



October 29, 2002

Arena Pharmaceuticals Announces 2002 Third Quarter and Nine Months Results

SAN DIEGO, Oct 29, 2002 /PRNewswire-FirstCall via COMTEX/ -- Arena Pharmaceuticals, Inc. (Nasdaq: ARNA) today reported revenues of \$3.0 million for the quarter ended September 30, 2002, a 14% decrease over revenues of \$3.5 million for the quarter ended September 30, 2001, and revenues of \$13.1 million for the nine months ended September 30, 2002, a 7% increase over revenues of \$12.2 million for the nine months ended September 30, 2001. Revenues in the third quarter and the first nine months of 2002 were attributable to collaborations, which included research funding, milestone payments and technology access and development fees. The Company reported a net loss of \$10.3 million, or \$.37 per share, for the third quarter of 2002 and a net loss of \$24.1 million, or \$.88 per share, for the first nine months of 2002. The net loss includes non-cash amortization charges and an investment write-down, totaling \$1.0 million for the third quarter and \$4.8 million for the first nine months of 2002. The net loss for the third quarter of 2001 was \$2.0 million, or \$.07 per share, and the net loss for the first nine months of 2001 was \$4.1 million, or \$.17 per share.

Research and development expenses totaled \$12.0 million in the third quarter of 2002, compared to \$6.2 million in the third quarter of 2001. For the nine months ended September 30, 2002, research and development expenses totaled \$31.1 million, compared to \$15.4 million for the nine months ended September 30, 2001.

Cash, cash equivalents and short-term investments totaled \$196.1 million at September 30, 2002. Total shares outstanding at September 30, 2002 were 27.7 million.

"In these difficult financial times, I believe Arena has been able to build upon our scientific leadership position. I expect Arena to report on favorable progress as we complete initial discovery work at most human GPCRs by year-end" stated Jack Lief, Arena's President and CEO. "I am especially pleased with progress of our recent collaborations with Merck & Co., Ferring Pharmaceuticals and by our achievement of milestones in our collaborations led by Eli Lilly & Co."

Arena's CART and Melanophore technologies allow for the direct identification of modulators of G protein-coupled receptors ("GPCRs") in a ligand-independent manner, making the technologies particularly useful with respect to the GPCRs of therapeutic interest within the human genome. Arena has initiated "Project Genesis," an internal program aimed at obtaining all of the human GPCRs, identifying the location of these receptors within the human body for purposes of understanding their function, and screening such receptors to identify receptor modulators that form the basis of drug candidates. We believe that our CART and Melanophore technologies will facilitate completion of Project Genesis within the next two to four years.

Certain statements in this press release are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements include statements about the Company's strategy, internal programs, future achievements, and statements that are not historical facts, including statements which are preceded by the words "hopes," "intends," "will," "plans," "expects," "anticipates," "estimates," "aims," and "believes" or similar words. For such statements, Arena claims the protection of the Private Securities Litigation Reform Act of 1995. Actual events or results may differ materially from Arena's expectations. Important factors that could cause actual results to differ materially from those stated or implied by Arena's forward-looking statements due to risks and uncertainties associated with Arena's business include, but are not limited to, the following: the ability to complete Project Genesis, if at all, within a reasonable time period; future quarterly or annual financial results; the timing, success and cost of preclinical research, out-licensing endeavors and clinical studies; and the receipt of additional milestone payments, if any, from collaborators. Additional risk factors that could cause actual results to differ materially from those in Arena's forward-looking statements are disclosed in Arena's SEC reports, including, but not limited to, Arena's most recent quarterly report on Form 10-Q and its most recent annual report on Form 10-K. These forward-looking statements represent Arena's judgment as of the date of this release. Arena disclaims, however, any intent or obligation to update these forward-looking statements.

"Arena Pharmaceuticals" and "Arena" are registered U.S. trademarks of the company. "CART" is a trademark of the company. Arena's headquarters is at 6166 Nancy Ridge Drive, San Diego, CA 92121. Arena's telephone number is (858) 453-7200. On the Internet, please refer to Arena's website: <http://www.arenapharm.com> for further information.

For further information, contact: Jack Lief, President & CEO, +1-858-453-7200, ext. 223, or Joseph Mooney, CFO, +1-858-453-7200, ext. 508, both of Arena Pharmaceuticals, Inc.

Arena Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations

	Three months ended September 30, 2002		Nine months ended September 30, 2002	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues				
Total revenues	\$2,987,741	\$3,472,338	\$13,057,541	\$12,194,928
Expenses				
Research and development	12,001,252	6,230,959	31,138,313	15,375,823
General and administrative	1,842,302	1,462,779	5,463,786	3,820,335
Amortization of non-cash deferred compensation	463,931	1,071,653	1,820,412	3,413,050
Amortization of acquired technology	405,305	384,249	1,180,822	896,581
Total expenses	14,712,790	9,149,640	39,603,333	23,505,789
Interest and other income, net	1,543,823	3,657,748	4,281,194	7,230,621
Investment write-down	(86,797)	--	(1,786,797)	--
Net loss	\$(10,268,023)	\$(2,019,554)	\$(24,051,395)	\$(4,080,240)
Net loss per share, basic and diluted	\$(0.37)	\$(0.07)	\$(0.88)	\$(0.17)
Shares used in calculating net loss per share, Basic and diluted	27,514,085	27,236,326	27,464,983	24,194,049

Condensed Consolidated Balance Sheet Data:

	September 30, 2002 (unaudited)	December 31, 2001
Assets		
Cash, cash equivalents and short-term investments	\$196,102,985	\$226,924,293
Other current assets	8,549,823	6,384,531
Land, property and equipment, net	34,596,065	23,268,567
Acquired technology, investments and other assets	17,513,129	20,396,319
Total assets	\$256,762,002	\$276,973,710
Liabilities and Stockholders' Equity		
Liabilities	\$6,961,406	\$7,500,032
Stockholders' equity	249,800,596	269,473,678
Total liabilities and stockholders' equity	\$256,762,002	\$276,973,710

SOURCE Arena Pharmaceuticals, Inc.

CONTACT: Jack Lief, President & CEO, ext. 223, or Joseph Mooney, CFO, ext. 508, both of Arena Pharmaceuticals, Inc., +1-858-453-7200