

ARENA PHARMACEUTICALS INC
Form 3
October 23, 2007

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| | | | | |
|---|---------|--------------------------------------|--|--|
| 1. Name and Address of Reporting Person * | | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol | |
| Â Flynn James E | | (Month/Day/Year) | ARENA PHARMACEUTICALS INC [ARNA] | |
| (Last) | (First) | (Middle) | 4. Relationship of Reporting Person(s) to Issuer | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| | | 10/15/2007 | | |
| 780 THIRD AVENUE,Â 37TH FLOOR | | | (Check all applicable) | |
| (Street) | | | <input type="checkbox"/> Director | <input checked="" type="checkbox"/> 10% Owner |
| | | | <input type="checkbox"/> Officer | <input type="checkbox"/> Other |
| | | | (give title below) | (specify below) |
| NEW YORK,Â NYÂ 10017 | | | 6. Individual or Joint/Group Filing(Check Applicable Line) | |
| (City) | (State) | (Zip) | <input type="checkbox"/> Form filed by One Reporting Person | |
| | | | <input checked="" type="checkbox"/> Form filed by More than One Reporting Person | |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock ⁽¹⁾ | 1,870,860 | I ⁽²⁾ | Through Deerfield Partners, L.P |
| Common Stock ⁽¹⁾ | 3,254,783 | I ⁽³⁾ | Through Deerfield International Limited |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security | 4. Conversion or Exercise | 5. Ownership Form of | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|--|---------------------------|----------------------|---|
|--|--|--|---------------------------|----------------------|---|

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| | Date Exercisable | Expiration Date | (Instr. 4) Title | Amount or Number of Shares | Price of Derivative Security | Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | |
|--|------------------|-----------------|---------------------|----------------------------|------------------------------|--|---|
| Short Call Option (Obligation to Sell) | 10/15/2007 | 01/19/2008 | Common Stock | 185,500 | \$ 17.5 | I <u>(2)</u> | Through Deerfield Partners, L.P |
| Short Call Option (Obligation to Sell) | 10/15/2007 | 01/19/2008 | Common Stock | 314,500 | \$ 17.5 | I <u>(3)</u> | Through Deerfield International Limited |
| Short Put Option (Obligation to Buy) | 10/15/2007 | 01/19/2008 | Common Stock | 283,500 | \$ 7.5 | I <u>(2)</u> | Through Deerfield Partners, L.P |
| Short Put Option (Obligation to Buy) | 10/15/2007 | 01/19/2008 | Common Stock | 466,500 | \$ 7.5 | I <u>(3)</u> | Through Deerfield International Limited |
| Call Option (Right to Buy) | 10/15/2007 | 04/19/2008 | Common Stock | 370,900 | \$ 12.5 | I <u>(2)</u> | Through Deerfield Partners, L.P. |
| Call Option (Right to Buy) | 10/15/2007 | 04/19/2008 | Common Stock | 629,100 | \$ 12.5 | I <u>(3)</u> | Through Deerfield International Limited |
| Short Call Option (Obligation to Sell) | 10/15/2007 | 04/19/2008 | Common Stock | 185,500 | \$ 20.4 | I <u>(2)</u> | Through Deerfield Partners, L.P. |
| Short Call Option (Obligation to Sell) | 10/15/2007 | 04/19/2008 | Common Stock | 314,500 | \$ 20.4 | I <u>(3)</u> | Through Deerfield International Limited |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Flynn James E 780 THIRD AVENUE 37TH FLOOR NEW YORK, NY 10017 | Â | Â X | Â | Â |
| DEERFIELD CAPITAL LP 780 THIRD AVENUE 37TH FLOOR | Â | Â X | Â | Â |

NEW YORK, NY 10017

DEERFIELD MANAGEMENT CO /NY
 780 THIRD AVENUE, 37TH FLOOR ^ ^ X ^ ^
 NEW YORK, NY 10017

DEERFIELD INTERNATIONAL LTD
 ^ ^ X ^ ^

DEERFIELD PARTNERS, LP
 780 THIRD AVENUE ^ ^ X ^ ^
 37TH FLOOR
 NEW YORK, NY 10017

Signatures

/s/ Darren 10/23/2007
 Levine

**Signature of Date
 Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This Form 3 is being filed by the undersigned s well as the entities listed on the Joint Filer Information Statement attached as an exhibit hereto (the "Reporting Persons").
 Deerfield Capital, L.P. is the general partner of Deerfield Partners, L.P. (the "Domestic Fund"). James E. Flynn is the managing member of the general partner of Deerfield Capital, L.P. In accordance with Instruction 5(b)(iv) to Form 3, the entire amount of the Issuer's securities held by the Domestic Fund is reported herein. For purposes of Section 16 of the Securities Exchange Act of 1934, each Reporting Person disclaims beneficial ownership of any such securities, except to the extent of his/its indirect pecuniary interest therein, if any, and this report shall not be deemed an admission that such Reporting Person is the beneficial owner of such securities for purposes of Section 16 or otherwise.
 - (2) Deerfield Management Company, L.P. is the investment manager of Deerfield International Limited (the "Offshore Fund"). James E. Flynn is the managing member of the general partner of Deerfield Management Company, L.P. In accordance with Instruction 5(b)(iv) to Form 3, the entire amount of the Issuer's securities held by the Offshore Fund is reported herein. For purposes of Section 16 of the Securities Exchange Act of 1934, each Reporting Person disclaims beneficial ownership of any such securities, except to the extent of his/its indirect pecuniary interest therein, if any, and this report shall not be deemed an admission that such Reporting Person is the beneficial owner of such securities for purposes of Section 16 or otherwise.
 - (3) Deerfield Management Company, L.P. is the investment manager of Deerfield International Limited (the "Offshore Fund"). James E. Flynn is the managing member of the general partner of Deerfield Management Company, L.P. In accordance with Instruction 5(b)(iv) to Form 3, the entire amount of the Issuer's securities held by the Offshore Fund is reported herein. For purposes of Section 16 of the Securities Exchange Act of 1934, each Reporting Person disclaims beneficial ownership of any such securities, except to the extent of his/its indirect pecuniary interest therein, if any, and this report shall not be deemed an admission that such Reporting Person is the beneficial owner of such securities for purposes of Section 16 or otherwise.

^
Remarks:
 Darren Levine, Attorney-In-Fact : Power of Attorney is attached hereto as Exhibit 24

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.