiff. Please note, however, that the Court can only approve or deny the  
Settlement; it cannot change the terms of the Settlement.

You can object in one of two ways: either (1) file a written objection with the  
Court, or (2) attend the Final Settlement Approval Hearing to object in person  
as described in Sections 18 and 19 above. You do not have to do both. If you  
do not either file a written objection on time, or attend the Final Settlement  
Approval Hearing to tell the Court about your objections, you **cannot** object to  
the Settlement later. Any objections you might have will be waived.

All written objections must be postmarked no later than  
\_\_\_\_\_, 2018, to the Court at the address listed  
below. The written objection is a statement saying that you object to the  
Settlement in *Schueneman v. Arena Pharmaceuticals, Inc., et al.*, 10-cv-1959-  
CAB (BLM). The objection should include: (a) the full name, address and

1 telephone number of the objecting Settlement Class Member, (b) the number of  
2 shares of Arena common stock the Settlement Class Member purchased from  
3 March 18, 2008 through January 27, 2011; (c) documentation evidencing your  
4 purchases of Arena common stock during this time period *such as* account  
5 statements, brokerage confirmations, or other similar documentation; (d) the  
6 reasons for the objection; (e) copies of any papers and briefs upon which your  
7 objections are based; and (f) your signature, even if represented by counsel.  
8 The objection should also advise the Court if the objecting Settlement Class  
9 Member intends to appear at the Settlement Hearing, and if the objecting  
10 Settlement Class Member intends to appear at the Settlement Hearing through  
11 an attorney, the objection should also state the identity of all attorneys who will  
12 appear at the Final Settlement Approval Hearing.

Please send your objections to the Settlement to:

Clerk of the Court  
United States District Court  
Southern District of California  
333 West Broadway, Suite 420  
San Diego, CA 92101

You may also file your objection in person at the United States District Court  
for the Southern District of California at the address above.

You do not need to go to the Final Settlement Approval Hearing to have your  
written objection considered by the Court. However, if you intend to appear at  
the Final Settlement Approval Hearing through an attorney, you will be  
responsible for paying for your attorney's costs and expenses.

**21. What's the difference between objecting and excluding?**

Objecting is simply telling the Court that you don't like something about the  
Settlement, the Plan of Allocation, or the Fee and Expense Application, or  
award to Plaintiff. Excluding yourself is telling the Court that you don't want  
to be part of the Settlement Class. If you exclude yourself, you have no basis  
to object because the Settlement no longer affects you.

If the Court approves the Settlement despite your objections, you are still bound  
by the Settlement.

**IF YOU DO NOTHING**

**22. What happens if I do nothing at all?**

If you do nothing, you will not receive any money from this Settlement, **but  
the judgment of the Court will still be binding upon you. You must file a  
Proof of Claim and Release** form to be eligible to receive anything from the  
Settlement. Also, unless you exclude yourself, you will be bound by the  
judgment and will have released the Released Claims against the Released  
Persons even if you do not file a Proof of Claim and Release. This means you

1 will not be able to start a lawsuit, continue with a lawsuit, or be part of any other  
2 lawsuit against the Defendants relating to the Released Claims.

3 **OBTAINING MORE INFORMATION**

4 **23. Are there more details about the Settlement?**

5 This Notice summarizes the most important aspects of the proposed Settlement,  
6 but it is not a complete description of the Settlement. You can get a copy of the  
7 Stipulation and Agreement of Settlement by writing to Lead Counsel at the  
addresses stated in item no. 7 above.

8 You can also call the Claims Administrator at **(877) 981-9683**, or contact it by  
9 mail or through its website at the address listed below in item no. 24 to find  
answers to common questions about the Settlement and obtain information  
10 about the status of the Settlement approval process.

11 You can also review a copy of the entire Stipulation and Agreement of  
12 Settlement and other documents filed in the Action during normal business  
hours at the office of the Clerk of the Court, United States District Court,  
13 Southern District of California, 333 West Broadway, Suite 420, San Diego, CA  
92101 (refer to Case No. 10-cv-1959).

14 **PLEASE DO NOT CALL THE COURT OR THE  
15 CLERK'S OFFICE ABOUT THIS SETTLEMENT.**

16 **SPECIAL NOTICE TO NOMINEES**

17 **24. Special Notice to Banks, Trustees, Brokerage Firms or Other Nominees**

18 Nominees who purchased the common stock of Arena for the beneficial interest  
19 of other Persons during the Class Period shall, within ten (10) calendar days  
20 after receipt of this Notice: (1) provide the Claims Administrator with the names  
and addresses of such beneficial owners; or (2) forward a copy of this Notice  
21 and the Proof of Claim and Release by First-Class Mail to each such beneficial  
owner and, provide the Claim Administrator and Lead Counsel with written  
22 confirmation that the Notice and Proof of Claim and Release have been so  
forwarded. Upon submission of appropriate documentation to the Claims  
23 Administrator, reimbursement of your reasonable costs and expenses of  
complying with this provision will be paid from the Settlement Fund in  
24 accordance with the provisions of the Stipulation, subject to further order of the  
Court with respect to any dispute concerning such expenses. Additional copies  
of this Notice may be obtained from the Claims Administrator by writing to:

25 Schueneman v. Arena Pharmaceuticals, Inc.  
26 c/o GCG  
P.O. Box 10526  
27 Dublin, OH 43017-0526

28 [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com)

1 **25. Understanding Your Payment - The Plan of Allocation**

2 Please note that the approval of the Settlement is separate from and not  
3 conditioned on the Court’s approval of the Plan of Allocation.

4 The Settlement Fund will be used to pay the Class Notice and Administration  
5 Expenses, the Taxes and Tax Expenses, the Fee and Expense Award to Lead Counsel  
6 (as approved by the Court), and any award to Plaintiff (as approved by the Court).  
7 The balance (the “Net Settlement Fund”) shall be distributed to Settlement Class  
8 Members who submit valid and timely Proof of Claim and Release forms.

9 The following proposed Plan of Allocation reflects the contention of the  
10 Settlement Class that because of Defendants’ alleged misstatements, the price of  
11 Arena common stock was inflated artificially during the Class Period, and that the  
12 stock price decreases on September 14, 15 and 17, 2010, and January 28, 2011  
13 resulted from disclosures of facts revealing Defendants’ alleged prior misstatements  
14 and omissions.

15 The Court has not made any finding that the Defendants are liable to the  
16 Settlement Class or that the Settlement Class has suffered any compensable  
17 damages, nor has the Court made any finding as to the measure of damages.

18 **PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT**  
19 **FUND AMONG SETTLEMENT CLASS MEMBERS**

20 The objective of this Plan of Allocation is to equitably distribute the Net  
21 Settlement Fund among Authorized Claimants based on their respective alleged  
22 economic losses as a result of the alleged fraud, as opposed to losses caused by  
23 market- or industry-wide factors, or Company-specific factors unrelated to the  
24 alleged fraud. The Claims Administrator shall determine each Authorized  
25 Claimant’s share of the Net Settlement Fund based upon the recognized loss formula  
26 (the “Recognized Loss”) described below. A Recognized Loss will be calculated  
27 for each share of Arena common stock purchased during the Class Period. The  
28 calculation of Recognized Loss will depend upon several factors, including when  
Arena common stock was purchased during the Class Period, and in what amounts,  
and whether such shares were sold, and if sold, when they were sold, and for what  
amounts. The Recognized Loss is not intended to estimate the amount a Settlement  
Class Member might have been able to recover after a trial, nor to estimate the  
amount that will be paid to Authorized Claimants pursuant to the Settlement. The  
Recognized Loss is the basis upon which the Net Settlement Fund will be  
proportionately allocated to the Authorized Claimants. The Claims Administrator  
will use its best efforts to administer and distribute the Net Settlement Fund to the  
extent that it is equitably and economically feasible.

The Plan of Allocation was created with the assistance of a consulting  
damages expert, and reflects the assumption that the price of Arena common stock  
was artificially inflated from March 17, 2008 through September 16, 2010, and from  
December 22, 2010 through January 27, 2011. The calculations made pursuant to  
the Plan of Allocation are generally based upon the measure of damages set forth in  
Section 10(b) of the Exchange and Rule 10b-5 promulgated thereunder by the  
Securities and Exchange Commission.

The estimated alleged artificial inflation in the price of Arena common stock  
is based on certain misrepresentations alleged by Plaintiff and the stock price

1 reaction to the public announcements that allegedly corrected the misrepresentations  
2 alleged by Plaintiff, net of market and industry effects, as well as Company-specific  
disclosures unrelated to the alleged fraud.

3 Federal securities laws allow investors to recover for losses caused by  
4 disclosures which corrected Defendants' previous alleged misleading statements or  
omissions. Thus, in order to have been damaged by the alleged violations of the  
5 federal securities laws, Arena common stock purchased must have been held during  
a period of time in which its price declined due to the disclosure of information  
6 which corrected an allegedly misleading statement or omission. Plaintiff and Lead  
Counsel have determined that such price declines occurred on September 14, 15 and  
7 17, 2010, and January 28, 2011 (the "Corrective Disclosures").

8 The "90-day look back" provision of the PSLRA is incorporated into the  
calculation of the Recognized Loss for Arena common stock. The limitations on the  
9 calculation of the Recognized Loss imposed by the PSLRA are applied such that  
losses on Arena common stock purchased from March 17, 2008 through September  
10 16, 2010, and held as of the close of the 90-day period subsequent to September 17,  
2010 Corrective Disclosure, or purchased from December 22, 2010 through January  
11 27, 2011 and held as of the close of the 90-day period subsequent to January 28,  
2011 Corrective Disclosure (the "90-Day Lookback Periods") cannot exceed the  
12 difference between the purchase price paid for such stock and the average price of  
Arena common stock during the applicable 90-Day Lookback Period. The  
13 Recognized Loss on Arena common stock purchased from March 17, 2008 through  
September 16, 2010 or from December 22, 2010 through January 27, 2011, and sold  
14 during the applicable 90-Day Lookback Period cannot exceed the difference  
between the purchase price paid for such stock and the rolling average price of Arena  
15 common stock during the portion of the applicable 90-Day Lookback Period elapsed  
as of the date of sale.

### 16 **Calculation of Recognized Loss Per Share of Arena Common Stock**

17 For each share of Arena common stock purchased during the Class Period, the  
Recognized Loss per share shall be calculated as described in what follows. In the  
18 calculations below, all purchase and sale prices shall exclude any fees, taxes and  
commissions. If a Recognized Loss amount is calculated to be a negative number,  
19 that Recognized Loss shall be set to zero.

#### 20 **1. For shares of Arena common stock purchased from March 17, 2008 through September 16, 2010:**

21 A. For shares sold from March 17, 2008 through September 13, 2010, the  
22 Recognized Loss shall be zero.

23 B. For shares sold from September 14 through 16, 2010, the Recognized Loss  
24 shall be that number of shares multiplied by the lesser of:

- 25 (1) the applicable purchase date artificial inflation per share figure less the  
applicable sales date artificial inflation per share figure, as found in  
26 Table A; or

- 1 (2) the Out of Pocket Loss.<sup>2</sup>
- 2 C. For shares sold from September 17, 2010 through December 15, 2010<sup>3</sup>, the
- 3 Recognized Loss shall be that number of shares multiplied by the lesser of:
- 4 (1) the applicable purchase date artificial inflation per share figure, as
- 5 (2) the purchase price of each such share (excluding all fees, taxes and
- 6 (3) the Out of Pocket Loss.
- 7 D. For shares held at the end of trading on December 15, 2010, the Recognized
- 8 Loss shall be that number of shares multiplied by the lesser of:
- 9 (1) the applicable purchase date artificial inflation per share figure, as
- 10 (2) the difference between the purchase/acquisition price of each such
- 11 (3) Out of Pocket Loss.
- 12 2. **For shares of common stock purchased from September 17, 2010**
- 13 **through December 21, 2010.**

13 Purchasers of Arena common stock from September 17, 2010 through  
14 December 21, 2010 purchased Arena common stock during a period when

15 <sup>2</sup> “Out of Pocket Loss” means the purchase/acquisition price of each such share  
16 (excluding all fees, taxes and commissions) less the sale/disposition price of each  
such share (excluding all fees, taxes and commissions).

17 <sup>3</sup> Section 21(D)(e)(2) of the PSLRA provides that “in any private action arising under  
18 this title in which the plaintiff seeks to establish damages by reference to the market  
19 price of a security, if the plaintiff sells or repurchases the subject security prior to  
20 the expiration of the 90-day period described in paragraph (1), the plaintiff’s  
21 damages shall not exceed the difference between the purchase or sale price paid or  
received, as appropriate, by the plaintiff for the security and the mean trading price  
of the security during the period beginning immediately after dissemination of  
information correcting the misstatement or omission and ending on the date on  
which the plaintiff sells or repurchases the security.”

22 <sup>4</sup> Section 21(D)(e)(1) of the PSLRA provides that “in any private action arising under  
23 this title in which the plaintiff seeks to establish damages by reference to the market  
24 price of a security, the award of damages to the plaintiff shall not exceed the  
25 difference between the purchase or sale price paid or received, as appropriate, by the  
26 plaintiff for the subject security and the mean trading price of that security during  
27 the 90-day period beginning on the date on which the information correcting the  
misstatement or omission that is the basis for the action is disseminated.” The mean  
(average) closing price of Arena common stock during the 90-day period beginning  
on September 17, 2010 and ending on December 15, 2010 was \$1.56 per share. The  
mean (average) closing price of Arena common stock during the 90-day period  
beginning on January 28, 2011 and ending on April 27, 2011 was \$1.49 per share.

1 Arena common stock was not alleged to have been inflated as a result of any  
 2 of Defendants' alleged misrepresentations. As a result, for shares purchased  
 3 from September 17 through December 21, 2010, the Recognized Loss shall  
 4 be zero.

5 **3. For shares of common stock purchased from December 22, 2010**  
 6 **through January 27, 2011.**

7 A. For shares sold from December 22, 2010 through January 27, 2011, the  
 8 Recognized Loss shall be zero.

9 B. For shares sold from January 28, 2011 through April 27, 2011<sup>3</sup>, the  
 10 Recognized Loss shall be that number of shares multiplied by the lesser of:

- 11 (1) \$0.32 per share;
- 12 (2) the purchase/acquisition price of each such share (excluding all fees,  
 13 taxes and commissions) less the average closing price from January 28,  
 14 2011 and the date of sale, as found in Table B; or
- 15 (3) the Out of Pocket Loss.

16 C. For shares held as of the close of trading on April 27, 2011, the Recognized  
 17 Loss shall be that number of shares multiplied by the lesser of:

- 18 (1) \$0.32 per share;
- 19 (2) the difference between purchase/acquisition price of each such share  
 20 (excluding all fees, taxes and commissions) and \$1.49<sup>4</sup>; or
- 21 (3) the Out of Pocket Loss.

22 **Table A**

Purchase or Sale Date Range	Artificial Inflation Per Share
03/17/2008 - 09/13/2010	\$4.85
09/14/2010	\$2.15
09/15/2010 – 09/16/2010	\$1.74

23 **Table B**

Date	Average Closing Price Between 9/17/2010 and Date		Average Closing Price Between 9/17/2010 and Date		Average Closing Price Between 01/28/2011 and Date		Average Closing Price Between 01/28/2011 and Date	
	Date		Date		Date		Date	
09/17/2010	\$1.99	11/02/2010	\$1.66	01/28/2011	\$1.63	03/15/2011	\$1.61	
09/20/2010	\$1.93	11/03/2010	\$1.65	01/31/2011	\$1.61	03/16/2011	\$1.60	
09/21/2010	\$1.88	11/04/2010	\$1.65	02/01/2011	\$1.63	03/17/2011	\$1.60	
09/22/2010	\$1.81	11/05/2010	\$1.65	02/02/2011	\$1.63	03/18/2011	\$1.59	
09/23/2010	\$1.79	11/08/2010	\$1.64	02/03/2011	\$1.63	03/21/2011	\$1.59	
09/24/2010	\$1.76	11/09/2010	\$1.64	02/04/2011	\$1.63	03/22/2011	\$1.59	
09/27/2010	\$1.73	11/10/2010	\$1.63	02/07/2011	\$1.64	03/23/2011	\$1.58	

1	09/28/2010	\$1.71	11/11/2010	\$1.63	02/08/2011	\$1.64	03/24/2011	\$1.58
	09/29/2010	\$1.70	11/12/2010	\$1.63	02/09/2011	\$1.65	03/25/2011	\$1.57
2	09/30/2010	\$1.69	11/15/2010	\$1.62	02/10/2011	\$1.65	03/28/2011	\$1.57
	10/01/2010	\$1.67	11/16/2010	\$1.62	02/11/2011	\$1.65	03/29/2011	\$1.57
3	10/04/2010	\$1.67	11/17/2010	\$1.61	02/14/2011	\$1.65	03/30/2011	\$1.57
	10/05/2010	\$1.68	11/18/2010	\$1.60	02/15/2011	\$1.65	03/31/2011	\$1.56
4	10/06/2010	\$1.68	11/19/2010	\$1.60	02/16/2011	\$1.65	04/01/2011	\$1.56
	10/07/2010	\$1.67	11/22/2010	\$1.59	02/17/2011	\$1.65	04/04/2011	\$1.55
5	10/08/2010	\$1.67	11/23/2010	\$1.59	02/18/2011	\$1.65	04/05/2011	\$1.55
	10/11/2010	\$1.68	11/24/2010	\$1.58	02/22/2011	\$1.65	04/06/2011	\$1.54
6	10/12/2010	\$1.69	11/26/2010	\$1.58	02/23/2011	\$1.64	04/07/2011	\$1.54
	10/13/2010	\$1.69	11/29/2010	\$1.58	02/24/2011	\$1.64	04/08/2011	\$1.54
7	10/14/2010	\$1.70	11/30/2010	\$1.57	02/25/2011	\$1.64	04/11/2011	\$1.53
	10/15/2010	\$1.70	12/01/2010	\$1.57	02/28/2011	\$1.64	04/12/2011	\$1.53
8	10/18/2010	\$1.70	12/02/2010	\$1.57	03/01/2011	\$1.64	04/13/2011	\$1.52
	10/19/2010	\$1.69	12/03/2010	\$1.56	03/02/2011	\$1.64	04/14/2011	\$1.52
9	10/20/2010	\$1.69	12/06/2010	\$1.56	03/03/2011	\$1.64	04/15/2011	\$1.52
	10/21/2010	\$1.68	12/07/2010	\$1.56	03/04/2011	\$1.63	04/18/2011	\$1.51
10	10/22/2010	\$1.68	12/08/2010	\$1.56	03/07/2011	\$1.63	04/19/2011	\$1.51
	10/25/2010	\$1.68	12/09/2010	\$1.56	03/08/2011	\$1.62	04/20/2011	\$1.50
11	10/26/2010	\$1.67	12/10/2010	\$1.56	03/09/2011	\$1.62	04/21/2011	\$1.50
	10/27/2010	\$1.67	12/13/2010	\$1.56	03/10/2011	\$1.62	04/25/2011	\$1.49
12	10/28/2010	\$1.67	12/14/2010	\$1.56	03/11/2011	\$1.61	04/26/2011	\$1.49
	10/29/2010	\$1.66	12/15/2010	\$1.56	03/14/2011	\$1.61	04/27/2011	\$1.49
13	11/01/2010	\$1.66						

**INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS**

The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of eligible common shares of Arena that participate in the Settlement, and when those shares were purchased and sold. The number of claimants who send in claims varies widely from case to case.

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

Acquisition by Gift, Inheritance, or Operation of Law: If a Settlement Class Member acquired Arena common stock during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent that Arena common stock was originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be deemed to be zero.

Notwithstanding any of the above, receipt of Arena common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Arena common stock.

For Class Members who made multiple purchases or sales during the Class Period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of Arena common stock during the Class Period will be matched, in chronological order, first against shares of common stock held at the beginning of the Class Period. The remaining sales of common stock during the Class Period will

1 then be matched, in chronological order, against common stock purchased during  
2 the Class Period.

3 The date of covering a “short sale” is deemed to be the date of purchase of  
4 shares. The date of a “short sale” is deemed to be the date of sale of shares. In  
5 accordance with the Plan of Allocation, however, the Recognized Loss on “short  
6 sales” is zero. In the event that a claimant has an opening short position in Arena  
7 common stock, the earliest Class Period purchases shall be matched against such  
8 opening short position and not be entitled to a recovery until that short position is  
9 fully covered.

10 With respect to Arena common stock purchased or sold through the exercise  
11 of an option, the purchase/sale date of the stock shall be the exercise date of the  
12 option and the purchase/sale price of the stock shall be the closing price of Arena  
13 common stock on the date of exercise of the option. Any Recognized Loss arising  
14 from purchases of Arena common stock acquired during the Class Period through  
15 the exercise of an option on Arena common stock<sup>5</sup> shall be computed as provided  
16 for other purchases of Arena common stock in the Plan of Allocation.

17 A Claimant’s “Recognized Claim” under the Plan of Allocation shall be the  
18 sum of his, her or its Recognized Loss amounts.

19 The Net Settlement Fund will be distributed to Authorized Claimants on a pro  
20 rata basis based on the relative size of their respective Recognized Claim.  
21 Specifically, a “Distribution Amount” will be calculated for each Authorized  
22 Claimant, which shall be the Authorized Claimant’s Recognized Claim divided by  
23 the total Recognized Claims of all Authorized Claimants, multiplied by the total  
24 amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution  
25 Amount calculates to less than \$10.00, it will not be included in the calculation and  
26 no distribution will be made to such Authorized Claimant.

27 To the extent a Claimant had a market gain with respect to his, her, or its  
28 overall transactions in Arena common stock during the Class Period, the value of the  
Claimant’s Recognized Claim shall be zero. Such Claimants shall in any event be  
bound by the Settlement. To the extent that a Claimant suffered an overall market  
loss with respect to his, her, or its overall transactions in Arena common stock during  
the Class Period, but that market loss was less than the total Recognized Claim  
calculated above, then the Claimant’s Recognized Claim shall be limited to the  
amount of the actual market loss.

For purposes of determining whether a Claimant had a market gain with  
respect to his, her, or its overall transactions in Arena common stock during the Class  
Period or suffered a market loss, the Claims Administrator shall determine the  
difference between (i) the Total Purchase Amount<sup>6</sup> and (ii) the sum of the Total Sales

<sup>5</sup> Including (1) purchases of Arena common stock as the result of the exercise of a  
call option, and (2) purchases of Arena common stock by the seller of a put option  
as a result of the buyer of such put option exercising that put option.

<sup>6</sup> The “Total Purchase Amount” is the total amount the Claimant paid (excluding  
commissions and other charges) for all Arena common stock purchased during the  
Class Period.

1 Proceeds<sup>7</sup> and Holding Value.<sup>8</sup> This difference shall be deemed a Claimant's market  
2 gain or loss with respect to his, her, or its overall transactions in Arena common  
stock during the Class Period.

3 Please contact the Claims Administrator or Lead Counsel if you disagree with  
4 any determinations made by the Claims Administrator regarding your Proof of  
Claim. The Court has reserved jurisdiction to allow, disallow, or adjust the claim of  
5 any Class Member on equitable grounds.

6 Payment pursuant to the Plan of Allocation set forth above shall be conclusive  
7 against all Authorized Claimants. Defendants, their respective counsel, and all other  
8 Released Persons will have no responsibility or liability whatsoever for the  
9 investment of the Settlement Fund, the distribution of the Net Settlement Fund, the  
10 Plan of Allocation or the payment of any claim. No Person shall have any claim  
11 against Plaintiff, Plaintiffs' Counsel, any claims administrator, or other Person  
12 designated by Plaintiff's counsel, or Defendants or Defendants' counsel based on  
13 distributions made substantially in accordance with the Stipulation and the  
Settlement contained therein, the Plan of Allocation, or further orders of the Court.

14 All Settlement Class Members who fail to complete and file a valid and timely  
15 Proof of Claim and Release shall be barred from participating in distributions from  
16 the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall  
17 be bound by all of the terms of the Stipulation, including the terms of any judgment  
18 entered and the releases given.

19 Distributions will be made to Authorized Claimants after all claims have been  
20 processed and after the Court has finally approved the Settlement. If any funds  
21 remain in the Net Settlement Fund by reason of uncashed distribution checks or  
22 otherwise, then, after the Claims Administrator has made reasonable and diligent  
23 efforts to have Class members who are entitled to participate in the distribution of  
24 the Net Settlement Fund cash their distributions, any balance remaining in the Net  
25 Settlement Fund after a reasonable time after the initial distribution, will be used in  
26 the following fashion: (a) first, to pay any amounts mistakenly omitted from the  
27 initial disbursement; (b) second, to pay any additional settlement administration fees,  
28 costs, and expenses, including those of Lead Counsel as may be approved by the  
Court; and (c) finally, to make a second distribution to claimants who cashed their  
checks from the initial distribution and who would receive at least \$10.00, after  
payment of the estimated costs, expenses, or fees to be incurred in administering the  
Net Settlement Fund and in making this second distribution, if such second  
distribution is economically feasible. These redistributions shall be repeated, if

22 <sup>7</sup> The Claims Administrator shall match any sales of Arena common stock during  
23 the Settlement Class Period, first against the Claimant's opening position in Arena  
24 common stock (the proceeds of those sales will not be considered for purposes of  
calculating market gains or losses). The total amount received (excluding  
25 commissions and other charges) for the remaining sales of Arena common stock sold  
26 during the Class Period shall be the "Total Sales Proceeds."

27 <sup>8</sup> The Claims Administrator shall ascribe a Holding Value of \$1.56 per share for  
28 Arena common stock purchased between March 17, 2008 and September 16, 2010  
and still held as of the close of trading on December 15, 2010, and shall ascribe a  
Holding Value of \$1.49 per share for Arena common stock purchased between  
December 22, 2010 and January 27, 2011 and still held as of the close of trading on  
April 27, 2011.

1 economically feasible, until the balance remaining in the Net Settlement Fund is *de*  
2 *minimis* and such remaining balance will then be donated to the Legal Aid Society  
3 of San Diego, Inc.

4 **DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

5 DATED: \_\_\_\_\_, 2017

6 BY ORDER OF THE COURT  
7 UNITED STATES DISTRICT COURT  
8 SOUTHERN DISTRICT OF CALIFORNIA

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

# EXHIBIT A-2

SAP

Must be  
Postmarked  
No Later Than  
\_\_\_\_\_ 2018

Schueneman v. Arena Pharmaceuticals, Inc.  
c/o GCG  
P.O. Box 10526  
Dublin, OH 43017-0526



Toll-Free: (877) 981-9683

Settlement Website: [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com)

Claim Number:

Control Number:

**PROOF OF CLAIM AND RELEASE**

IF YOU PURCHASED COMMON STOCK OF ARENA PHARMACEUTICALS, INC. ("ARENA") FROM MARCH 17, 2008 THROUGH JANUARY 27, 2011, INCLUSIVE, AND SUFFERED LOSSES AS A RESULT OF SUCH PURCHASE, YOU ARE A "SETTLEMENT CLASS MEMBER" AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION IN THE SETTLEMENT, YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE ("PROOF OF CLAIM") AND MAIL IT BY FIRST CLASS MAIL, POSTAGE PREPAID, **POSTMARKED NO LATER THAN \_\_\_\_\_, 2018**, TO THE CLAIMS ADMINISTRATOR, AT THE ADDRESS SET FORTH ABOVE.

YOUR FAILURE TO TIMELY SUBMIT A COMPLETED PROOF OF CLAIM WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

IF YOU ARE NOT A SETTLEMENT CLASS MEMBER, OR IF YOU FILED A REQUEST FOR EXCLUSION FROM THE SETTLEMENT CLASS, DO NOT SUBMIT A PROOF OF CLAIM. YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN THE SETTLEMENT IF YOU ARE NOT A SETTLEMENT CLASS MEMBER OR IF YOU SUBMIT A VALID AND TIMELY REQUEST FOR EXCLUSION.

Submission of this Form does not guarantee that you will share in the proceeds of the Settlement. Distribution of the Net Settlement Fund will be governed by the Plan of Allocation set forth in the Notice, if it is approved by the Court, or by such other plan of allocation as the Court approves.

**TABLE OF CONTENTS**

**PAGE NO.**

<b>PART I - CLAIMANT INFORMATION .....</b>	<b>3-4</b>
<b>PART II - SCHEDULE OF TRANSACTIONS .....</b>	<b>5</b>
<b>PART III - SUBSTITUTE FORM W-9 .....</b>	<b>6</b>
<b>PART IV - CERTIFICATION AND RELEASE .....</b>	<b>6-8</b>

**Important** - This form should be completed IN CAPITAL LETTERS using BLACK or DARK BLUE ballpoint/fountain pen. Characters and marks used should be similar in the style to the following:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 1 2 3 4 5 6 7 0



### CLAIMANT'S STATEMENT

1. I (we) purchased or otherwise purchased shares of Arena common stock between March 17, 2008 and January 27, 2011, inclusive, and claim to have suffered losses as a result of such purchase.
2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Settlement Class Member as defined above and in the Notice of Pendency and Proposed Settlement of Class Action (the "Notice"), or am (are) acting for such person(s); that I am (we are) not a Defendant in the Action or anyone excluded from the Settlement Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; that I (we) elect to participate in the proposed Settlement described in the Notice; and that I (we) have not filed a request for exclusion. (Note: If you are acting in a representative capacity on behalf of a Settlement Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)
3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Settlement Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Action or Settlement in connection with processing of the Proof of Claim.
4. I (we) have set forth where requested below all relevant information with respect to each purchase of Arena common stock during the Class Period, and each sale, if any, of such securities. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.
5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each purchase, sale or retention of Arena common stock listed below in support of my (our) claim. (Note: IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)
6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (Note: The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your recognized claim. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information.
7. Upon the occurrence of the Court's approval of the Settlement, as detailed in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns) of each of the "Released Parties" of all "Release of Claims," as defined in the Notice.
8. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants MUST submit a manually signed paper Proof of Claim form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at [eClaim@choosegcg.com](mailto:eClaim@choosegcg.com) or visit their website at [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com) to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.



PART I - CLAIMANT INFORMATION

**Claimant Contact Information:**

**Name:**

**Address:**

**City:**  **State:**  **Zip Code:**

**Foreign Province:**

**Foreign Country:**

**Daytime Telephone Number:**  -  -  **Evening Telephone Number:**  -  -

**Social Security Number (for individuals) OR Taxpayer Identification Number (for estates, trusts, corporations, etc.)**

Please complete the appropriate section carefully. Failure to complete it in its entirety will result in the forfeiture of your rights to receive the Securities if any are distributed. You may only complete one.

**Section A.** Individual / Sole Proprietor. *Use of initials only (e.g. J.G. Doe) is not acceptable.*

Individual.  Sole Proprietor

**Name:**

**Section B.** Joint Ownership. *Please indicate the type of tenancy.*

Joint Tenants - Jt Ten (includes right of survivorship – JTWROS)  
 Tenants in Common - Ten Com  
 Tenants by Entireties - Ten Ent

**Name(s):**



**PART I - CLAIMANT INFORMATION CONTINUED**

**Section C. Retirement accounts. Please indicate the type of retirement account.**

- IRA
- Roth IRA
- Keogh  
(Defined Benefit Plan or Defined Contribution Plan)
- Other (please describe) \_\_\_\_\_

**Custodian:**

**Beneficiary:**

**Date of Plan:**

 /  / 

**Section D. Private or public entity. Please indicate the entity type and check one box below.**

- Corporation
- Partnership
- Limited Liability Company
- Non-Profit Organization
- Foundation

**Section E. Custodianships.**

- UCTA
- UGMA
- UTMA

**Custodian:**

**State:**

**Minor:**

**Age:**

**Section F. Under Trust agreements. Please indicate the name of the trustee(s), the name of the Trust and the date of the Trust agreement in the space provide below)**

**Name of trustee(s):**

**Name of Trust:**

**Date of Trust Agreement:**

 /  / 

**Section G. Estate. Please indicate the fiduciary capacity and the name of the person or entity authorized to hold such capacity as follows. (e.g. Include the name of the deceased and the executor)**

- Executor (EX)
- Personal Representative (Per Rep)
- Administrator (Adm)
- Conservator (Cons)
- Other. Please explain \_\_\_\_\_

**Fiduciary Name(s):**

**Estate of:**

**Date of Agreement:**

 /  /



**PART II - SCHEDULE OF TRANSACTIONS IN ARENA COMMON STOCK**

**A. BEGINNING HOLDINGS:** State the total number of shares of Arena common stock owned at the opening of trading on March 17, 2008, long or short (*must be documented*). If none, write "zero" or "0".

Shares							

**B. PURCHASES/ACQUISITIONS:** Separately list each and every purchase of Arena common stock during the period from March 17, 2008 and April 27, 2011, inclusive, and provide the following information (*must be documented*):<sup>1</sup>

Trade Date (List Chronologically) (Month/Day /Year)	Number of Shares Purchased/Acquired	Purchase/Acquisition Price Per Share	Total Cost (excluding taxes, commissions and fees)
/  /		.	.
/  /		.	.
/  /		.	.
/  /		.	.

**C. SALES:** For shares purchased separately list each and every sale of Arena common stock during the period March 17, 2008 and April 27, 2011, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day /Year)	Number of Shares Sold	Sale Price Per Share	Amount Received (excluding taxes, commissions and fees)
/  /		.	.
/  /		.	.
/  /		.	.
/  /		.	.

**D. ENDING HOLDINGS:** State the total number of shares of Arena common stock owned at the close of trading on April 27, 2011, long or short (*must be documented*).

Shares							

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST PHOTOCOPY THIS PAGE, PRINT YOUR NAME AND SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER AT THE TOP OF EACH SHEET AND CHECK THIS BOX:**

**IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED.**

<sup>1</sup>**Please note:** Information requested with respect to your purchases/acquisitions of Arena common stock from after the close of trading on January 27, 2011 through and including the close of trading on April 27, 2011 is needed in order to balance your claim; purchases/acquisitions during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Loss pursuant to the Plan of Allocation.



## PART III - SUBSTITUTE FORM W-9

**Request for Taxpayer Identification Number (Required for Receipt of Stock):**

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service ("I.R.S.") requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

**Social Security Number (for individuals) OR Taxpayer Identification Number (for estates, trusts, corporations, etc.)**

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

## PART IV - CERTIFICATION AND RELEASE

Definitions

All capitalized terms used but not defined herein shall have the same meanings as in the Notice and the Stipulation and Agreement of Settlement dated November 3, 2017 ("the Stipulation"), which is posted on the Claims Administrator's website at [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com). In addition, the following terms shall have the following meanings:

- "Defendants" means Arena Pharmaceuticals, Inc., Jack Lief, Robert E. Hoffman, Dominic P. Behan, William R. Shanahan, Jr., and Christen Anderson.
- "Released Persons" means each and all of the Defendants and each and all of their Related Persons.
- "Related Persons" means each of the Released Persons' and their legal affiliates' past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, investment advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, estates, related or affiliated entities, any entity in which a Released Person has a controlling interest, any members of an Individual Defendant's immediate family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's immediate family, and any entity in which a Defendant and/or any member of an Individual Defendant's immediate family has or have a controlling interest (directly or indirectly).
- "Released Claims" means any and all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liabilities whatsoever), whether based on federal, state, local, foreign, statutory or common law or any other law, rule, ordinance, administrative provision or regulation, including Unknown Claims as defined in ¶1.30 of the Stipulation, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, concealed or hidden, suspected or unsuspected, which now exist or heretofore have existed, that were asserted or could have been asserted by Lead Plaintiff or any Settlement Class Member against the Released Persons based on, arising from or relating to both: (i) the purchase, acquisition, holding, disposition, or sale of Arena common stock during the Class Period; and (ii) the allegations, transactions, facts, matters, events, disclosures, registration statements, public filings, acts, occurrences, representations, statements, omissions or failures to act that occurred during the Class Period and that were or could have been alleged by Lead Plaintiff in the Action against the Released Persons based upon the facts alleged in the Complaint. Released Claims does not include claims to enforce the Settlement.
- "Unknown Claims" means collectively any Released Claims which Lead Plaintiff or any Settlement Class Member do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement or seek exclusion from the Settlement Class. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly waive and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which provides:



PART IV- CERTIFICATION AND RELEASE CONTINUED

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff shall expressly waive and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or any foreign country, or any principle of common law, which is similar, comparable or equivalent in substance to California Civil Code §1542. Lead Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but upon the Effective Date, each Settlement Class Member, and Lead Plaintiff expressly, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a material element of the Settlement of which this release is a part.

Submission to Jurisdiction of Court and Acknowledgements and Affirmations

I (we) submit this Proof of Claim and Release Form under the terms of the Stipulation of Settlement described in the Notice. I (we) also submit to the jurisdiction of the United States District Court for the Southern District of California with respect to my claim as a Settlement Class Member and for purposes of enforcing the release set forth herein. I (we) further acknowledge that I am (we are) bound and subject to the terms of any judgment that may be entered in the Action. I (we) affirm that I (we) purchased Arena common stock between March 17, 2008 and January 27, 2011, inclusive, and claim to have suffered losses as a result of such purchase. By submitting this Proof of Claim and Release Form, I (we) state that I (we) believe in good faith that I am a (we are) Settlement Class Member(s) as defined in the Notice or am (are) acting for such person; that I am (we are) not a Defendant in the Action or anyone excluded from the Settlement Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund; that I (we) elect to participate in the proposed Settlement described in the Notice; that I (we) have not filed a request for exclusion; and that I (we) have not submitted any other claim covering the same purchases of Arena common stock between March 17, 2008 and January 27, 2011, inclusive, and know of no other person having done so on my (our) behalf. I (We) have set forth where requested herein all relevant information with respect to each purchase or acquisition of Arena common stock between March 17, 2008 and January 27, 2011, inclusive. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (we) understand that no discovery shall be allowed on the merits of the Action or Settlement in connection with processing of the Proof of Claim and in particular that no discovery shall be permitted against any Defendants in connection with any Proof of Claim.



PART IV- CERTIFICATION AND RELEASE CONTINUED

Release

I (We) hereby acknowledge, on behalf of myself (ourselves) and my (our) heirs, agents, executors, administrators, predecessors, successors, and assigns (or, if submitting this Proof of Claim and Release Form on behalf of a corporation, a partnership, estate or one or more other persons, on behalf of it, him, her or them and on behalf of its, his, her or their heirs, agents, executors, administrators, predecessors, successors, and assigns), full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the Released Parties, and I (we) shall forever be enjoined from prosecuting any or all Released Claims against any Released Parties.

This release shall be of no force or effect unless and until the Court approves the Stipulation and the Stipulation becomes effective on the Effective Date (as defined in the Stipulation).

I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign, transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in Arena common stock that occurred during the Class Period, as well as the number of shares of Arena held by me (us) at the beginning of trading on March 17, 2008 and at the close of trading on January 27, 2011.

I (We) certify that I am (we are) not subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

I (We) declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Signature

Date

Print Name

Email Address

Day Telephone

Evening Telephone

On Behalf of:

(Print name of corporation, partnership, estate, or other entity if you are submitting this form on behalf of one of them.)

Signature

Date

Print Name

Email Address

Day Telephone

Evening Telephone

On Behalf of:

(Print name of corporation, partnership, estate, or other entity if you are submitting this form on behalf of one of them.)

# EXHIBIT A-3

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

TODD SCHUENEMAN, on behalf of  
himself and all others similarly situated,

Plaintiff,

v.

ARENA PHARMACEUTICALS, INC.,  
JACK LIEF, ROBERT E. HOFFMAN,  
DOMINIC P. BEHAN, WILLIAM R.  
SHANAHAN, and CHRISTY  
ANDERSON,

Defendants.

Case No. 3:10-cv-01959-CAB (BLM)

CONSOLIDATED CLASS ACTION

**SUMMARY NOTICE**

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF ARENA  
PHARMACEUTICALS, INC. (“ARENA” OR THE “COMPANY”) FROM  
MARCH 17, 2008 THROUGH JANUARY 27, 2011, INCLUSIVE, AND  
WERE DAMAGED THEREBY,

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States  
District Court for the Southern District of California, that a hearing will be held on  
\_\_\_\_\_, 2018, at \_\_\_\_\_.m., before the Honorable Cathy Ann Bencivengo,  
United States District Judge, at the United States District Court for the Southern  
District of California, Courtroom 4C, 221 West Broadway, San Diego, CA 92101,  
for the purpose of determining: (1) whether the proposed settlement of the claims in

Case No. 3:10-cv-01959-CAB (BLM)

SUMMARY NOTICE

1 the Action for \$24,000,000 (\$12,025,000.00 in cash, plus interest, and \$11,975,000  
2 in Arena common stock (“Settlement Shares”) (Arena has the option to pay all or  
3 part of the Settlement Shares in cash at the time Arena is to issue the Settlement  
4 Shares)), should be approved by the Court as fair, just, reasonable, and adequate;  
5 (2) whether a Final Judgment and Order of Dismissal with Prejudice should be  
6 entered by the Court dismissing the Action with prejudice; (3) whether the Plan of  
7 Allocation is fair, reasonable, and adequate and should be approved; and (4) whether  
8 the application of Lead Counsel for the payment of attorneys’ fees and expenses,  
9 and Lead Plaintiff’s award in connection with the Action should be approved.

10 IF YOU PURCHASED ARENA COMMON STOCK BETWEEN  
11 MARCH 17, 2008 AND JANUARY 27, 2011, INCLUSIVE, YOUR RIGHTS  
12 MAY BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION. If you  
13 have not received a detailed Notice of Pendency and Proposed Settlement of Class  
14 Action (“Notice”) and a copy of the Proof of Claim and Release form, you may  
15 obtain copies by writing to Schueneman v. Arena Pharmaceuticals, Inc., c/o GCG,  
16 P.O. Box 10526, Dublin, OH 43017-0526, or at  
17 [www.ArenaPharmaceuticalsClassActionSettlement.com](http://www.ArenaPharmaceuticalsClassActionSettlement.com). If you are a Settlement  
18 Class Member, in order to share in the distribution of the Net Settlement Fund, you  
19 must submit a Proof of Claim and Release by mail (*postmarked no later*  
20 *than* \_\_\_\_\_, **2018**) or submitted electronically *no later than* \_\_\_\_\_, **2018**,  
21 establishing that you are entitled to recovery.

22 If you are a Settlement Class Member and you desire to be excluded from the  
23 Class, you must submit a request for exclusion such that it is *postmarked no later*  
24 *than* \_\_\_\_\_, **2018**, in the manner and form explained in the detailed Notice,  
25 referred to above. All Settlement Class Members who do not timely and validly  
26 request exclusion from the Settlement Class in response to the Notice will be bound  
27 by any judgment entered in the Action pursuant to the Stipulation.

28

1           If you are a Settlement Class Member, you have the right to object to the  
 2 Settlement, the Plan of Allocation, or the fee and expense applications, or otherwise  
 3 request to be heard. To object, you may submit a written objection in accordance  
 4 with the procedures described in the more detailed Notice, referred to above, and/or  
 5 you may appear at the hearing described above. Any written objection must be  
 6 delivered to the Clerk of the Court, United States District Court, Southern District  
 7 of California, 333 West Broadway, Suite 420, San Diego, CA 92101, such that it is  
 8 *postmarked no later than* \_\_\_\_\_, 2018. Note that the Court can only approve  
 9 or deny the settlement, not change the terms of the settlement.

10           **PLEASE DO NOT CONTACT THE COURT OR THE CLERK’S**  
 11 **OFFICE REGARDING THIS NOTICE.** If you have any questions about the  
 12 Settlement, you may contact Lead Counsel at the address listed below:

13                           Jeffrey P. Campisi  
 14                           KAPLAN FOX & KILSHEIMER LLP  
 15                           850 Third Avenue; 14<sup>th</sup> Floor  
 16                           New York, NY 10022  
 17                           (212) 687-1980  
 18                           (800) 290-1952  
 19                           jcampisi@kaplanfox.com  
 20                           www.kaplanfox.com

21                           Laurence D. King  
 22                           KAPLAN FOX & KILSHEIMER LLP  
 23                           350 Sansome Street, Suite 400  
 24                           San Francisco, CA 94104  
 25                           (415) 772-4700  
 26                           lking@kaplanfox.com  
 27                           www.kaplanfox.com

28           DATED: \_\_\_\_\_, 2017

BY ORDER OF THE COURT  
 UNITED STATES DISTRICT COURT  
 SOUTHER DISTRICT OF CALIFORNIA